



International
Labour
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► ILO Flagship Report

Social Dialogue Report

2024

Peak-level social dialogue
for economic development
and social progress

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▶ **Social
Dialogue
Report**

2024

Peak-level
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First published 2024



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ISBN 978-92-2-040654-0 (print); ISBN 978-92-2-040655-7 (web PDF)

DOI: <https://doi.org/10.54394/LIXW6848>

social dialogue / economic development / social development / Sustainable Development Goals / decent work / income distribution / just transition

13.06.1

ILO Cataloguing in Publication Data

Also available in French: *Rapport sur le dialogue social 2024: le dialogue social au plus haut niveau pour le développement économique et le progrès social*, ISBN 978-92-2-041208-4 (print), 978-92-2-041209-1 (web PDF); and in Spanish: *Informe sobre el Diálogo Social 2024: El diálogo social en el más alto nivel para el desarrollo económico y el progreso social*, ISBN 978-92-2-041210-7 (print), 978-92-2-041211-4 (web PDF).

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Printed in Switzerland

Produced by the Publications Production and Publishing Management Unit (PRODOC) of the ILO.
The ILO endeavours to use paper sourced from forests managed in an environmentally sustainable and socially responsible manner.

Code: DESIGN-DIN-PPM-PMSESV

► Foreword

The world is marked by geopolitical instability, inflationary pressures, political polarization and the rapid acceleration of technological advances, environmental degradation, climate change and demographic shifts. These global issues pose significant challenges, not only to the world of work, but also to the very fabric of society. If they are not addressed, they risk undermining the global community's collective efforts to realize the United Nations 2030 Agenda for Sustainable Development and its Sustainable Development Goals.

In this context, governance of work institutions is confronted with the urgent and complex task of crafting solutions that meet the needs of present and future generations and that protect the planet.

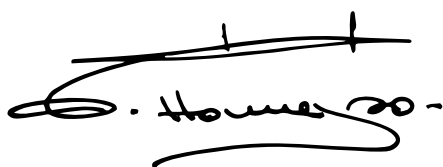
The ILO has consistently emphasized the imperative of enacting policies that foster economic and environmental sustainability and advance social progress through social dialogue. The voice of those directly concerned by such policies – notably employers, workers and their representative organizations – should lie at the heart of decision-making. Fostering effective dialogue and collaboration among them at all levels – national, sectoral, regional and global – is indispensable, not only to build resilient societies, but also to capitalize on the transformative opportunities offered by the ongoing transitions in the world of work.

This second edition of the ILO *Social Dialogue Report* focuses on peak-level social dialogue, a powerful mechanism to promote decent work and sustainable enterprises; ensure the fair income distribution essential to addressing growing inequalities; confront the challenges posed by the digital and green transitions; and lay the groundwork for repairing the frayed social contract. We see in peak-level social dialogue a critical safeguard against poorly informed policies, those that prioritize the interests of a few at the expense of the many, and those that focus on short-term gains that are likely to threaten long-term progress.

And yet, the task that confronts decision-makers is challenging at a time when civic space is shrinking and public trust in institutions is waning. The ability of the ILO's tripartite constituents to uphold democracy at work, and the prerequisites and fundamental rights that empower employers and workers to participate effectively in the governance of work, will be decisive in achieving human-centred, inclusive and sustainable socio-economic development.

The ILO remains unwavering in its commitment to championing social dialogue as a cornerstone of twenty-first century governance of work. Leveraging the evidence and real-world examples highlighted in this report will be crucial to realizing the objectives of the ILO's Global Coalition for Social Justice: addressing inequality, discrimination and exclusion; realizing labour rights as human rights; ensuring human dignity and meeting basic needs; expanding access to and the capabilities for productive and freely chosen employment and sustainable enterprises; and providing protection and building resilience.

The *Social Dialogue Report 2024* is a timely addition in light of international initiatives aimed at reinvigorating the global commitment to social justice.



Gilbert F. Houngbo
ILO Director-General

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▶ Abbreviations

| | |
|------------------------|---|
| AI | artificial intelligence |
| AICESIS | International Association of Economic and Social Councils and Similar Institutions |
| CAS | Conference Committee on the Application of Standards |
| CEACR | Committee of Experts on the Application of Conventions and Recommendations |
| CFA | Committee on Freedom of Association |
| CSO | civil society organization |
| EBMO | employer and business membership organization |
| ESC | economic and social council |
| FDI | foreign direct investment |
| IOE | International Organisation of Employers |
| ITUC | International Trade Union Confederation |
| MNE | multinational enterprise |
| MNE Declaration | Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy |
| (M)SMEs | (micro,) small and medium-sized enterprises |
| NDC | nationally determined contribution |
| NEDLAC | National Economic Development and Labour Council |
| NEP | national employment policy |
| NSDI | national social dialogue institution |
| PES | public employment services |
| PLSD | peak-level social dialogue |
| OECD | Organisation for Economic Co-operation and Development |
| OSH | occupational safety and health |
| SDG | Sustainable Development Goal |
| TVET | technical and vocational education and training |
| UN | United Nations |
| VNR | voluntary national review |

▶ Glossary

This glossary provides some brief definitions for quick reference. It does not establish any universal definitions nor capture the full depth and complexity of each term.

Bipartite social dialogue (bipartism): A process whereby employers or employers' organizations and workers or workers' organizations agree to negotiate, consult each other or exchange information on matters of mutual interest. It is often practised through collective bargaining and/or workplace cooperation.

Collective bargaining: All negotiations which take place between an employer, a group of employers or one or more employers' organizations, on the one hand, and one or more workers' organizations, on the other, for determining working conditions and terms of employment; and/or regulating relations between employers and workers; and/or regulating relations between employers or their organizations and a workers' organization or workers' organizations.

Collective bargaining coverage (rate): The percentage of workers who are covered by a collective bargaining agreement within a given country or sector.

Coordination (in social dialogue): The process of aligning and harmonizing social dialogue processes, including collective bargaining, across different levels, sectors, industries or regions.

Cross-border social dialogue: Social dialogue processes and initiatives developed between or among governments, workers and employers or their representatives, beyond national borders.

Economic and social council (ESC): A formal institution that brings together representatives from different sections of society, including government, employers, workers and sometimes civil society groups, to discuss and collaborate on issues related to economic and social policies and legislation.

Employer and business membership organization (EBMO): A collective interest organization, with voluntary membership, which represent the interests of business in relation to the state, trade unions and society at large.

Employers' organizations density rate (in the private sector): The number of employees in private sector firms organized in employers' organizations as a proportion of all private sector employees within a given country or sector.

ILO Conventions: Legally binding international treaties that Member States can choose to ratify. Once ratified, a Convention commits the country to aligning its national laws and practices with the standards set out in the Convention.

ILO Recommendations: Non-binding guidelines that provide more detailed guidance on how ILO Conventions should be implemented, or address issues not covered by existing Conventions. Recommendations can also be independent instruments providing guidance without an associated Convention.

International Labour Standards: Legal instruments drawn up by the ILO's constituents (governments, employers and workers) setting out basic principles and rights at work.

Mixed collective bargaining: Collective bargaining that combines elements of both single-employer and multi-employer bargaining. In this approach, certain aspects of labour negotiations may occur at an industry or sectoral level (involving multiple employers), while other aspects are negotiated at the level of individual employers.

Multi-employer collective bargaining: A form of collective bargaining where a group of employers negotiates collectively with one or more trade unions representing workers across multiple workplaces or industries.

National social dialogue institution (NSDI): Formal bipartite or tripartite structure or body established within a country to facilitate dialogue between governments and employers' and workers' organizations and sometime civil society groups.

Representativeness (in industrial relations): The extent to which an employers' organization, a workers' organization (trade union), or any other collective entity accurately represents the interests, views and needs of the group it claims to represent.

Single-employer collective bargaining: Collective bargaining where negotiations occur between a single employer and a trade union (or unions) representing the employees of that specific employer. This process typically results in a collective bargaining agreement that covers the workers employed by that particular company or organization.

Social pact: An agreement or framework reached through tripartite social dialogue, and aimed at addressing and resolving key social and economic issues in a collaborative manner.

Strike: A temporary work stoppage carried out by one or more groups of workers with a view to enforcing or resisting demands or expressing grievances or supporting other workers in their demands or grievances.

Trade union: A workers' organization constituted for the purpose of furthering and defending the interests of workers at different levels (enterprise, sectoral, national, international/cross-border).

Trade union density (rate): The percentage of workers who are members of a trade union relative to the total number of employees within a given country or sector.

Tripartite social dialogue (tripartism): The interaction of government, employers and workers (through their representatives) as equal and independent partners to seek solutions to issues of common concern. Tripartism often refers to institutions, mechanisms and processes for consultation, negotiation and joint decision-making, depending on arrangements (ad hoc or institutionalized) agreed between the parties involved.

Workplace cooperation: A process of consultation and cooperation between employers and workers at the level of the undertaking on matters of mutual concern not within the scope of collective bargaining machinery, or not normally dealt with by other machinery concerned with the determination of terms and conditions of employment.

► Acknowledgements

This *Social Dialogue Report 2024: Peak-Level Social Dialogue for Economic Development and Social Progress* was prepared by the Governance and Tripartism Department (GOVERNANCE), under the leadership of its Director Vera Paquete-Perdigão. Manuela Tomei, Assistant Director-General for Governance, Rights and Dialogue, provided valuable comments and constant support.

The report was coordinated by Youcef Ghellab and Konstantinos Papadakis (GOVERNANCE), and authored by (in alphabetical order) Youcef Ghellab, Damian Grimshaw (King's College London), Andrea Marinucci, Konstantinos Papadakis and Tvisha Shroff (GOVERNANCE). Yassine Halila (GOVERNANCE) provided valuable research assistance throughout the writing of the report. The report was developed in close collaboration with the Bureau for Employers' Activities (ACT/EMP) and the Bureau for Workers' Activities (ACTRAV). Special thanks go to Matias Espinosa (ACT/EMP), Mélanie Jeanroy and Michael Watt (ACTRAV) for their continuous engagement and important inputs at all stages of the development of the report. We are grateful to Delphine Bois and Germaine Ndiaye-Guisse for administrative support, and to Yuka Okumura and Anne Sullivan, who dealt with the budget-related aspects (all from GOVERNANCE).

A number of colleagues from across the Office and beyond provided written contributions and information and data essential for the drafting of the report. We would like to thank particularly: Eléonore D'Achon, Kee Beom Kim, Michael Mwasikakata and Maria Prieto (EMPLOYMENT); Dafne Papandrea, Rainer Pritzer, Dominique Rocha Mattos and Igor Zemlyanskiy (GOVERNANCE); James Canonge, Karuna Pal and Constantinos Stavrakis (SOCPRO); Stavroula Demetriades (Eurofound); Patrick Belser, Catarina Braga, Nuno Meira Simoes Cunha, Martin Oelz, Annarosa Pesole and Ding Xu (WORKQUALITY); Rosina Gamarano, Vipasana Karkee, Quentin Mathys, Dora Sari and Marie-Claire Sodergren (STATISTICS); Tim de Meyers (NORMES); and Uma Rani and Catherine Saget (RESEARCH).

Background studies were prepared by the following international experts whom we also wish to thank: Oscar Molina Romo (Autonomous University of Barcelona), Igor Guardiancich (University of Padua), Rafael Muñoz de Bustillo Llorente (University of Salamanca), Filip Dorssemont (Université Catholique de Louvain), Franco Amato (independent expert, Canada), Jeff Bridgford (King's College London), Juan A. Bogliaccini (Universidad Católica del Uruguay), Santiago Carrere (Universidad Católica del Uruguay), Vongai Wendy Masocha (independent expert, Zimbabwe), Yohannaliz Vega Auqui (independent expert, Peru), Natasha Scott (independent expert, United Kingdom), Laura Maffei (independent expert, Argentina), François Eyraud (independent expert, France), Duncan Campbell (independent expert, France), Eckhard Voss (wmp consult-Wilke Maack GmbH), Rosa Cheng Lo (independent expert, Costa Rica), Kiu-Sik Bae (independent expert, Republic of Korea), Saad Belghazi (independent expert, Morocco), Shane Godfrey (University of Cape Town), Zina Nimeh (United Nations University-UNU-MERIT), Bente Sørensen (independent expert, Denmark), William Kemp (independent expert, Switzerland), Jaylexia Clark (independent expert, United States of America), Andrés Mella (Fundación Laboral de la Construcción), Edmundo de Werna (London South Bank University), Berklee Morganto (independent expert, Croatia), William Salter (independent expert, Australia) and Silvia Sansonetti (Fondazione Giacomo Brodolini).

The report benefited greatly from helpful suggestions, critical feedback, assistance in coordinating joint research and other forms of assistance from several ILO colleagues at headquarters. In this regard, we would like to thank: Pedro Moreno da Fonseca (EMPLOYMENT); Yulia Gershinkova, Josée Laporte, Dragan Radic and Githa Roelans (ENTERPRISES); John Ritchotte and Anne Ziebarth (GOVERNANCE); Oksana Wolfson (NORMES); Simon Boehmer, Marva Corley-Coulibaly, Franz Ebert, Nicolas Maître, Nikolai Rogovsky and Pelin Sekerler Richiardi (RESEARCH); Elvis Beytullayev, Elisenda Estruch Puertas and Margherita Licata (SECTOR); Clara Van Panhuys (SOCPRO); Verena Schmidt (WORKQUALITY). We also thank Maurizio Bussi (AP/CRISIS), Moustapha Kamal Gueye and Alice Voza (AP/JUSTTRANSITIONS), Dan Rees and Arianna Rossi (AP/SUPPLYCHAINS), Frédéric Lapeyre (AP/FORMALIZATION) and Sylvain Baffi (ITC/ILO) for their comments and advice during the development of the report.

This report was enriched with good practices and data provided by several ILO technical specialists in Decent Work Teams (DWTs) and Country Offices (COs) around the world. Special thanks go to Faustin Ekoue Amoussou (DWT/CO-Dakar), Mady Diagne (DWT/CO-Yaoundé), Joaquín Etoarena Hormaeche (CO-Buenos Aires), Guillaume Delautre (DWT/CO-Cairo), Fernando García (DWT/CO-San Jose), Gonzalo Graña (ILO/Cinterfor), Arun Kumar (DWT/CO-Bangkok), Limpho Mandoro (DWT/CO-Pretoria), Mahandra Naidoo (DWT/CO-New Delhi), Lejo Sibbel (DWT/CO-Budapest), Mustapha Said (DWT-Beirut) and Nancy Varela (DWT/CO-Port of Spain). We are especially grateful to our ACT/EMP and ACTRAV colleagues across all regions, subregions and countries who worked closely with the desk officers at headquarters to facilitate the collection of relevant information and the roll-out of surveys conducted for the report. We are also grateful to the colleagues from the five Regional Offices, from Africa, the Arab States, Asia and the Pacific, Europe and Central Asia, and Latin America and the Caribbean, for the useful comments in finalizing the report.

The report benefited greatly from valuable feedback provided by two anonymous external peer reviewers, as well as the internal peer review conducted by members of the ILO Publishing Committee. We also thank Celeste Drake for her coordination with the Publishing Committee in relation to the report and to Raquel Gonzalez (Office of the Director-General) for her review and comments.

We thank Mark Johnson for editing the report and ensuring a reader-friendly document, and Bastien Gavaille and Ross McRae (PRODOC) for overseeing this process. We also thank PRODOC for their support for design and production, as well as all the colleagues in DCOMM involved in the launch and dissemination of the report.

▶ Executive summary

This second edition of the ILO *Social Dialogue Report* focuses on peak-level social dialogue (PLSD) as a crucial tool for advancing decent work, ensuring a fair labour income distribution, addressing the challenges of the digital and green transitions and repairing the “frayed social contract”.

PLSD involves processes that bring together representatives of governments, employers’ and business membership organizations (EBMOs) and workers’ organizations (the social partners) at the national and sectoral levels. These processes are designed to facilitate negotiation, consultation and information exchange on issues relating to labour, economic and social policy. PLSD includes bipartite processes – where only the social partners engage, notably for reaching collective agreements – as well as tripartite processes, which also involve government representatives.

By showcasing country examples and good practices from around the world, this report illustrates how PLSD can serve as a powerful catalyst for navigating complexity, identifying balanced and sustainable solutions, addressing social and economic injustice and promoting democracy in the world of work – and in society at large.

▶ **PLSD enables countries to pursue economic development together with social progress, aligning with the goals of the United Nations 2030 Agenda for Sustainable Development for a more inclusive and sustainable future.**

The 2030 Agenda embraces a long-term and inclusive approach to economic development and social progress, which PLSD is well-suited to promote. This report argues that a country’s approach to development can significantly affect how PLSD institutions operate. At the same time, the positive effects of PLSD can influence a country’s economic and social development strategy, pushing it towards more long-term and inclusive practices. This creates a two-way relationship where each aspect impacts the other, as illustrated in Chapter 1.

▶ **Investing in PLSD is even more important in times of multiple and compounding crises and rapid and structural changes in the world of work.**

Geopolitical instability, polarization and declining trust in governance institutions are hindering global progress towards the 2030 Agenda. Furthermore, rapid transformations in labour markets, driven by digital and green transitions, are compounding the challenges of the polycrisis, exacerbating inequalities and leaving groups in vulnerable situations behind. In this context, substantial investment in PLSD institutions, processes and actors is essential, building on examples that demonstrate the value of PLSD in promoting labour peace, social cohesion, good governance and democracy, *key foundational benefits* of PLSD. Leveraging these foundations, PLSD can yield *transformative benefits* that support economic development and social progress, notably, fostering decent work, including sustainable productivity growth (Chapter 2), addressing high labour income inequalities (Chapter 3) and enabling just digital and green transitions (Chapter 4). Together, these benefits can contribute to shaping a “renewed social contract” (Chapter 5).

► **There is no “one-size-fits-all” model for PLSD, but some prerequisites must be in place for ensuring full ownership of social dialogue processes by all parties concerned and for their sustainability over time, notably:**

- **Respect for fundamental principles and rights at work**, particularly freedom of association and the effective recognition of the right to collective bargaining, in line with the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). These are recognized both as fundamental rights and enabling conditions for the realization of the Decent Work Agenda and social justice.

Although these standards are the foundation for effective and inclusive social dialogue, roughly half of the global workforce remains uncovered by ILO Conventions Nos 87 and 98. Furthermore, ILO data show ongoing challenges in both law and practice regarding the respect and implementation of these rights. Between 2015 and 2022, the global average of national compliance with freedom of association and the right to collective bargaining (Sustainable Development Goal (SDG) indicator 8.8.2) has worsened by 7 per cent, driven by increased violations of the fundamental civil liberties of employees, workers and their representative organizations as well as bargaining rights.

- **A supportive state and an enabling legal and regulatory framework**, including on dispute prevention and resolution. This entails allocation by the state of sufficient resources to enhance the capacity of social partners and labour administration systems. It also requires the integration of social dialogue across all policy areas, with the state acting as both a convenor of tripartite social dialogue and as an employer in the public sector.

Data on membership in EBMOs and workers’ organizations, as well as collective bargaining coverage rates, serve as useful proxies for assessing this prerequisite. Available data from 36 countries suggest that the density of EBMOs ranges from 4 to 98 per cent. Trade union density varies from 25.8 per cent in high-income countries to 16.2 per cent in lower-middle-income countries, with a global unweighted average of 20 per cent (data available for 139 countries, territories and areas). Countries with multi-employer collective bargaining systems have a higher average coverage rate (71.7 per cent) compared to those with mixed or single-employer bargaining systems, at 32.1 per cent and 15.8 per cent, respectively (data available for 93 countries).

- **Fostering representative participation** to ensure that PLSD actors and institutions address the needs and aspirations of different categories of workers and employers across all segments of labour markets, the economy and society. This is called for by SDG Target 16.7 on responsive, inclusive, participatory and representative decision-making at all levels. Yet, procedures for establishing or enhancing the “representativeness” of the social partners, in accordance with best international practices and ILO supervisory bodies’ recommendations, remain underdeveloped and need significant improvement.
- **An institutional commitment to pluralism**, a key democratic principle that ensures space for diverse views and safeguards the rights of individuals and groups to express themselves and influence decision-making through legitimate processes. A pluralist approach to socio-economic governance recognizes the different interests of employers, workers and governments, as well as the need to balance various political and economic trade-offs through PLSD, which in turn strengthens and complements institutions of representative democracy.

There are many examples of fruitful interaction between PLSD and broader democratic institutions. Social pacts, for instance, typically signed by governments and the social partners at the national level, have been important in reinforcing trust in institutions of representative democracy, particularly during crises and political transitions. Between 2019 to 2024, around 80 tripartite social pacts were signed, many of which aimed at facilitating consensus on labour, tax and pension reforms, and more recently, at addressing the impact of the cost-of-living crisis.

The current state of peak-level social dialogue: Assessing the effectiveness and inclusiveness of national social dialogue institutions

National social dialogue institutions (NSDIs) play a vital role in promoting the involvement of the social partners in social and economic policymaking. Most of the ILO's 187 Member States have established permanent NSDIs with general competence, while approximately half also have additional NSDIs focused on specific issues such as employment, social security and wage setting. Examples from around the world illustrate how NSDIs have delivered both *foundational* and *transformative* benefits that support the design and implementation of long-term and inclusive socio-economic development, even during times of crisis. However, significant gaps in the effectiveness and inclusiveness of NSDIs persist globally. Urgent action is needed to strengthen these institutions and to enhance the capacities of EBMOs and workers' organizations to engage effectively in PLSD.

► NSDIs operate in 87 per cent of ILO Member States, though their mandate, composition, functioning, technical capacities and influence vary considerably.

The widespread prevalence of NSDIs is often linked to the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144). Ratified by 158 ILO Member States, this instrument calls upon governments to conduct effective consultations with the social partners on international labour standards. Africa, and Europe and Central Asia have the highest percentages of permanent NSDIs, at 90 and 92 per cent, respectively. Most NSDIs have a tripartite composition, while some also include civil society organizations. Nearly all NSDIs have a secretariat, usually provided by the ministry of labour, and most are chaired by government representatives, including heads of government, ministers or department directors.

► The social partners hold a positive view of the effectiveness of NSDI, but express concerns about the government's ability to appropriately follow-up on NSDI outcomes.

A perception survey conducted for this report reveals that approximately three quarters of worker respondents and around two thirds of employer respondents view their NSDIs as fully or largely effective, though opinions vary across the five dimensions of effectiveness explored. For instance, 80 per cent of employers and 71 per cent of workers believe that NSDIs have clear decision-making rules that facilitate consensus-building. The survey indicates generally positive perceptions regarding the capacity of NSDIs to deliver outcomes, such as social pacts, recommendations and advisory opinions. However, 56 per cent of worker respondents and 45 per cent of employer respondents express concern that governments and public authorities do not constructively act on NSDI outcomes or sufficiently translate them into policy and regulatory action.

► **The social partners have a less favourable view of the inclusiveness of NSDIs, as large gaps remain in the participation of women, young people and workers and economic units in the informal economy.**

Survey findings highlight significant disparities in women’s involvement in NSDIs, particularly in leadership roles: three in five worker respondents and half of employer respondents believe that women have limited or no participation in NSDI decision-making bodies. Moreover, the findings highlight the need for NSDIs to enhance representation of marginalized groups, including in the informal economy, and address their specific concerns. While respondents agree on the benefits of involving actors beyond the social partners in NSDIs, many employers and workers feel that their organizations offer limited or no representation for workers and economic units in the informal economy. An ILO survey of economic and social councils and similar institutions show that youth too are under-represented in NSDIs, with their concerns largely overlooked. The same survey points to a decline in youth-sensitive and youth-inclusive PLSD, especially since the pandemic.

Peak-level social dialogue: Aligning economic and social goals to ensure decent work for all

PLSD can strengthen policy coherence across government actors by balancing economic growth and social progress, ultimately advancing the goal of decent work for all. It can promote full employment, rights at work and equitable access to social protection, and can foster an enabling environment for sustainable enterprises and productivity growth. Research evidence points to the role of PLSD in coordinating cross-cutting policy initiatives through a “whole-of-government” approach within each pillar of the Decent Work Agenda. The report highlights several examples of peak-level actors bridging gaps between government departments dealing with economic and social issues, thus promoting policy coherence in efforts towards achieving SDG 8.

► **PLSD can improve the design and implementation of full and productive employment policies, including national employment policies and the effective functioning of public employment services.**

ILO data on 40 national employment policies adopted between 2005 and 2020 find that PLSD has been used in the design, implementation and evaluation of employment policies in roughly 80 per cent of the policies analysed. Furthermore, findings of a survey of public employment services management boards indicate that the social partners are involved in the governance of public employment services in over 30 per cent of surveyed countries. They also participate in evaluating programmes for labour market information, job matching or training and upskilling. Overall, evidence suggests that PLSD in employment policymaking is more likely to foster connections between ministries of the economy and finance, sectoral ministries and central banks, compared to top-down, unilateral policymaking. At the same time, further attention is required in relation to workforce groups who are disadvantaged in the labour market, particularly women, youth, and informal workers and economic units, to ensure that employment policies address their concerns.

► **PLSD plays a key role in shaping and implementing norms that promote rights at work...**

The consultative nature of PLSD provides a conducive environment to explore and adopt regulatory frameworks that adapt to changes in the world of work while advancing workers' rights. This approach helps reconcile diverse interests and ensures the commitment of labour market actors to labour law reform. Evidence suggests that many revisions to labour laws have involved tripartite consultations, with the final legislation reflecting the proposals of the social partners to varying degrees. For example, an agreement within Portugal's tripartite Standing Social Dialogue Committee led to an amendment of the Labour Code aimed at reducing precarious work and enhancing collective bargaining.

► **... including occupational safety and health (OSH).**

Data indicate that approximately four fifths of ILO Member States have established national tripartite OSH bodies that contribute to policy design and foster a culture of accident, illness and fatality prevention in the workplace. A notable example is Namibia's National Tripartite Technical Taskforce, which shaped guidelines for ensuring a safe return to work during the COVID-19 pandemic and agreed on key elements of an OSH bill that promotes the establishment of OSH committees at the enterprise level. Additionally, PLSD at the sectoral level is vital to foster better OSH outcomes by designing and implementing policies tailored to address the specificities of different sectors such as construction and ready-made garments.

► **PLSD can contribute to developing effective, high quality and resource-efficient social protection systems.**

Its consensus-building function allows diverse needs to be expressed and addressed, helping to improve the quality and coverage of social protection strategies. The social partners have significantly influenced policies on social insurance and tax-financed social protection benefits, including in times of crisis, often within the framework of NSDIs. ILO data from 2014 to 2023 show that the social partners were involved in 158 legal reforms related to social protection systems in 65 countries, leading to the expansion of pension, health coverage and employee benefits. Furthermore, the social partners contribute to monitoring social protection systems and managing social protection programmes through their representation on the boards of social security schemes.

► **PLSD support for coordination across various policy areas is essential for creating an enabling environment for sustainable enterprises.**

Sustainable entrepreneurship requires a balance among economic, social and environmental goals, often involving trade-offs. By fostering collaboration between the different government departments and stakeholders, PLSD facilitates the identification of ways to reduce or overcome these trade-offs and contributes to breaking administrative silos that hinder coherent policymaking. This approach is vital since sustainable enterprise development calls for action in policy areas beyond labour matters. This is evident, for example, through the involvement of the social partners on the management boards of technical and vocational education and training bodies coordinated by different government ministries and agencies, as well as on the boards of sectoral skills bodies such as Chile-Valora, the Commission of the National System for the Certification of Labour Competences in Chile.

► **PLSD is essential for fostering productivity-enhancing and inclusive structural change, thereby ensuring sustainable productivity growth.**

Effective interaction between PLSD and social dialogue at the enterprise level helps EBMOs and workers' organizations in maintaining and coordinating productivity gains. Research shows that effective social dialogue practices at the company level boost performance, innovation and workplace well-being. Beyond firm level gains, broader labour productivity growth requires structural economic change and shifting economic activity from lower to higher productivity sectors. Overall, sustained productivity growth, when accompanied by PLSD processes that expedite the equitable sharing of efficiency gains, significantly contributes to wage improvements. Additionally, international policy frameworks, including certain trade agreements, provide opportunities for PLSD to shape national policies concerning foreign direct investment and the operations of multinational enterprises.

Strengthening PLSD institutions for fair labour income distribution

In recent decades, labour income inequality has become a pressing issue, worsened by the COVID-19 crisis. High income and wage disparities undermine poverty reduction efforts, limit social mobility and increase the risk of social unrest. Drawing on global research and country examples, the report demonstrates how PLSD can promote fair labour income distribution by fostering inclusive policy frameworks prioritizing income equality and sustainable economic development, in line with the 2030 Agenda. It highlights the role of tripartite social dialogue, minimum wage setting involving the social partners, and sectoral collective bargaining in addressing the cost-of-living crisis and tackling gender pay gaps. The report urges countries to strengthen these PLSD institutions to restore income fairness for workers worldwide.

► **There is a renewed interest in minimum wage policies, but major gaps in compliance and coverage remain.**

Over 90 per cent of ILO Member States have established minimum wage systems, highlighting their importance in advancing social justice. However, many systems fail to adequately protect all workers due to gaps in compliance and legal coverage. Irregular adjustments of minimum wage rates erode workers' purchasing power, especially during economic crises. The report emphasizes the need for more frequent adjustments during inflationary periods and calls for full social partner involvement, as outlined in the Minimum Wage Fixing Recommendation, 1970 (No. 135).

► **The direct participation, on an equal basis, of the social partners in establishing, setting and adjusting statutory minimum wages is crucial for enhancing their effectiveness in reducing poverty and income inequality.**

Most countries engage EBMOs and workers' organizations, often through tripartite bodies, before setting wage floors. However, the quality and impact of such consultations vary widely. The report shows minimum wage-setting mechanisms that actively involve the social partners are more effective in protecting low-wage workers and reducing wage inequality, as they balance workers' needs and economic considerations. For instance, in South Africa, the social partners play a significant role in wage setting through their participation in the National Minimum Wage Commission.

► **Combining minimum wage setting with sectoral collective bargaining maximizes the impact of PLSD on fair labour income distribution.**

As a key form of multi-employer bargaining, sectoral collective bargaining is one of the most effective PLSD instruments for addressing high labour income inequality. Together, these PLSD mechanisms are essential for protecting low-paid workers, promoting real wage growth and advancing wage justice. In contrast, countries lacking effective PLSD institutions are less well-equipped to establish the frameworks needed to achieve fair labour income distribution.

► **Tripartite social dialogue, minimum wages and sectoral collective bargaining help distribute inflationary costs more equitably between employers and workers, protecting real wages and incomes.**

Countries have adopted various measures, such as automatic and discretionary wage adjustments, often in consultation with the social partners. In Morocco, for instance, tripartite social pacts in 2022 and 2024 raised minimum wages and offered non-wage benefits, such as tax reductions and exemptions, targeting low- and middle-income households. Other countries, such as France, update wage floors based on cost-of-living indicators, after consulting with the social partners. Lastly, countries with strong industrial relations traditions, particularly in Nordic European countries, have used sectoral collective agreements to protect workers' purchasing power. This includes automatic indexation mechanisms and frequent renegotiations of collectively agreed wages to ensure real wage increases during periods of high inflation.

► **Through PLSD, the social partners can also help close gender pay gaps.**

The social partners can drive progress by adjusting minimum wage policies and expanding legal protections to narrow the gender pay gap, as women are disproportionately represented among low-wage earners and in sectors where coverage is limited, such as domestic work. For instance, in Italy, PLSD in the form of sectoral collective bargaining helps regulate pay and working conditions for domestic workers, promoting decent work and formalization in the sector. Additionally, EBMOs and workers' organizations can advance "equal pay for work of equal value" for women and men through sectoral collective bargaining, addressing disparities in the middle of the wage distribution. The 2022 agreements on the United States' women's and men's national soccer teams illustrate well the power of sectoral social dialogue in advancing equal pay for women and men in similar roles. Finally, the social partners can ensure that wage growth in female-dominated sectors, including the public sector, remains aligned with that in male-dominated industries.

Peak-level social dialogue for an effective and inclusive digital and green transition

The shift towards digitalized and environmentally sustainable economies is reshaping the world of work. While these transformations offer opportunities for economic growth, innovation and job creation, they also pose risks of major labour market disruption. The report highlights the crucial role of PLSD in leveraging these opportunities and addressing challenges through effective and inclusive strategies that protect both workers and enterprises. PLSD fosters societal consensus on digital transformation and decarbonization policies, driving transitions that equip the workforce with relevant skills and prioritize the inclusion of disadvantaged groups. However, the use of PLSD to manage the “twin transition” remains underdeveloped, particularly in countries with less well-established social dialogue institutions. The report shows that only a quarter of the over 100 PLSD processes and outcomes between January 2022 and December 2023 addressed twin transition themes – the majority of which in European countries. Moreover, survey results confirm that digital transformation and climate change are not high on the agendas of NSDIs. Renewed focus on industrial policies aimed at economic diversification and structural transformation, now involving greater collaboration between public and private actors, including the social partners, presents a timely opportunity to advance the role of PLSD in steering the twin transition. Overall, the digital and green transitions are emerging as key areas for PLSD, but primarily in high-income countries. To prevent widening inequalities, it is crucial to address the disparities in the capacity of developing economies to adapt to these transitions through PLSD.

► In a number of countries, PLSD is playing an important role in improving the pay and working conditions of platform economy workers, as well as clarifying their employment relationship; evidence suggests a positive interaction between peak-level and enterprise-level social dialogue on these topics.

The active involvement of the social partners in shaping legislation and practices in the platform economy has facilitated balanced solutions that address the needs of workers and enterprises, ensuring labour protections and fair competition. A notable example is Spain’s “Rider’s Act”, which emerged from a tripartite agreement and led to the recognition of food delivery riders working for digital platforms as employees. Sectoral collective bargaining, especially in transport and logistics, is also used extensively by the social partners to regulate pay, working time, social protection and safety and health for platform workers. The report shows that PLSD, at both the national and sectoral levels, has created the conditions to improve the rights of platform workers through enterprise-level social dialogue, including by promoting the organization of workers in a sector often characterized by worker dispersion.

► **PLSD is also emerging as an effective tool for facilitating the digital transformation of traditional firms and addressing the potential risks associated with algorithmic management and artificial intelligence (AI) large language models.**

Since the COVID-19 crisis, the social partners have played a growing role in designing remote work legislation, paving the way for expanding collective bargaining and workplace cooperation on digitalization in traditional firms. Recent agreements in Europe and the United States of America, at both the sectoral level and in major high-tech firms, are also opening new ground for AI governance. For example, a 2023 agreement by a major IT company and a trade union in the United States commits management to informing workers about AI trends and incorporating their perspectives in AI development. Given the rapid evolution of AI, the capacity of PLSD to devise timely, tailored and balanced solutions is seen by many stakeholders as a credible alternative to prescriptive and rigid top-down legislation.

► **PLSD institutions focused on skills development are essential for equipping workers with the skills needed to navigate the future of work.**

These institutions can play a crucial role in recognizing digital skills and mapping those acquired through technical and vocational education and training programmes, addressing the growing demand for training and retraining prompted by digital technologies. For instance, the Canadian Future Skills Council, an ad hoc PLSD body with representatives from government, labour, business and civil society, proposed a digital skills recognition platform to help close the digital divide and bridge gaps in employment participation and access to skills development.

► **PLSD is vital for ensuring that the green transition is fair for both workers and enterprises, aligning environmental and social goals with economic growth.**

As environmental policies become more stringent, public support for governments can wane. In this context, PLSD plays a key role in generating consensus among governments, the social partners and society on the need for decarbonization. Through PLSD, stakeholders can agree on road maps to translate national and international climate policies into concrete measures, such as reducing emissions and promoting green workplaces, such as in Poland and the Republic of Korea, or on national recovery plans placing environmental sustainability at their core, such as in Barbados. Additionally, sectoral agreements, particularly in industries such as mining and energy, include provisions for wage adjustments, expanded social protection and skills development, ensuring that workers affected by the green transition are protected.

► **The increasing frequency of heatwaves is pushing governments and the social partners to address heat stress through OSH-focused social dialogue.**

Tripartite consultations play a key role in shaping legislation by providing technical guidance and tools to mitigate the impact of heat stress on workers and productivity, especially in high-risk sectors, notably agriculture, forestry, fishing and construction. For example, Costa Rica's tripartite Occupational Health Commission developed legislation on heat stress prevention and workers' protection, along with campaigns, guidelines and training to support its implementation. Sectoral collective bargaining is also emerging, with a current focus on managing working time to mitigate heat-related risks, as seen in Germany's construction sector, and providing compensation to affected workers, as in Italy's forestry and furniture industry.

► **Despite the significant impacts of climate and environmental changes on women, informal economy actors, and indigenous and tribal peoples, there is limited PLSD targeting these groups.**

Gender-sensitive PLSD is rare despite the strong gender dimension of environmental challenges. Workers and economic units in the informal economy, who are also disproportionately affected by climate change, see few efforts focused on both formalization and the green transition, with some examples in Africa, such as Kenya. Indigenous and tribal peoples face major risks from the green transition, including threats to their livelihoods and forced migration due to resource extraction for sustainable energy production. However, they also play an important role in environmental sustainability, using traditional knowledge to inform impact assessments and promoting practices of “regenerative agriculture”. In Latin America, dedicated PLSD institutions are incorporating their voices during consultations on environmental legislation and on projects that affect their communities. In Peru, indigenous peoples, including indigenous women’s organizations, were formally consulted during the formulation of the Framework Law on Climate Change, underscoring the importance of indigenous participation in shaping environmental policies.

Harnessing the opportunities of peak-level social dialogue for social justice

Short-term and non-inclusive approaches to economic development and social progress are hindering global efforts to achieve the objectives of the 2030 Agenda. They can also undermine the effectiveness of PLSD in advancing decent work and social justice. Nevertheless, PLSD actors and institutions have the potential to foster collaboration within societies, identifying shared solutions to complex challenges in the world of work and beyond, especially when societal interests diverge. PLSD can play a crucial role in shaping a “renewed social contract”. This involves redefining the relationship between governments and their citizens, as well as within societies, which is essential for addressing contemporary challenges. It also provides a pathway to harness the opportunities presented by digital and green transitions for an equitable and sustainable future for all. By fostering trust between people and institutions, PLSD can ensure inclusion, protection and participation, while valuing what matters to people and the planet and acknowledging the needs and constraints of employers. It advances democratic participation in the world of work, acting as necessary complement to institutions of representative democracy. To fully unlock the enabling power of PLSD, this report calls for stronger action to enhance the inclusiveness and effectiveness of PLSD institutions, processes and actors. This requires above all:

- Respecting, promoting and realizing the fundamental principles and rights at work of freedom of association and the effective recognition of the right to collective bargaining for all workers as well as the other prerequisites.
- Enhancing the capacity of PLSD institutions and actors for meaningful engagement. This entails equipping the social partners and labour administrations with the necessary resources and skills. Social dialogue should be mainstreamed across relevant policy areas through a “whole-of-government” approach.
- Expanding the membership base of the social partners and extending their outreach to under-represented groups, particularly workers and economic units in the informal economy, workers in emerging work arrangements, migrants, youth, and micro, small and medium-sized enterprises.
- Encouraging regular evidence-based evaluations of the role, influence and outcomes of PLSD institutions in socio-economic decision-making. This includes assessments and diagnostics of NSDIs with ILO support and exploring the possible establishment of a global indicator to measure PLSD effectiveness and inclusiveness.

Peak-level social dialogue: An essential force for sustainable economic development and social progress



In the aftermath of the COVID-19 pandemic, the ILO's first *Social Dialogue Report* showed how collective bargaining protected workers and strengthened the resilience of enterprises and labour markets (ILO 2022a).

This second report is published in a very different context of ongoing polycrisis. Geopolitical instability and wars are eroding international solidarity and cooperation. Political polarization, disinformation and the spread of populism are undermining trust in democracy. Technological advances, climate change and demographic shifts are transforming the world of work. Anxiety is growing that more needs to be done to mitigate the environmental damage caused by unsustainable economic development. Against this backdrop, social dialogue and its institutions are needed more than ever.

This chapter presents the power of peak-level social dialogue (PLSD). For the purposes of this report, PLSD refers to national and sectoral processes – whether ad hoc or institutionalized – that bring together representatives of governments and of employers' and workers' organizations (the social partners) to negotiate, consult or exchange information on common interests relating to labour, economic and social policy. PLSD encompasses both bipartite processes that involve the social partners only, such as when they engage in sectoral collective bargaining, as well as tripartite processes that also include government representatives as official parties to the dialogue.

PLSD is a proven catalyst for navigating complexity, identifying balanced and long-term solutions, and combating injustice. It is a key safeguard against the shrinking space for democracy in the world of work, and it contributes to realizing the fundamental principles and rights at work (ILO 2024a, para. 16). The chapter illustrates that PLSD can drive foundational and transformative benefits to deliver sustainable economic development and social progress for all.



International solidarity and cooperation face major challenges in the current context of geopolitical instability and war in various parts of the world. Faced with the global climate crisis, the reversal of past progress to end poverty, stagnating productivity growth, a cost-of-living crisis in many parts of the world and growing fears about artificial intelligence (AI) and the digital economy, there are understandable concerns that our collective efforts to advance social progress have stalled. The effects of the current polycrisis are hindering global progress towards the 2030 Agenda (UN DESA, 2024). For example, the international community is today almost as far from reaching the targets of Sustainable Development Goal (SDG) 8 (decent work and economic growth) as it was when they were first agreed in 2015 (ILO 2023a).

At the same time, despite these challenges, many countries are engaging proactively with opportunities for positive change. These include:


- ▶ harnessing new technologies for sustainable development and sustainable enterprises;
- ▶ driving a transformative agenda for gender equality;
- ▶ calibrating the opportunities offered by AI and digital technologies in support of decent work;
- ▶ promoting investment in the green economy;
- ▶ committing to business incentive structures that encourage the long-term growth of the real economy.

In each case, positive change depends on countries having the institutional means to voice divergent interests, share experience and data, compare strategies for navigating complex circumstances, combat economic injustice and, above all, build long-lasting relationships of trust between employers' and workers' organizations.¹ This is precisely the purpose of social dialogue. Because it represents an institutional forum for employers, workers and governments to voice their distinctive interests, social dialogue can serve as an important catalyst for innovative, agile and effective solutions.

This report focuses on PLSD because it is at the national and sectoral levels of society that social dialogue can display its maximum potential to navigate the polycrisis and chart pathways for inclusive and long-term sustainable change. It is nevertheless vital to recognize the interactions

that exist between PLSD and enterprise-level social dialogue (and particularly enterprise-level collective bargaining and workplace cooperation) and with cross-border social dialogue, such as in the ILO context.

During the COVID-19 pandemic, it was PLSD in many countries that enabled effective coordinated action to be taken in support of business, jobs and incomes (ILO 2022a). Chapter 2 shows how many countries leveraged PLSD to improve decent work opportunities by promoting full employment, extending social protection and strengthening worker rights, while at the same time enabling sustainable enterprises (Ghellab et al. 2022; ILO 2021a, 2023b). PLSD is proving equally instrumental in current efforts to address the cost-of-living crisis. Chapter 3 reviews bipartite and tripartite policy measures to sustain the real value of statutory and negotiated minimum wages and reduce gender pay gaps (see also ECLAC and ILO 2022; ILO 2021b). Moreover, PLSD makes a key contribution to the efforts of countries and the social partners to operationalize a just transition² to a digital economy and to a green economy, as shown by the many positive examples in Chapter 4, including by shaping industrial and technology policies and sector-level agreements (ILO 2018a, 2021c).

 **PLSD is a key safeguard against the shrinking space for democracy in the world of work, and contributes to realizing the fundamental principles and rights at work.**

While PLSD is an essential instrument in delivering sustainable economic development and social progress for all, as required by the 2030 Agenda (Grimshaw, forthcoming), two major fault lines limit its effectiveness. First, the structures and institutions of PLSD are underdeveloped, as many countries lack the necessary legal and institutional frameworks, technical knowledge

¹ In this report, the terms employers' organizations and employers' and business membership organizations (EBMOs) are used interchangeably to refer to the same entities.

² The concept of "just transition" emphasizes the importance of promoting environmentally sustainable economies in a way that is inclusive, by creating decent work opportunities, reducing inequality and leaving no one behind. This report uses the same concept for transitions stemming from changes in digital technology.

and financial support. In some countries, freedom of association is under threat, affecting both workers and employers. Second, economic development strategies often prioritize short-term political or economic wins, which hinders the potential of PLSD to bring about longer-term and transformative economic and social gains.

If countries are to realize the many positive benefits of PLSD, they need to renew their efforts to combat the obstacles standing in the way of PLSD (see Chapter 5). This involves strengthening the capacities of employers' and workers' organizations so that they can fully exercise their rights of freedom of association and collective bargaining. It also means democratizing the governance of the world of work by strengthening the role of tripartite social dialogue in policymaking. By embedding PLSD in a long-term and inclusive approach to economic development and social progress, countries can improve their chances of delivering a renewed social contract for peace and prosperity (ILO 2024b).

1.1

Principles, actors and types of peak-level social dialogue

The overall rationale of PLSD is rooted in the many international labour standards that assign a role to peak-level tripartite and bipartite consultation as a prerequisite for the sound application of Conventions and Recommendations (see box 1.1).

► Box 1.1 Peak-level social dialogue and international labour standards

Most international labour standards require consultations or cooperation between governments and peak-level organizations of the social partners to give effect to their provisions in ways that are adapted to national circumstances and the actual needs of employers and workers.

The *Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113)*, indicates that measures should be taken to promote effective consultation and cooperation between public authorities and employers' and workers' organizations, as well as between these organizations (Paragraph 1); (tripartite) consultation should ensure that the public authorities seek the views, advice and assistance of these organizations, particularly in the preparation and implementation of "laws and regulations affecting their interests"; (bipartite) consultation between employers' and workers' organizations should aim, "to the fullest possible extent, at agreed solutions" on "matters of mutual concern" (Paragraph 5).

When effective, such consultations lead to better informed policy aimed, for instance, at:

- enhancing national labour policies – the key objective of the *Labour Administration Convention, 1978 (No. 150)*;
- improving national employment policies – the key objective of the *Employment Policy Convention, 1964 (No. 122)*;
- strengthening social protection floors – the key objective of the *Social Protection Floors Recommendation, 2012 (No. 202)*;
- promoting effective minimum wage fixing systems – the key objective of the *Minimum Wage Fixing Convention, 1970 (No. 131)*;
- consultation on international labour standards – the key objective of the *Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)*;
- formulating and implementing education and training policies – the key objective of the *Human Resources Development Convention, 1975 (No. 142)*;
- promoting employment and decent work in response to crisis situations – the key objective of the *Employment and Decent Work for Peace and Resilience Recommendation, 2017 (No. 205)*.

Note: Appendix 1 compiles observations made by the ILO supervisory bodies on the preconditions for effective consultations.

Source: ILO 2013a, 2018b, 2018c.

▶ 1.1.1 The principles

The core objective of PLSD, in common with all forms of social dialogue, is the democratic participation of the tripartite actors in governing the social and economic conditions affecting work and employment. This democratic goal comprises four interrelated principles:³

- ▶ First, a *pluralist* conceptualization of economic governance, namely acknowledging the diverse interests of employers, workers and governments, and the resulting need to accommodate the various political and economic trade-offs.
- ▶ Second, *participative representation*, namely ensuring a legitimate and representative voice for employers, workers and citizens. This requires the social partners to develop participative structures for broad and inclusive representation, which extend to enterprises and workers at risk of not being represented, including those in the informal economy.
- ▶ Third, *fundamental principles and rights at work*, especially freedom of association (to form and join an employers' organization or a trade union) and the effective recognition of the right to collective bargaining, thereby ensuring that social dialogue is embraced as a fundamental and legitimate mechanism to contribute to economic and political governance.
- ▶ Fourth, *accountability*, that is, requiring the parties to make credible binding commitments and ensuring that all parties have the freedom to hold those in authority to account.

Where these principles are translated into practice, PLSD can play an important democratic role in co-designing policies to achieve sustainable economic development and social progress. As the ILO (2018b) summarizes:

Free, independent, strong and representative employers' and workers' organizations, together with trust, commitment and respect by the governments for the autonomy of the social partners and social dialogue outcomes are key conditions for effective social dialogue.

▶ 1.1.2 The actors

PLSD involves representative organizations of employers and workers, operating at the national and/or sectoral levels, and government, depending on whether it consists of bipartite or tripartite dialogue. It is the coming together of these actors that constitutes the specific notion of social dialogue and marks it out as distinctive from other forms of participatory governance, such as "multi-stakeholder dialogue" or "civil dialogue". In particular, employers' and workers' organizations are unique in that they draw their legitimacy from their representativeness, membership and mandate, which are indispensable safeguards for effective social dialogue (Hyman 2000; Papadakis 2021a).

In practice, PLSD may be broadened by tripartite actors choosing to involve other organizations, such as those that can give voice to under-represented or unrecognized workers and enterprises (ILO 2024b). Examples include environmental organizations, associations of retired persons and groups representing women, youth, people with disabilities, migrant workers, and social and solidarity economy actors.⁴ Such broadening of collaboration can bridge the divide between diverse enterprise, workforce and citizen groups, including between formal workers and those in informal settings, and can better inform social dialogue.⁵

▶ 1.1.3 The types

There are many types of PLSD operating at the national and sectoral levels, leading to different outcomes, such as joint proposals and statements, sectoral, cross-sectoral and inter-occupational collective bargaining agreements, and tripartite social pacts (see table 1.1).

At the national level, bipartite and tripartite PLSD processes may be used to address various areas of government policy, ranging from core aspects of employment policy (such as the statutory minimum wage, employment promotion and vocational training programmes) to social protection (including health protection) and macroeconomic policy (such as policies to address high inflation).

³ For a detailed analysis of these principles, see Hassel (2006), Kaufman (2000) and Scharpf (1999), as reviewed in Grimshaw (forthcoming).

⁴ The social and solidarity economy "encompasses enterprises, organizations and other entities that are engaged in economic, social, and environmental activities to serve the collective and/or general interest, which are based on the principles of voluntary cooperation and mutual aid, democratic and/or participatory governance, autonomy and independence, and the primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits as well as assets" (ILO 2022b).

⁵ For example, a trade union may strengthen its coalitional bargaining power by forging alliances with civil society organizations with which it has a mutual interest (Keizer et al. 2023), while also extending its demographic representativeness by mobilizing otherwise hard-to-reach new members (Martínez Lucio et al. 2017). Similarly, a tripartite policy body may seek detailed inputs from an international organization, such as the ILO, in dialogue over minimum wage policy or a social clause in a new trade agreement (Rani and Belser 2012; Siroën 2013).

At the sectoral level, PLSD processes, through ad hoc or institutionalized bodies, may be used to negotiate terms and conditions of employment for an entire industry (such as retail or hospitality) through collective bargaining, to shape features of employment policy specific to a sector (such as vocational training) or to protect workers during a green transition. PLSD may also address rules and standards for a specific professional or occupational group (such as dentists or accountants).

Research evidence highlights that there is much “vertical interaction” between PLSD and other

levels of social dialogue, especially in the case of enterprise-level social dialogue and cross-border social dialogue. Indeed, strongly coordinated forms of vertical coordination help to maximize the economic and social justice advantages of macro-level coordination through PLSD alongside local adaptation and international harmonization (Grimshaw et al., forthcoming; ILO 2022a; OECD 2019). Furthermore, strong and stable PLSD institutions support social dialogue at the international level, notably at the ILO, which drives the adoption of international labour standards and follow-up action by Member States.

► **Table 1.1 Examples of types and agendas of peak-level social dialogue**

| Type | Agenda |
|---|--|
| National Tripartite or bipartite level Negotiations, consultations or information exchange Within formally established national social dialogue institutions or through ad hoc processes | Employment/labour market/social policy and regulation Active labour market programmes Crisis response (for example, the COVID-19 pandemic) ILO matters (ILO Convention No. 144 and Recommendation No. 152) ¹ Job growth Labour law reforms Macroeconomic stability Occupational safety and health Planning for just digital and green transitions Real wage adjustment (such as, during high inflation) Social protection Statutory minimum wages Vocational education and training Work–life balance policies |
| Sectoral Collective bargaining Bipartite/tripartite consultations or information exchange Within formally established national social dialogue institutions (such as sectoral skills bodies) or ad hoc processes | Gender equality Green transition Industrial policy Job creation New technologies Professional standards (for example, qualifications and accreditations) Skills Support to small and medium-sized enterprises Wages, working conditions |

¹ The Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144) and the Tripartite Consultation (Activities of the International Labour Organization) Recommendation, 1976 (No. 152).

1.2

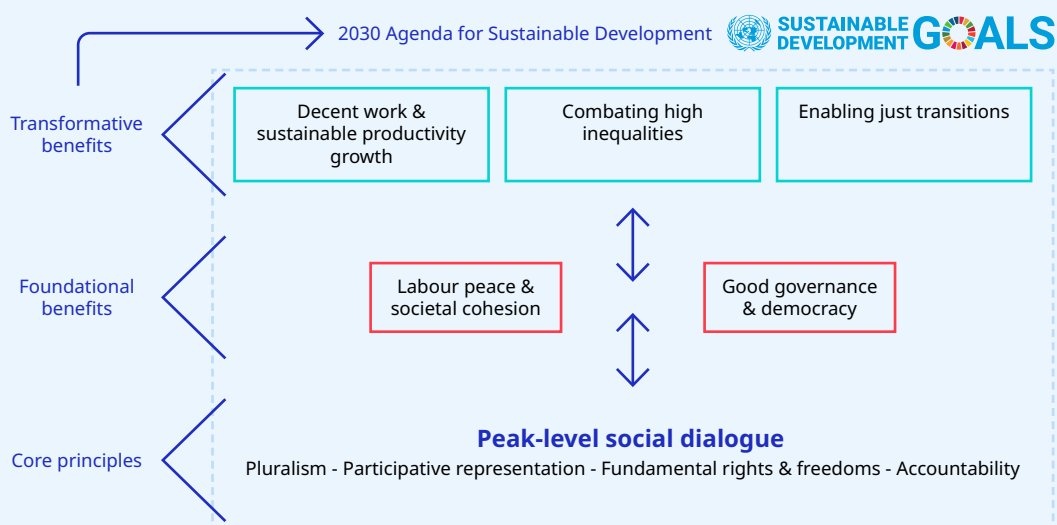
What are the benefits of peak-level social dialogue?

Drawing on examples from around the world, the chapters in this report show that PLSD can offer mutual benefits for employers and workers by enabling countries to chart a path of economic development that is sustainable and inclusive. PLSD is thus an essential force for positive change and can contribute to the urgent transformation required for the 2030 Agenda. This section provides a framework for the evidence and ideas presented in Chapters 2, 3 and 4.

PLSD can offer mutual benefits for employers and workers by enabling countries to chart a path of economic development that is sustainable and inclusive.

Figure 1.1 shows the potential benefits of PLSD in the form of two interconnected layers. A first layer of foundational benefits depends on institutional support for the four principles of social dialogue (see section 1.1.1). Foundational benefits comprise labour (social) peace and social cohesion, as well as good governance and democracy. Building on these foundational benefits, PLSD can deliver a second layer of transformative benefits that favour sustainable economic development and social progress. Three transformative benefits may be identified as decent work and sustainable productivity growth, combating high labour income inequalities and enabling just transitions, which are the focus of Chapters 2, 3 and 4, respectively.

► Figure 1.1 The foundational and transformative benefits of peak-level social dialogue



Source: ILO.

► 1.2.1 Foundational benefits

Through the practices of negotiation, consultation and information sharing, PLSD contributes to *labour peace and social cohesion*. By airing disagreements, voicing viewpoints and declaring divergent interests, social dialogue can help to address conflict and unpick deadlock, thereby facilitating respect for differing viewpoints among the representatives of employers, workers and governments and, as a result, across layers and segments of the economy.

This report presents evidence that PLSD promotes labour peace and social cohesion through processes of deliberation over the complex challenges facing governments, employers and workers, which pave the way for decisions and action for the long term. Examples of general questions for deliberation include:

- how to distribute the risks of transitioning to a green economy and how to attach value to the costs of environmental degradation (Chapter 4);
- how to share the costs of skill investments, including those needed to adapt work to new AI and digital technologies (Chapter 4);
- how to ensure that the varied interests of different sized enterprises, as well as enterprises with different business models, are adequately represented in sectoral collective bargaining (Chapters 2, 3 and 4);
- how to foster a legitimate balance of interests on major questions of social and employment policy, such as the distribution of the costs of social protection (Chapters 2 and 4).

PLSD is thus a vital ingredient in renewing the social contract (ILO 2024b) because it both captures the diverse views of representative organizations and seeks collective solutions that share the risks and gains fairly and sustainably among the different groups in society (see Chapter 5).

PLSD also contributes to *good governance and the consolidation of democracy* because it is both constitutive of and complementary to an inclusive and representative model of politics. As the ILO reaffirmed in the 2018 International Labour Conference resolution and conclusions concerning the second recurrent discussion on social dialogue and tripartism: “Social dialogue and tripartism are *essential* for democracy and good governance” (ILO 2018b, emphasis added). By mirroring the different needs of society, including groups traditionally excluded

► PLSD contributes to good governance and the consolidation of democracy.

or discriminated against, negotiated policy proposals have a greater chance of effective implementation.

Moreover, PLSD helps to even out the bargaining power between employers and workers and thus generates better decisions and their more effective application through engaged employers’ and workers’ organizations. By ensuring and demonstrating that diverse views and interests are included in a fair and transparent process of policy formation, PLSD can reinforce trust in the institutions governing national democratic and economic systems.

► 1.2.2 Transformative benefits

Building on these foundational benefits, PLSD can make a positive contribution to *decent work and sustainable productivity growth* and therefore strengthen national economic performance and people’s living standards over the long term (see Chapter 2). The goal of decent work and sustainable productivity growth means aiming for more than a simple measure of labour input per unit of economic output, and instead seeking improvements in economic value added that correlate with SDG 8, namely more decent work and a more environmentally sustainable system of economic production (ILO 2019a, 2022c, 2023c).

While the ILO is advancing ideas based on the latest research on the complementary relationship between decent work and sustainable productivity growth, some policymakers are still promoting productivity growth with limited regard to decent work and/or sustainable development. Without suitable complementary policy measures and targets, the worry is that productivity growth may rely on unjust labour cost reductions, work intensification and/or a failure to cost business externalities that damage the health of communities and the environment (Grimshaw et al. 2017; Mezzadra and Neilson 2019). Instead, the aim ought to be to underpin productivity growth with measures that improve

PLSD can make a positive contribution to decent work and sustainable productivity growth.

the contribution of workers' skills and education, reward pollution abatement efforts, incentivize the formalization of informal workers and enterprises and, more generally, complement a shift to circular models of economic growth in which resources are reused and the extraction of new resources is limited (Grimshaw, forthcoming; ILO 2022c, 15).

The argument that PLSD can be a fundamental driver of sustainable economic performance responds to the real-world challenge of identifying new positive factors that can improve the functioning of markets and the application of new technologies. Research shows that PLSD can have a positive effect on macro-level productivity, albeit conditioned by the quality of social dialogue institutions (see box 1.2). The most recent meta-analysis of the firm-level productivity effects of

social dialogue, covering 111 research studies, confirms that trade unions have a small positive effect on balance (Doucouliagos, Freeman and Laroche 2017, 70). The mechanisms of causation running from social dialogue to improved productivity include positive effects in lowering workforce turnover, increased investment in training and the provision of a channel for workers to feed through ideas and creativity to senior management (Findlay, Lindsay and Roy 2021; van Ark 2021).

In addition to decent work and sustainable productivity growth, PLSD can also be instrumental in *combating high labour income inequalities* (see Chapter 3). More than any other labour institution, social dialogue helps societies deliver a fair share of productivity gains and economic growth (ILO 2021b, para. 23a). The ILO has alerted policymakers to the problems associated with high and growing inequalities, not least due to the challenges that inequalities pose in ensuring that countries can deliver “a just share of the fruits of progress to all”, as set out in the ILO Constitution (Declaration of Philadelphia, art. III(d); ILO 2021b).

Combating high inequalities through PLSD is crucial to limiting severe economic, social and political consequences. In its 2021 Resolution and conclusions concerning inequalities and the world

► Box 1.2 Macro-level research on the relationship between social dialogue and productivity

Compared to the large number of micro-level firm studies, there are very few country-wide macro-level studies focused on the relationship between social dialogue and productivity. Until recently, most macro studies concentrated on inflation and unemployment outcomes, following the early work of Calmfors and Driffill (1988). Their widely cited study claimed that the relationship between collective bargaining and macroeconomic performance was “hump-shaped”: countries with centralized and decentralized bargaining performed best, and countries in between these two types performed worst.

Ideas and evidence have subsequently moved on and the Calmfors–Driffill thesis is now firmly rejected as overly simplistic. Today’s consensus, spearheaded by the Organisation for Economic Co-operation and Development (OECD 2019), is that country differences in unemployment and inflation have only a very limited relationship with collective bargaining structures.

A widely cited statistical study that examines intercountry *productivity effects* is by Brandl and Braakmann (2021). Their analysis of European data shows that PLSD, in the form of coordinated sectoral bargaining, generates higher productivity growth than either no collective bargaining or uncoordinated bargaining. This means that individualized bargaining between workers and employers does not deliver the strongest productivity growth. Instead, countries with strongly coordinated multilevel systems of collective bargaining have superior productivity effects. The results suggest that sectoral level collective bargaining is therefore an important condition for delivering productivity gains and requires coordination among employer and worker representatives at the company, sectoral and national levels of social dialogue.

of work, the ILO (2021b, para. 6) reaffirms that high levels of inequality “can slow down economic growth, undermine social mobility and social cohesion, cause the deterioration of public health, increase the risk of social unrest, and undermine the aims of the Declaration of Philadelphia. They can be also among the root causes of child labour and forced or compulsory labour in all its forms.”

This position supplements evidence that high wealth concentration and the bifurcation of real wages from productivity growth are major obstacles to sustainable and inclusive economic growth (ILO 2019b; Paternesi Meloni and Stirati 2023). Forms of PLSD (especially sectoral collective bargaining and tripartite minimum wage fixing) can also reduce inequality of household income between the richest and poorest segments of society and reduce the number of households in poverty (see Chapter 3). Further, PLSD can combat structural and institutional discrimination on the grounds of, for example, gender, class, age, disability, race, religion and ethnicity.

PLSD can also enable *just transitions* in economies and societies (see Chapter 4). Complex problems that straddle questions of powerful digital and AI technologies, environmental crisis, demographic shifts and enduring poverty require collective solutions that can address the radical adjustments required. Building on the pioneering Nobel prize-winning ideas of Elinor Ostrom (1990), Chapter 4 examines examples from advanced and developing economies where PLSD is used to plan just transitions and confront the challenges of digital and AI technologies (Grimshaw and Rani 2021; Hadwiger 2022; Muñoz de Bustillo Llorente, forthcoming) and climate change (ILO 2022d). PLSD can assist in:

- ▶ designing compensatory adjustments;
- ▶ changing the boundary conditions of uncertainty with new knowledge and understanding;
- ▶ balancing who bears the costs of uncertainty and who benefits from investment windfalls in successful adaptations;
- ▶ coordinating change across otherwise disconnected arenas of decision-making.

International modes of social dialogue (for example, social dialogue at the ILO or within regional economic communities) are of particular importance in conjunction with PLSD. These can lessen and share the heavier costs of crisis felt in many developing countries, which are suffering the accumulated impact of economic shocks, natural disasters, debt distress, supply chain breakdowns and persistent widespread poverty (ILO 2023c).

1.3

Peak-level social dialogue for an SDG framework for sustainable economic development

The potential for countries to realize the foundational and transformative benefits of PLSD depends greatly on their approach to economic development and social progress. The United Nations has been warning, with increasing urgency, that most countries and industries have not pivoted to inclusive and sustainable economic development (UN 2021, 2023; UN DESA 2024). PLSD can potentially assist in countering an overly short-termist approach to economic growth and profit and to promoting more long-termist visions. It can also challenge policy approaches and business models that disregard certain workforce groups, regions or types of enterprise. It is therefore important to recognize that there is a two-way dynamic: PLSD can help achieve a more inclusive and sustainable future, but its functioning may at the same time be enabled or hindered by the nature of existing economic development strategies.

▶ The potential for countries to realize the benefits of PLSD depends on their approach to economic development and social progress.

▶ 1.3.1 Short-termist versus long-termist approaches

Time horizons have emerged as a key focus in efforts to accelerate progress towards the 2030 Agenda. The United Nations Secretary-General has highlighted the shortcomings of a short-termist approach to government and business and called for long-term strategies to deliver the 2030 Agenda (UN 2023):

There is a bias in political and business life for the short-term. The next poll. The next tactical political maneuver to cling to power. But also the next business cycle – or even the next day's stock price. The future is someone else's problem. This near-term thinking is not only deeply irresponsible – it is immoral. And it is self-defeating. Because it makes the problems we face today – in the here and now – more intractable, more divisive, and more dangerous. We need to change the mindset of decision-making. My message today comes down to this: Don't focus solely on what may happen to you today – and dither. Look at what will happen to all of us tomorrow – and act.

International research supports this new thinking. It demonstrates that strong financial pressures to deliver short-term economic improvements in highly financialized sectors or economies can erode business ethics, undermine long-term investment in workforce capabilities and fail to deliver sustained improvements in services or product quality (Appelbaum and Batt 2014; Jones and Klenow 2016; Rubery 2017). In contrast, there is greater scope for complementarities between economic performance and social progress where long-term environmentally sustainable goals are incorporated into the approach to economic development (Aiyar and Ebeke 2020; Paus, Robinson and Tregenna 2022; Rai, Brown and Ruwanpura 2019).

As examples throughout this report demonstrate, time horizons have major implications for the nature and effectiveness of PLSD. Because social dialogue is fundamentally a relational not a transactional institution, a long-term approach to economic development is conducive to building productive and trusting relations and to resolving conflict, whether through tripartite national social dialogue institutions (NSDIs) or bipartite sectoral or cross-sectoral arrangements.

▶ 1.3.2 Inclusive versus non-inclusive approaches

The 2030 Agenda also embraces a human-centred approach to economic development that is inclusive of all groups of society and reinforces a wider sense of social justice. Such sentiments echo the ILO Declaration of Philadelphia, which calls for a world of work that can ensure “a just share of the fruits of progress to all”. The principle of inclusiveness deserves renewed and reinvigorated emphasis, and this is why it is central to the ILO Centenary Declaration for the Future of Work and is now a major strategic focus in the ILO's “positive agenda for reducing inequalities” (ILO 2021b, paras 23a, 24a):

The strategy should promote a mix of mutually reinforcing policies and measures that address the different drivers of inequality, are guided by international labour standards, evidence-based and tailored to the specific circumstances of each country. This mix of policies should put employment, protection of worker rights, non-discrimination and equal opportunities, fair distribution of the fruits of progress and redistribution at the heart of action to combat inequalities and realize social justice.

This marks a paradigm change. Before the 2030 Agenda, it was common practice for countries to set narrow economic performance targets as the primary measure of economic development (for example, GDP growth) on the assumption that inclusive social progress in education, living standards, poverty eradication and so forth would automatically follow. It is now known that this is not automatic: economic growth does not necessarily reduce inequality (ILO 2021b; Ravallion 2014; Rubin and Segal 2015).

▶ Time horizons have major implications for the nature and effectiveness of PLSD.

Problems also arise when countries promote business performance incentives that are non-inclusive, which can generate cross-country inequalities and further widen the divisions between formal and informal economic units. For example, industry practices of offshoring pollution-intensive jobs to countries where environmental and worker protection is less stringent (Pilling 2018) exacerbate inequalities in who bears the health risks associated with damage to the environment.

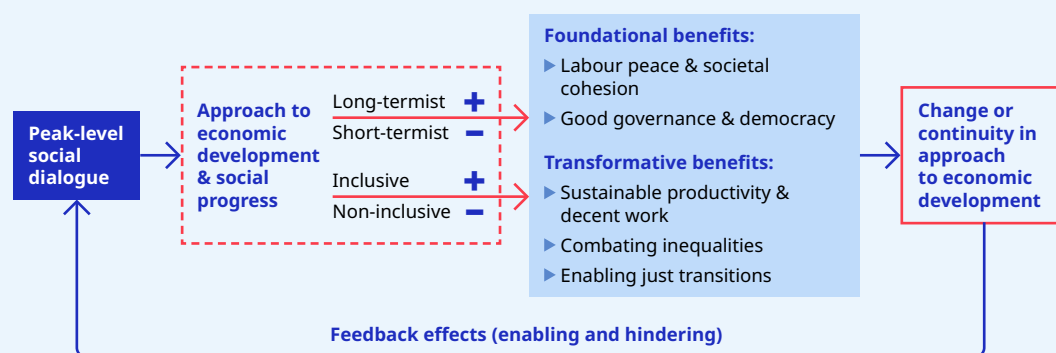
Overall, the degree to which an inclusive approach to economic development is adopted has a strong bearing on the functioning of PLSD. A strongly inclusive approach offers the promise for social dialogue to forge wide-reaching collectivist solidarities and the pursuit of the common good over individual or group-specific interests. Inclusive approaches to enterprise governance also encourage stakeholder engagement, which depends on social dialogue to frame and enact strategy. Conversely, where governments or enterprises pursue a non-inclusive approach, social dialogue may still be present, but is potentially confined to particular segments of the economy and may fail to reach workers and communities in places, enterprises or sectors that have fallen behind.

► 1.3.3 Tracing the interactions between social dialogue, economic development and social progress

Drawing the above threads together, the proposition at the heart of this report is that the twin dimensions of time horizons (short-termist or long-termist) and inclusiveness in a country's approach to economic development and social progress shape the way that PLSD institutions function. Similarly, the foundational and transformative benefits of PLSD can shape a country's approach to economic development, encouraging a more long-termist and inclusive approach. This two-way relationship, characterized by contingencies and feedback effects, is displayed in figure 1.2.

► A strongly inclusive approach offers the promise for social dialogue to forge wide-reaching collectivist solidarities.

► **Figure 1.2 The interactions between peak-level social dialogue, economic development and social progress**



Source: ILO.

On the one hand, where economic development emphasizes a short-termist and non-inclusive approach, a country will struggle to realize the full benefits of PLSD (signified by a minus sign in figure 1.2). On the other hand, a more long-termist and inclusive orientation enables PLSD to thrive in an environment that offers relative stability of institutions, policy goals and shared trust (Fashoyin 2004; Grimshaw and Hayter 2020; Papadakis 2021b).

The scope and scale of realized benefits depicted in figure 1.2, driven by the actors of PLSD, in turn contribute to reshaping the national approach to economic development and social progress. PLSD has multiple possibilities to contest, resist and change a given set of choices in the approach to economic development. Indeed, in many countries and sectors where short-termist and non-inclusive approaches prevail, forms of contestation and resistance may be the primary role of PLSD in the struggle to mitigate the negative effects of short-termism and champion a more long-termist and inclusive approach akin to the 2030 Agenda. Dynamic feedback effects mean that any changes in the orientation of economic development can strengthen – or hinder – the prospects for the institutions of PLSD to flourish.

With this framework in mind, two propositions guide the analysis of country evidence of PLSD in the rest of this report:

- ▶ First, a *more long-termist* and/or inclusive approach to economic development and social progress is conducive to fully realizing the foundational and transformative benefits of PLSD. These realized positive benefits may in turn shift the orientation of economic development, further strengthening its long-termist and inclusive commitments, and generating positive feedback loops for strengthening the institutions of PLSD.
- ▶ Second, a *more short-termist and/or non-inclusive* approach to economic development and social progress may obstruct or dilute the foundational and transformative benefits of PLSD. However, PLSD still has strong potential to contest the parameters of the approach to economic development and shift them towards greater long-termism and inclusiveness.

1.4

Institutional prerequisites for peak-level social dialogue

Effective and inclusive PLSD demands a framework of institutional prerequisites. Because social dialogue comes in many forms, reflecting national traditions and contexts, there is no “one-size-fits-all” set of institutions that can best strengthen PLSD. Yet, certain universal criteria need to be observed. The institutional prerequisites must ensure that:

- ▶ the four principles of social dialogue (see section 1.1.1) are protected;
- ▶ the social partners and labour administrations are capable and adequately resourced;
- ▶ social dialogue is promoted in all policy domains, including through collective bargaining and forms of consultation and cooperation;⁶
- ▶ employers and workers in all parts of the economy, irrespective of the form of enterprise or employment, are equally represented by strong, free and independent organizations.

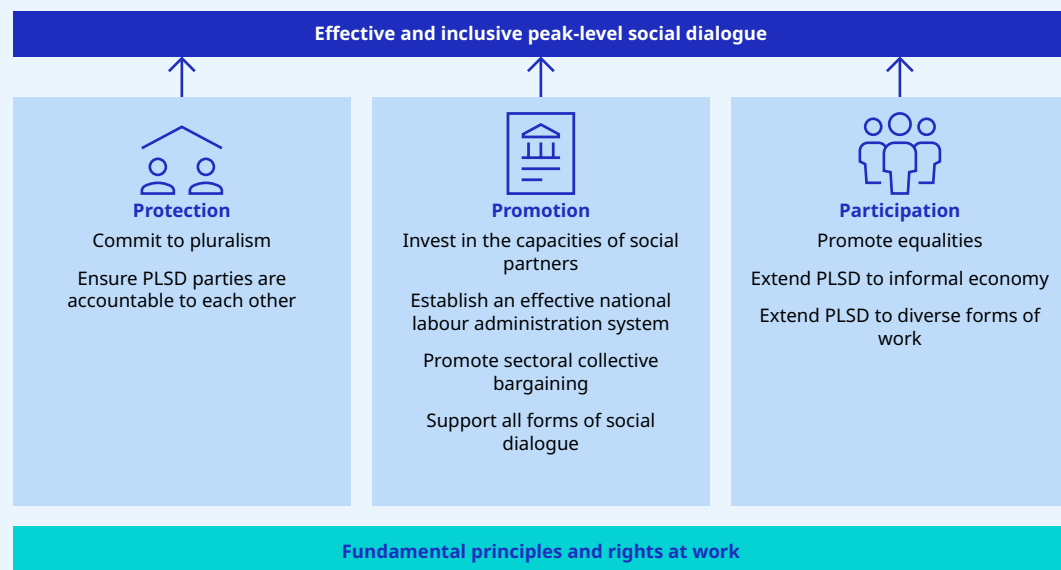
Ensuring respect for these conditions is part of the work of the ILO supervisory bodies responsible for supervising the application of the principles embodied in the ILO Constitution and international labour standards,⁷ notably:

- ▶ [Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No. 87\)](#)
- ▶ [Right to Organise and Collective Bargaining Convention, 1949 \(No. 98\)](#)
- ▶ [Tripartite Consultation \(International Labour Standards\) Convention, 1976 \(No. 144\)](#)
- ▶ [Labour Relations \(Public Service\) Convention, 1978 \(No. 151\)](#)
- ▶ [Collective Bargaining Convention, 1981 \(No. 154\)](#)

⁶ In accordance with the [Co-operation at the Level of the Undertaking Recommendation, 1952 \(No. 94\)](#). See box 1.3 for a full list of international labour standards relevant to PLSD.

⁷ As reflected in articles 19, 22 and 23 of the ILO Constitution.

► **Figure 1.3 The institutional prerequisites for effective and inclusive peak-level social dialogue**



Source: ILO.

Figure 1.3 draws on Sengenberger's (1994) framework of *protection*, *promotion* and *participation* to systemize the multiple institutional prerequisites for PLSD (ILO 2018b). Building on commitment to the fundamental principles and rights at work, these three groups of prerequisites combine to improve prospects for effective and inclusive PLSD.

► 1.4.1 Fundamental principles and rights at work

The foundation for effective and inclusive PLSD is respect for fundamental principles and rights at work, especially freedom of association and the effective recognition of the right to collective bargaining (Conventions Nos 87 and 98, respectively), considered as both rights and enabling conditions for realizing the Decent Work Agenda (ILO 2008).

Convention No. 87 requires ILO Member States to ensure rights for workers and employers,

“without distinction whatsoever [...] to establish and [...] to join organisations of their own choosing without previous authorisation” and, moreover, each Member to commit “to take all necessary and appropriate measures to ensure that workers and employers may exercise freely the right to organise” (Articles 2 and 11).

Convention No. 98 requires Members “to encourage and promote the full development and utilisation of machinery for voluntary negotiation between employers or employers’ organisations and workers’ organisations, with a view to the regulation of terms and conditions of employment by means of collective agreements” (Article 4).

The ILO supervisory bodies routinely emphasize the essential value of Conventions Nos 87 and 98 and their role in promoting labour peace and social justice, including respect for civil liberties and the rights of employers’ and workers’ organizations (see also Appendix 2). These enabling rights are strongly complementary to several other standards (see box 1.3).

► **Box 1.3 International labour standards related to peak-level social dialogue**

Fundamental Conventions on the freedom of association and the right to collective bargaining

C.087 – Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)

C.098 – Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

Industrial relations

R.113 – Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113)

C.135 – Workers’ Representatives Convention, 1971 (No. 135)

R.143 – Workers’ Representatives Recommendation, 1971 (No. 143)

C.144 – Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)

C.151 – Labour Relations (Public Service) Convention, 1978 (No. 151)

R152 – Tripartite Consultation (Activities of the International Labour Organisation) Recommendation, 1976 (No. 152)

R.159 – Labour Relations (Public Service) Recommendation, 1978 (No. 159)

Labour administration systems

C.150 – Labour Administration Convention, 1978 (No. 150)

R.158 – Labour Administration Recommendation, 1978 (No. 158)

Collective bargaining

C.154 – Collective Bargaining Convention, 1981 (No. 154)

R.163 – Collective Bargaining Recommendation, 1981 (No. 163)

R.091 – Collective Agreements Recommendation, 1951 (No. 91)

Freedom of association

C.141 – Rural Workers’ Organisations Convention, 1975 (No. 141)

R.149 – Rural Workers’ Organisations Recommendation, 1975 (No. 149)

Instruments with interim status:

C.011 – Right of Association (Agriculture) Convention, 1921 (No. 11)

C.084 – Right of Association (Non-Metropolitan Territories) Convention. 1947 (No. 84)

Source: NORMLEX.

As of December 2024, Convention No. 87 has been ratified by 158 Member States and Convention No. 98 has secured 168 ratifications out of the total number of 187 ILO Member States. However, because the ratifications of several Member States with large populations are missing, approximately half of the world’s working population is not covered by the two key international labour instruments that protect their rights to freedom of association and collective bargaining. With the exception of the newly added “fundamental” Conventions⁸ on occupational safety and health (OSH), the levels of ratification of Conventions Nos 87 and 98 lag behind those of other fundamental

instruments, such as Convention No. 182 (worst forms of child labour, which has been ratified by all Member States) and Convention No. 29 (forced labour) (ratified by 181 Member States).⁹

Freedom of association and the effective recognition of the right to collective bargaining are included among the indicators of progress towards SDG 8. ILO data reveal continuing challenges in law and practice regarding the respect/observance of these rights globally and across regions and subregions, with Asia and the Pacific and the Arab States facing considerable challenges (see box 1.4).

⁸ The ILO has identified ten “fundamental” Conventions covering subjects that are considered to be fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; the elimination of discrimination in respect of employment and occupation; and occupational safety and health. These principles are also covered by the ILO Declaration on Fundamental Principles and Rights at Work (1998, amended in 2022). The other fundamental Conventions are the Forced Labour Convention, 1930 (No. 29), the Abolition of Forced Labour Convention, 1957 (No. 105), the Equal Remuneration Convention, 1951 (No. 100), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), the Minimum Age Convention, 1973 (No. 138), the Occupational Safety and Health Convention, 1981 (No. 155), the Worst Forms of Child Labour Convention, 1999 (No. 182), and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187).

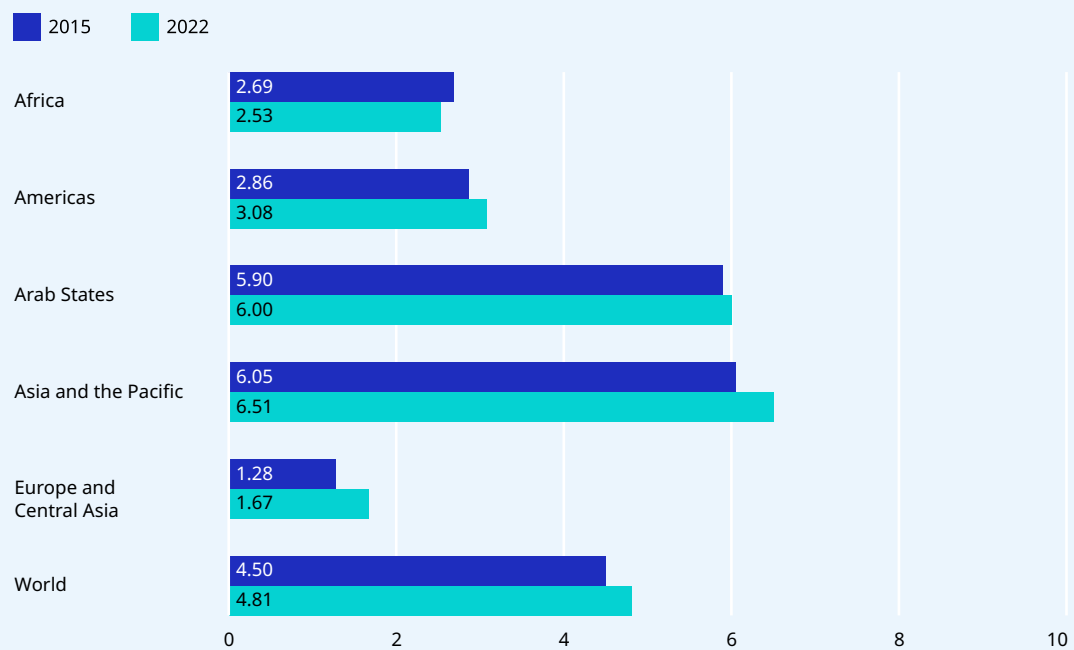
⁹ Since 2022, when the right to a safe and healthy working environment was elevated to the fifth category of fundamental principles and rights at work, the fundamental OSH Conventions (Conventions Nos 155 and 187) have had the lowest number of ratifications among the fundamental Conventions.

► **Box 1.4 Freedom of association and the effective recognition of the right to collective bargaining: Trends based on SDG indicator 8.8.2, 2015–22**

SDG indicator 8.8.2 measures national compliance with fundamental labour rights (freedom of association and the right to collective bargaining). It is based on ILO supervisory body textual sources and national legislation. SDG indicator 8.8.2. ranges from 0 to 10, with 0 being the best possible score, indicating higher levels of compliance (see Appendix 3).

In 2022, the global average for SDG indicator 8.8.2 was 4.81, marking a 7 per cent deterioration since 2015, when it stood at 4.5. Since 2020, compliance has worsened across all regions, particularly in the context of COVID-19 and the subsequent polycrisis, with scores worsening in one in three ILO Member States. The scores have nevertheless improved in one in ten Member States (11 per cent) since 2020, in part because of legislative reforms.

► **Figure B1.4.1 SDG indicator 8.8.2: Global and regional weighted averages, 2015 and 2022**



Note: Global and regional aggregates are weighted averages with weights derived from ILO labour force estimates.

Source: ILOSTAT; see Appendix 3.

Most violations continue to be in law and relate to the rights of workers and employers to establish and join organizations. Nevertheless, the data indicate that recent changes have been driven by violations in practice and, alarmingly, by violations of the fundamental civil liberties of employers, workers and their organizations – an increase of 59 percentage points from 2015 to 2022. The second largest increase in violations concerns the right to collective bargaining – a rise of 8 points.

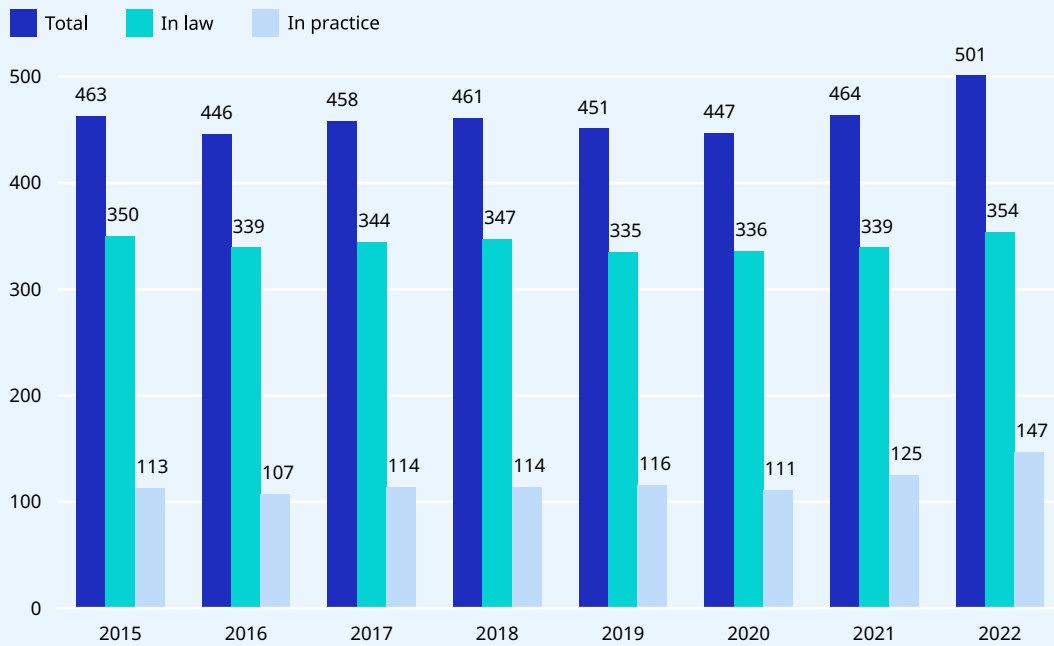
Between 2015 and 2022, the most frequent violations of the right to collective bargaining concerned:

- exclusion of workers and employers from the right to collective bargaining (in law)
- excessive requirements and/or lack of objective, pre-established and precise criteria for the determination/recognition of employers' and workers' organizations entitled to collective bargaining (in law)
- imposition of compulsory arbitration (in law)
- acts of interference in collective bargaining (in law)
- violations of collective bargaining agreements (in law)

► Box 1.4 (continued)

Types of violations with the largest increase include the insufficient promotion of collective bargaining (in law and practice), excessive requirements and/or lack of objective criteria for recognition of trade unions entitled to collective bargaining (in law) and infringements relating to consultations with unions (in practice).

► Figure B1.4.2 Number of coded violations under main category of collective bargaining, 2015–22



Source: ILOSTAT; see Appendix 3.

► 1.4.2 Protecting peak-level social dialogue

Establishing effective PLSD also requires an institutional commitment to the democratic principle of pluralism. This involves accepting that people hold different views and interests and should be able to express themselves individually or collectively through a legitimate process to influence decisions (ILO 2013b).

There are many examples of fruitful interaction between PLSD and wider democratic institutions. For instance, PLSD outcomes in the form of national tripartite social pacts were paramount in shaping pluralistic democracies during the transitions in the early 1990s from centrally planned to market economies in some Eastern European countries, and during some transitions from authoritarian to democratic regimes, such

as in Spain in the 1970s and Tunisia in the 2010s (Baccaro and Galindo 2018; Rychly 2009). One underlying assumption of recent social pacts is that they help to promote social peace, including in countries undergoing regime change, through consensus building on measures and reforms to facilitate recovery in the post-COVID-19 context (see table 1.2).

► Establishing effective PLSD requires an institutional commitment to the democratic principle of pluralism.

► Table 1.2 Examples of recent national tripartite social pacts, 2021–24

| Region | Country | Year | Title | Key objective and/or areas covered by the social pact |
|-------------------------|-----------------------------------|----------------|---|--|
| Africa | Central African Republic | 2022 (renewal) | National Pact for Social Stability and Economic Recovery | Social peace and post-COVID-19 economic recovery |
| | Guinea | 2023 | National Charter for Social Dialogue | Social peace and strengthening social dialogue |
| | Mali | 2023 | Pact for Social Stability and Growth | Social peace and labour law reform |
| | Morocco (see box 3.13, chapter 3) | 2022 | Social Pact | Long-term reform of the pension and tax system Wage adjustments in the public and private sectors |
| Americas | Mexico (Coahuila State) | 2024 | Coahuila 2024 Pact: New Labour Challenges for a Global Coahuila | Social dialogue to promote competitiveness, labour peace, sustainable economic growth and citizen well-being |
| Europe and Central Asia | Kazakhstan | 2024 | General Agreement between the Government of the Republic of Kazakhstan, the Republican Associations of Employers and the Republican Associations of Professional Unions for 2024–26 | Social peace and participatory governance in reforming labour legislation |
| | Mongolia | 2023 | State Tripartite Agreement of Labour and Social Partnership for 2023–25 | Employment promotion Protecting real wages of public and private sector workers Social security and health insurance reform Improving OSH safeguards and combating harassment, violence and discrimination at the workplace Enhancing the labour dispute settlement system |
| | Uzbekistan | 2022 | General Collective Agreement between the Cabinet of Ministers of the Republic of Uzbekistan, the Federation of Trade Unions of Uzbekistan and the Confederation of Employers of Uzbekistan on Socio-Economic Issues for 2023–25 | Economic competitiveness Implementation of ILO standards Adequate wages and incomes Employment Social protection |

Note: From 2019 to 2024, the ILO recorded 80 national tripartite social pacts: 14 in Africa, 10 in the Americas, 1 in the Arab States, 10 in Asia and the Pacific, 45 in Europe and Central Asia (ILO 2021a; Guardiancich and Molina, forthcoming; and Appendix 4). A majority were signed in the context of crises (COVID-19, cost of living) and contain clauses on managing labour, tax and pension reforms, and ensuring macroeconomic stability. A few pacts contain commitments to expand PLSD, including in countries undergoing regime change (such as, Guinea and Mali).

Source: ILO compilation.

Protecting social dialogue also requires a framework of institutions that enable the parties to hold each other to credible commitments. This means ensuring that agreed outcomes of social dialogue are respected and implemented by governments and the social partners and, crucially, that the social partners benefit from dispute prevention and resolution mechanisms that are accessible, affordable, fair and transparent (ILO 2018b).

International evidence highlights the key challenges faced by countries in establishing fair dispute resolution systems, which include:

- ▶ inconsistency of legal frameworks;
- ▶ procedural complexity and jurisdictional uncertainty;
- ▶ exclusion of workers and employers whose employment or legal status is unclear, who fall outside a certain restricted geographical coverage, or who lack the financial resources in cases where free legal aid is not available (Ebisui, Cooney and Fenwick 2016).

Tripartite frameworks that oversee dispute resolution institutions and processes are helpful in overcoming such challenges, but require the social partners to be independent of political influence, to be treated as legitimate decision-making partners and to have adequate knowledge and capacity (ILO 2018b).

 **Protecting social dialogue requires a framework of institutions that enable the parties to hold each other to credible commitments.**

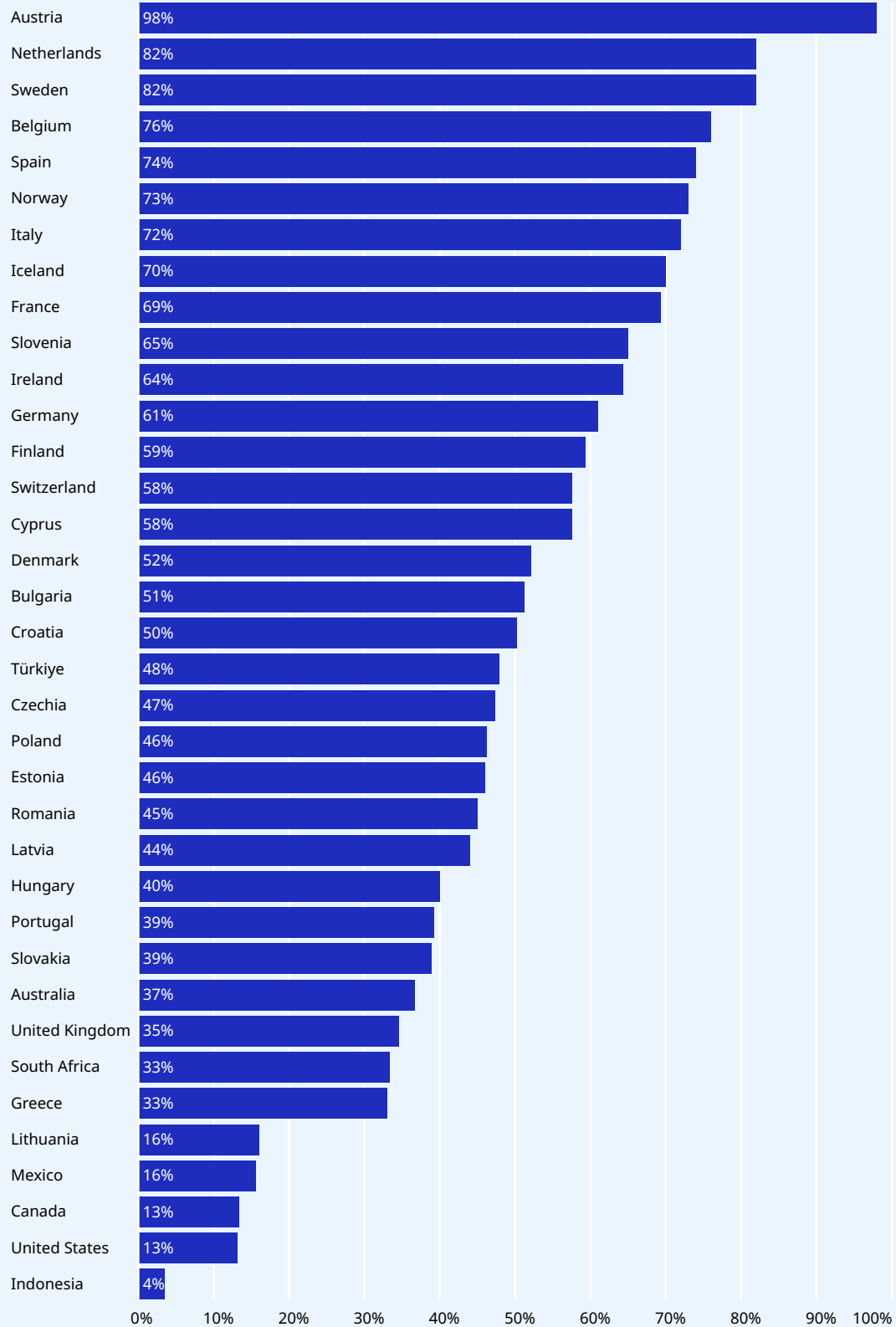
▶ 1.4.3 Promoting peak-level social dialogue

Promoting PLSD obliges countries to establish a framework of interrelated rules and practices that range from the adequate resourcing and capacity-building of the social partners and national labour administration systems through to the mainstreaming of social dialogue in all main policy domains (see figure 1.3). Ensuring that the social partners have adequate resources to engage effectively in PLSD is essential, as is the commitment to strengthen the capacity of employers' and workers' organizations to mobilize and represent employers and workers in diverse segments of the economy and society (ILO 2018b). Data on membership of employers' associations, trade unions and collective bargaining coverage are useful proxies for the evaluation of this aspect.

Data on membership of employer organizations is not available globally. Of the 36 countries for which such information is available, the density of employer organizations (as a share of the private sector workforce) ranges between 98 per cent in Austria, where membership is compulsory, and 4 per cent in Indonesia (see figure 1.4).

Regarding trade union density (trade union membership as a proportion of employees), the data available for 139 countries, territories and areas reveal broad variations (see figure 1.5), with an unweighted average rate of 19.9 per cent and a median rate of 16.7 per cent. The unweighted average trade union density rate is 25.8 per cent for high-income countries, 20.1 per cent for upper-middle-income countries, 16.2 per cent for lower-middle-income countries and 16.6 per cent for low-income countries.

► **Figure 1.4 Employers' organization density, selected countries, 2019 or closest year (percentage)**



Note: Employers' organization density is measured as the number of employees in private sector firms organized in employers' organizations as a proportion of all private sector employees within a given country or sector.

Source: OECD and AIAS, 2023, available at www.oecd.org/employment/ictwss-database.htm.

The promotion of PLSD requires the effective recognition of the right to collective bargaining at all levels.

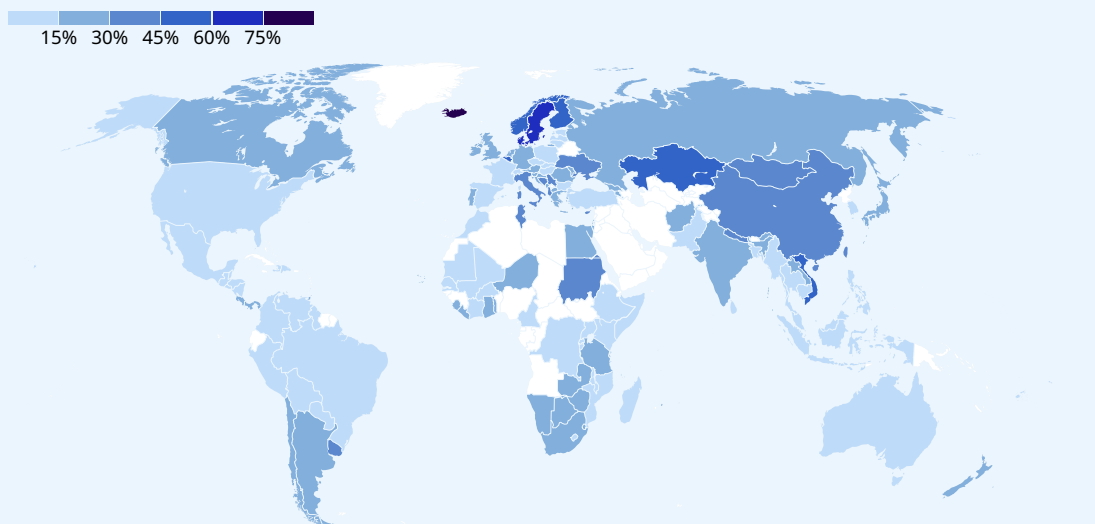
The institutional prerequisite of the promotion of PLSD requires the effective recognition of the right to collective bargaining at all levels, including at the sectoral level, which is a key feature of PLSD (as defined for the purposes of this report). This is provided for in ILO Convention No. 98. The precise mechanisms and enabling instruments are best worked out jointly by the parties and operationalized within a broader regulatory framework. However, certain core principles applicable to sectoral and cross-sectoral bargaining must be sustained (see ILO 2022a for details):

- ▶ collective bargaining should be possible for all workers (with the possible exception of the armed forces, the police and certain groups of public servants); collective bargaining is a right of workers' organizations and employers

and their organizations, and recognition by employers of the main (or most representative) unions constitutes the very basis of any collective bargaining procedure;

- ▶ collective bargaining must be free and voluntary, respect the autonomy of the parties and be conducted in good faith;
- ▶ the legal prolongation of the validity of a collective agreement is only admissible on an exceptional basis;
- ▶ collective bargaining should be possible at any level, and where there is multilevel bargaining, the social partners should seek coordination between the levels;
- ▶ a collective agreement should be binding on the signatory parties and have primacy over individual contracts of employment (subject to the "principle of favourability");
- ▶ collective bargaining covers the terms and conditions of work and employment (to be determined by the parties) and the regulation of employer-worker relations (and their respective organizations);
- ▶ procedures for labour dispute resolution should be designed to promote collective bargaining.¹⁰

▶ **Figure 1.5 Trade union density rate around the world, 2010-2020 (percentage)**



Based on the latest available data for 139 countries, territories and areas. Boundaries shown do not imply endorsement or acceptance by the ILO. See full disclaimer: ilo.org/disclaimer.

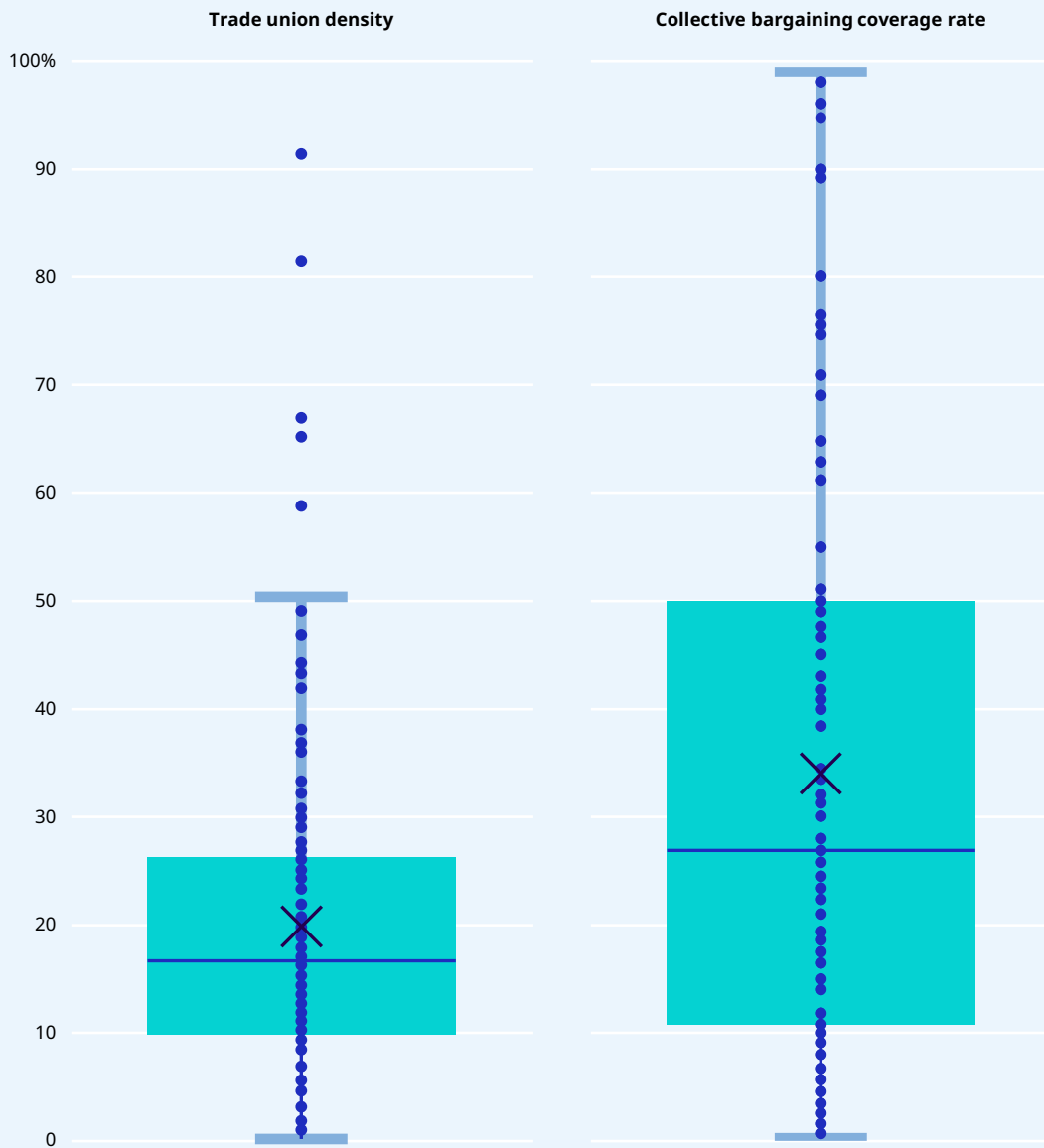
Source: ILOSTAT.

¹⁰ Convention No. 154 provides that: "bodies and procedures for the settlement of labour disputes should be so conceived as to contribute to the promotion of collective bargaining" (Article 5(2)(e)).

Regarding the collective bargaining coverage rate (the share of all workers whose pay and working conditions are determined by collective agreements), the unweighted average based on the latest data available for 99 countries is 34.0 per cent and the median rate is 26.9 per

cent (see figure 1.6). The unweighted average collective bargaining coverage rate is 47.1 per cent for high-income countries, 30.9 per cent for upper-middle-income countries, 14.9 per cent for lower-middle-income countries and 20.6 per cent for low-income countries.

► **Figure 1.6 Series distribution of trade union density and collective bargaining coverage rates (percentage)**



Note: The dots represent country values (each dot is one data point – one country) of the latest data available. The cross represents the (unweighted) average. The rectangles give the first quartile (bottom of the lower rectangle), the median (the middle line) and the third quartile (top of the upper rectangle).

Source: ILOSTAT; see Appendix 5.

A major benefit of establishing and promoting sectoral and cross-sectoral collective bargaining is that it is the single most important factor in raising the share of workers protected by a collective bargaining agreement. The available data for 93 countries show that, where collective bargaining takes place on a single-employer basis at the enterprise level, an average of just 15.8 per cent of employees are covered. Where it takes place in multi-employer settings (mostly the sectoral level, but also for a nationwide occupation or region), average coverage reaches almost three in four workers (71.7 per cent) (see figure 1.7) (see ILO 2022a for details).

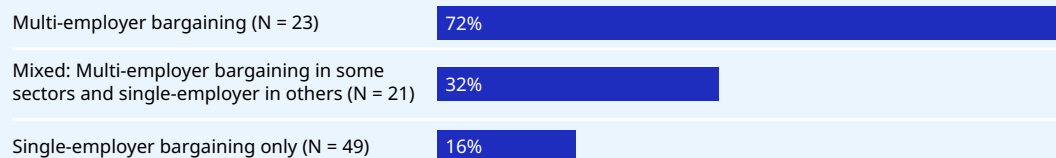
A commitment to social dialogue in all policy domains is also important for PLSD, with its relevance being embedded and enhanced at all levels. This means, as far as practicable, ensuring that PLSD mechanisms “become or remain prominent in policy making” (ILO 2018b, para. 3(a)). For example, as indicated in Chapter 4, PLSD is fundamental to assisting governments to steer economies through just transitions because it establishes a fair process for distributing the risks and opportunities of transformative changes among the parties, while injecting alternative domains of knowledge that reflect diverse interests and experience. In

this way, new and reinvigorated programmes of reskilling, lifelong learning and enterprise adjustment benefit from the deliberative and democratic processes of social dialogue, generating a greater probability of establishing long-term and coherent solutions.

Finally, PLSD requires sufficient financial, technical and human resources for an efficient and effective national labour administration system. As outlined in Convention No. 150, such a system ideally fulfils functions that actively support and promote all types of social dialogue (see box 1.5).

Establishing and promoting sectoral and cross-sectoral collective bargaining is the single most important factor in raising the share of workers protected by a collective bargaining agreement.

► **Figure 1.7 Collective bargaining coverage rate by institutional setting (percentage)**



Note: Based on the latest available data for 93 countries. N = number of countries.

Source: ILO, 2022a; see Appendix 5.

► **Box 1.5 What national labour administrations do to promote peak-level social dialogue**

The design and functions of a national labour administration system aim to support the independent roles of the social partners and promote PLSD and tripartism, as follows:

Aims:

- champion all aspects of social dialogue;
- strengthen the social partners;
- build trust and mainstream the practice of PLSD in all social, economic and employment policy domains.

Organization and governance:

- support bipartite and tripartite PLSD institutions;
- engage with nationwide social partners in forming analysis and opinions on new labour market and industrial relations policies and laws;
- support dispute prevention and resolution systems;
- manage a well-resourced labour inspectorate that ensures compliance with labour law and collective agreements;
- provide expert training and technical assistance to the social partners on issues of PLSD;
- feature promotional campaigns to promote the right to organize and to collective bargaining.

Data collection, research, analysis and access:

- host and make available a register of employers' and workers' organizations;
- collect and disseminate information on labour legislation, collective agreements and workers' rights;
- analyse labour market and industrial relations data, collect feedback via PLSD and make published reports accessible;
- promote the exchange of experience and innovative practices for PLSD;
- support the ILO plan of action on SDG Target 8.8.

Source: Bente Sorensen, "The Role of National Labour Administration Systems in Promoting Social Dialogue and Tripartism", report commissioned by the ILO in December 2023.

► **1.4.4 Strengthening representative participation in peak-level social dialogue**

Finally, effective PLSD requires the institutional conditions for representative participation. In line with SDG Target 16.7 on promoting responsive, inclusive, participatory and representative decision-making at all levels, this involves ensuring that PLSD actors and institutions remain relevant to and representative of their constituents across all segments of the economy and society.

Governments and the social partners must rely on strong democratic foundations, so that the democratic legitimacy and credibility of social dialogue are not contested (Hyman and Gumbrell-McCormick 2020) and so that trust is enhanced in the legitimacy of social dialogue outcomes (ILO 2022a, 14–15). Continuous analysis of PLSD practice is therefore required to ensure encompassing and inclusive representation

that promotes the needs and interests of all, irrespective of sector, firm size, type of employment contract or workforce group (Carver and Doellgast 2021).

One strategy is to establish or strengthen legally protected procedures to define social partner "representativeness" in line with best international practice and the observations of the ILO supervisory bodies (see box 1.6). Such procedures remain underdeveloped at the national and international levels.

Drawing on the 2018 International Labour Conference resolution and conclusions on social dialogue and tripartism (ILO 2018b), box 1.7 further highlights the key principles of equality and inclusiveness as a guide to good practice. Among the various examples of PLSD (see table 1.1), an especially important element is the NSDI, broadly defined as national-level policymaking mechanisms involving representative organizations of the social partners. The next section considers international evidence of the functioning of NSDIs.

► **Box 1.6 National practice and guidance from the ILO supervisory bodies on defining representativeness**

The issue of the “representativeness” of employers’ and workers’ organizations can be highly sensitive, as it requires negotiation, consultation or participation rights in social dialogue mechanisms, as well as other privileges, such as state subsidies. Most international labour standards refer to “representative organizations” or the “most representative organizations” of employers and workers, without defining the terms.

Analysis of the observations of the ILO supervisory bodies (ILO 2012, paras 98, 230; ILO 2018d, paras 1288, 1387, 1388) show that representativeness is regulated in many different ways, depending on the characteristics of industrial relations systems, bargaining mechanisms and the national legal system – “common law” or “civil law”.

The effective recognition of the representative parties may be determined voluntarily (for example, through a recognition agreement) or through statutory means (ILO 2022a, 54). Where representativeness is regulated by legislation and case law, regulations tend to focus on:

- defining the representativeness of workers’ organizations, and in some cases also of employers’ organizations;
- identifying agents for enterprise and sectoral collective bargaining, but rarely for national tripartite or bipartite PLSD;
- setting quantitative criteria, granting the right to represent workers in collective bargaining to organizations whose membership passes a certain threshold (for example, ranging from 10 to 50 per cent of the enterprise’s or sector’s employees), and at times supplementing these quantitative criteria with qualitative criteria, such as respect for democratic principles, financial and/or administrative independence, years of experience, capacity to negotiate, and affiliation with a recognized higher-level trade union;
- establishing procedures for determining representativeness, such as occupational elections, in accordance with the quantitative criteria;
- assigning a role to government bodies to facilitate these procedures;
- establishing appeal and dispute resolution mechanisms when the criteria and procedures of representativeness in place are contested.

The guidance provided by the ILO supervisory bodies (the [Committee of Experts on the Application of Conventions and Recommendations \(CEACR\)](#) and the [Committee on Freedom of Association \(CFA\)](#)) emphasizes that criteria and procedures of representativeness should be legally established and not left to the discretion of governments and be “[p]re-established, objective and precise” so as “to avoid any opportunity for partiality or abuse”. Unions not responding to such established criteria (such as minority unions) should not be deprived of their right to continue defending the rights and interests of their members.

Source: ILO, 2018d, paras 529, 530, 545.

► **Box 1.7 Key principles of equality and inclusiveness for sound peak-level social dialogue**

Sound PLSD should be based on the following principles:

- Promote gender equality by strengthening the participation and engagement of women in PLSD, with the goal of achieving equal representation at the national and sectoral levels.
- Promote the representation of young people in PLSD.
- Extend and mobilize for PLSD in enterprises and forms of work outside the formal economy, including by consulting representatives of membership-based organizations of workers and enterprises in the informal economy.
- Extend representation to individuals in diverse forms of employment, such as casual and temporary work, as well as under-represented employers, such as micro- and small enterprises.
- Extend representation to the self-employed.
- Promote inclusive representation across regions and among employers and workers in urban and rural areas.
- Mobilize migrant workers and entrepreneurs to ensure inclusive representation.

Source: ILO, 2018b.

1.5

The existence and effectiveness of national social dialogue institutions

NSDIs are formal arrangements for national tripartite or bipartite collaboration designed to inform and/or co-produce specific policies to address economic and social challenges. They are an important form of PLSD. In an ideal scenario, NSDIs should contribute to all steps of the policymaking process, including agenda setting,

policy formulation, decision-making, policy implementation, monitoring and evaluation (ILO 2021d). Country experience varies, however, in ways that reflect the institutional prerequisites for PLSD (see section 1.3) and the political mandate (political will) to include social dialogue in policymaking. As a result, there are broad differences between countries in the presence, mandate and effectiveness of NSDIs.

According to ILO data, NSDIs operate to varying degrees in 87 per cent of ILO Member States (see box 1.8 and Appendix 6). The number of NSDIs has historically increased with the promotion and ratification of the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), which establishes the obligation for ratifying Member States to hold effective consultations on international labour standards, while its accompanying Recommendation No. 152 provides guidance on measures to be taken for the implementation of the Convention, including on ILO-related activities that may be the subject of tripartite consultations. As of December 2024, Convention No. 144 had been ratified by 158 countries (the latest Member States to ratify the Convention were Papua New Guinea in 2023 and Thailand in 2024).

► Box 1.8 Presence and characteristics of national social dialogue institutions around the world

According to the ILO NSDI database, 162 out of 187 ILO Member States have a principal NSDI, namely a permanent social dialogue body with a mandate to address multiple social and labour market policy areas. Europe and Central Asia is the region with the highest share of permanent NSDIs (92 per cent, or 47 out of 51 countries), while the Arab States have the lowest (45 per cent, or 5 out of 11 countries).

In addition to the principal NSDI, almost half of the countries have other NSDIs that focus on one topic, such as wages, OSH or social security.

The large majority of NSDIs are of tripartite composition (100 NSDIs). Several also involve civil society organizations representing various groups, in addition to the government and the social partners (31). Only ten principal NSDIs are bipartite, two of which also involve civil society organizations and are exclusively in Western Europe and the Americas.

About half of current permanent NSDIs are relatively new, with 77 being created after 2000. The highest number of older institutions, established before 2000, are in Europe. Most NSDIs in the Americas, the Arab States and Asia and the Pacific have been created since 2000.

The size of NSDIs varies from 3 to 300 persons (excluding administrative staff), although two thirds of NSDIs are small, with 30 members at most. The Africa region has the largest NSDIs, with ten NSDIs consisting of 84 or more members.

In almost all countries, NSDIs are reported to have a secretariat of varying forms, typically provided by the Ministry of Labour (93 NSDIs out of 95). Most are chaired by a government representative (61), either a minister or department director (48), or even by the prime minister or president (13).

Source: ILO (see Appendix 6).

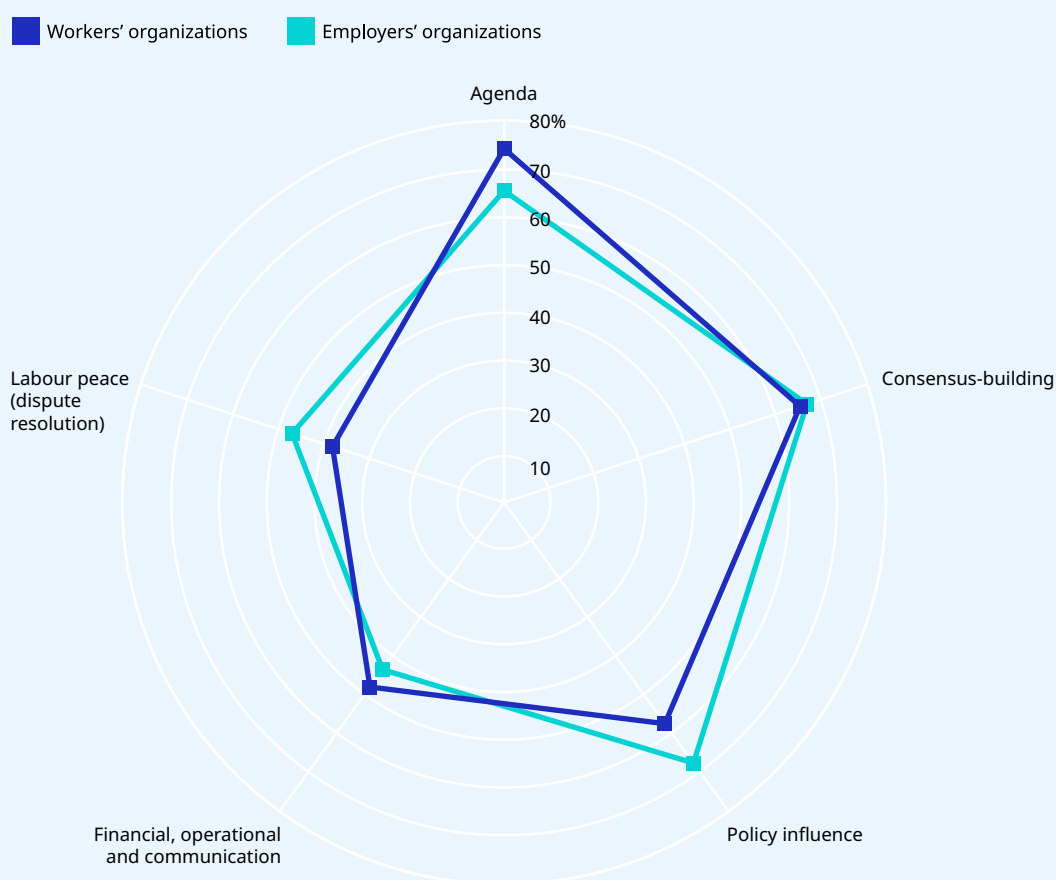
An ILO survey conducted in 2023 assessed the perceptions of 71 social partner organizations on the effectiveness and inclusiveness of NSDIs in 38 countries (hereinafter, the “NSDI Survey”; see Guardiancich, forthcoming; and Appendix 7). Four out of five respondents reported that their NSDIs have a broad mandate to address multiple social and labour market policy areas, from wages and skills policies to undeclared work and the digital transition. In a minority of countries, the social partners highlighted that NSDIs have a narrow remit to consider only a specific policy task, such as conflict prevention (Cameroon), minimum wage setting (Germany) or the reform of labour legislation (Pakistan).

According to the NSDI Survey, the social partners have a broadly positive perspective of the effectiveness of their NSDIs, with a

general alignment between worker and employer respondents: three quarters of worker representatives (67–87 per cent) and around two thirds of employer representatives (58–72 per cent) were fully or largely positive about the effectiveness of their NSDIs. However, there are differences among the five dimensions of effectiveness investigated by the NSDI Survey, as illustrated in figure 1.8.

For example, 80 per cent of employer representatives and 71 per cent of worker representatives believe fully or to a large extent that the NSDI in question has clear rules for decision-making, which facilitate consensus building. However, close to half of respondents believe that the financial resources for the effective functioning of NSDIs are insufficient to fulfil their mandate.

► **Figure 1.8 Social partner perceptions of NSDI effectiveness (share of positive views)**

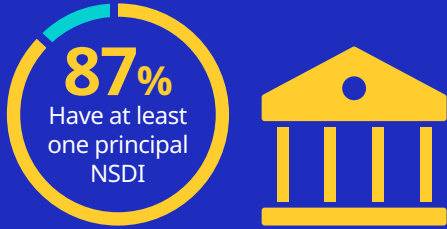


Note: A total of 71 respondents involved in 42 NSDIs from 38 countries.

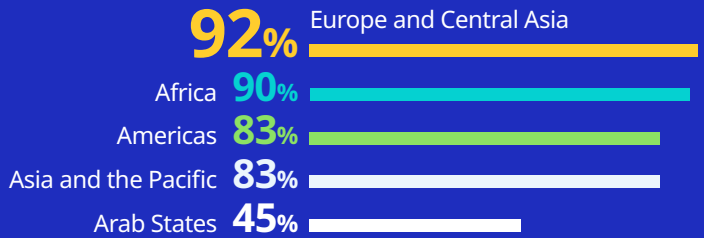
Source: Guardiancich, forthcoming; see Appendix 7.

National social dialogue institutions (NSDIs) in numbers

► Distribution of principal NSDIs around the world (% of ILO Member States with a principal NSDI)

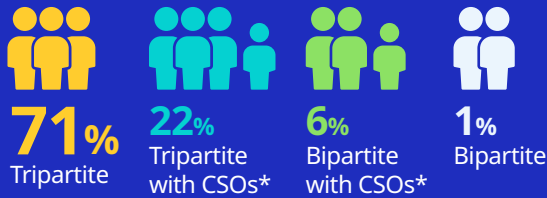


Based on data for all ILO Member States (187).



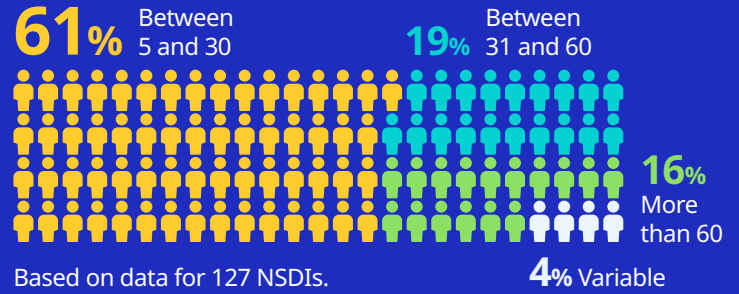
Based on data for all ILO Member States (187).

► NSDIs by composition (%)



Based on data for 141 NSDIs.
* Civil society organizations.

► NSDIs by number of members (%)



Based on data for 127 NSDIs.

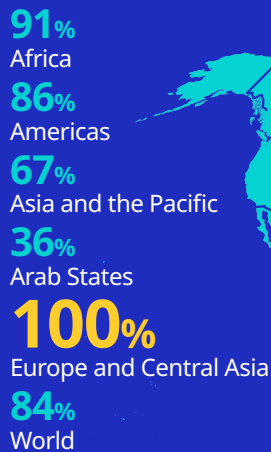
► NSDIs by chairpersonship (%)



Based on data for 93 NSDIs.

► Ratification of the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), 2024

■ Ratified ■ Not ratified



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Source: NORMLEX.

With regard to the capacity of NSDIs to influence policy through delivering outcomes, such as recommendations, advisory opinions and pacts, the NSDI Survey revealed generally positive perceptions by the social partners. For example, both employer representatives (76 per cent) and worker representatives (85 per cent) believe that NSDIs encourage their members to take into account in good faith the outcomes delivered by the institutions. However, a majority of worker representatives (56 per cent) and slightly less than half of employer representatives (45 per cent) expressed concerns that government, parliaments or public authorities do not act on NSDI outcomes constructively or sufficiently to translate them into policy/regulatory action.

Moreover, views on the capacity of existing NSDIs to trigger improvements in key policy areas are mixed. The social partners are very positive about promoting rights at work and social protection, but less positive (particularly worker representatives) about the ability of NSDIs to shape policies to combat discrimination and inequality or to promote sustainable enterprises (see figure 1.9).

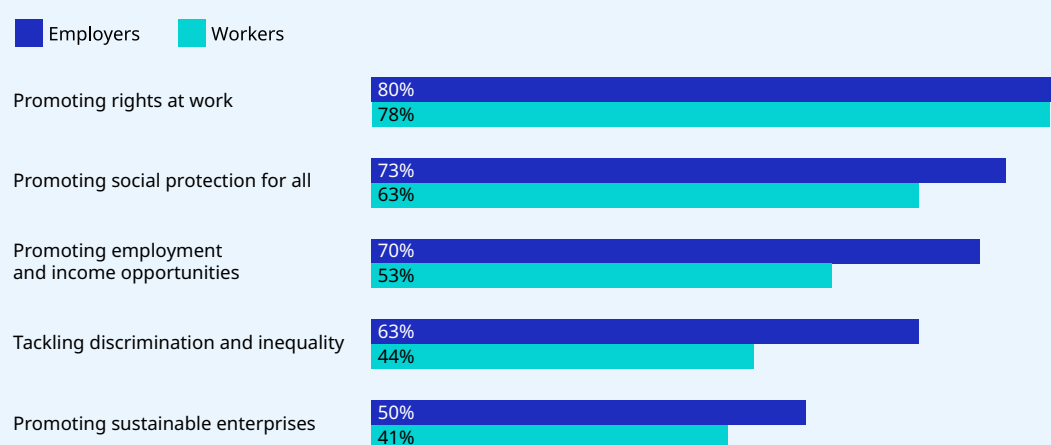
A key measure of the effectiveness of NSDIs concerns their role in handling crises. Most social partners surveyed agree that NSDIs deliver positive results when addressing issues such as employment and unemployment support,

The social partners have a broadly positive perspective of the effectiveness of their NSDIs.

the cost-of-living crisis and health emergencies. The one exception is climate change, widely considered the most important crisis facing all countries in the world, on which NSDIs appear significantly less active, especially in the view of employer representatives, two thirds of whom expressed dissatisfaction (see Chapter 4).

NSDIs are also perceived as being generally less effective in policy areas related to housing, energy and (for worker representatives) migration, with around two thirds of the survey respondents indicating dissatisfaction. The social partners are rather dissatisfied with the lack of clarity concerning the role of NSDIs in resolving labour disputes, even though many jurisdictions officially involve representatives of social partner organizations in labour dispute resolution mechanisms (judicial and non-judicial) (see box 1.9).

► **Figure 1.9 Social partners' organizations that expressed a positive view on the capacity of NSDIs to trigger improvements in selected policy areas** (share of respondents)



Note: A total of 71 respondents involved in 42 NSDIs from 38 countries. The question asked in the NSDI Survey was: "Please indicate whether social dialogue in the NSDI has led to clear improvements in the following areas (please indicate with "yes" or "no" to all options)."

Source: NSDI Survey; see Appendix 7 and Guardiancich, forthcoming.

► **Box 1.9 Involvement of social partners in dispute resolution mechanisms: A snapshot**

In 2023, an ILO comparative study analysed law and practice in labour dispute prevention and resolution, including individual studies of approximately 40 jurisdictions, considering the diversity of legal systems and geographical regions. The findings reveal the important role of PLSD, including NSDIs. The social partners are often directly involved in labour dispute resolution institutions: as lay judges in judicial institutions; as members of tripartite governing bodies; or as arbitrators, conciliators or mediators in non-judicial dispute resolution mechanisms. The social partners often also have indirect involvement in dispute resolution by providing legal representation and/or other forms of legal assistance to the parties involved or, more rarely, through the assignment of a role for collective bargaining in establishing conciliation and arbitration institutions.

PLSD may be called on to contribute to judicial proceedings in different ways. In South Africa, peak-level tripartite bodies (the National Economic Development and Labour Council (NEDLAC)) are consulted when labour court judges are appointed. In Senegal, the High Council for Social Dialogue, the national tripartite institution for social dialogue, plays an active role in the prevention and mediation of labour disputes. In Sweden, the Labour Disputes Act requires trade unions and employers to complete grievance negotiations before bringing an action to court.

Non-judicial institutions, such as conciliation, mediation and arbitration bodies, are often tripartite in composition (Albania, Canada, Ireland and Republic of Korea); bipartite (Belgium); or otherwise directly governed by tripartite boards (Armenia, Montenegro, Serbia and South Africa). Peak-level tripartite bodies may also play a different role in the provision of alternative dispute resolution services, such as in North Macedonia, where the law on the peaceful resolution of labour disputes makes a Tripartite Commission of the Economic and Social Council responsible for issuing recommendations for the licensing of conciliators and arbitrators.

Source: ILO Labour Law and Reform Unit.

1.6

Mapping the inclusiveness of peak-level social dialogue

PLSD institutions to represent enterprises and forms of work outside the formal economy and ensure the representation of young people.

A set of interrelated issues revolve around these three equality concerns. Their relative importance depends on country conditions and may include solidarity with individuals in temporary, agency, part-time and digital platform work, the solo self-employed and/or workers and entrepreneurs who are migrants. It may also involve social dialogue mechanisms to improve the representation of vulnerable groups of workers in supply chains, and/or inclusive representation across regions and of enterprises and workers in urban and rural districts.

The 2018 International Labour Conference Resolution and conclusions concerning the second recurrent discussion on social dialogue and tripartism (ILO 2018b) highlights the major features of a fully inclusive system of PLSD. Particular attention is required from governments and social partners to strengthen the participation of women in PLSD, extend

► Particular attention is required from governments and social partners to strengthen the participation of women in PLSD.

► 1.6.1 Inclusion of women

Attaining gender inclusiveness in PLSD is essential to combat gender inequality and drive inclusive development (ILO 2015, 2021b). This requires women to attain positions of leadership in decision-making bodies and social partner organizations (see box 1.10), as well as targeted action for women.

Research on barriers to women's leadership in employers' and workers' organizations highlights the unequal power relations that favour men and the double burden faced by women, that is when women are expected to manage both paid work and unpaid domestic responsibilities.¹¹ In some organizations, women struggle against organizational cultures that exclude them from positions of authority (for trade unions, see Amini, Peters and Amorim 2018).

Women can experience harassment and marginalization in decision-making bodies (for unions, see Cooper 2012; for business leadership, see Ndinda and Okeke-Uzodike 2012). Women's under-representation is strongly conditioned by gender inequalities in the workplace and in society more widely. Policies and practices to reduce sex segregation among sectors, formal and informal work, and in occupational strata, are therefore also needed.

► Attaining gender inclusiveness in PLSD is essential to combat gender inequality and drive inclusive development.

► Box 1.10 Women's participation and leadership in national employers' and workers' organizations

Women are still under-represented in the leadership of national employers' and workers' organizations, despite a rise in their participation as members. The unionization rate of women is now higher than that of men worldwide (18 and 16 per cent, respectively; ILO 2022a, figure 4.5). In part, the leadership problem reflects wider labour market and societal patterns of gender inequality. A further reason is the "glass ceiling" in many employers' and workers' organizations caused by the unequal distribution of power and resources between women and men in organizations, unconscious bias and gender stereotypes entrenched in organizational cultures.

ILO data on employer and business membership organizations (EBMOs) show that, while women are well represented among staff (accounting for over 40 per cent of staff in three quarters of EBMOs), they are seriously under-represented at the managerial level. Fewer than one in three (28 per cent) EBMOs have achieved gender parity at the managerial level (with 40 to 60 per cent of women managers) and one in ten EBMOs have no women managers at all. More positively, recent trends are in the right direction, albeit slow. Between 2017 and 2023, the share of EBMOs reporting that women comprise at least 30 per cent of board members increased from 19 to 26 per cent (ILO and IOE 2024).

Data on trade union decision-making structures shows that only one in three unions (34 per cent) have women on executive committees around the globe, and on average 30 per cent on negotiating teams (in wage negotiations), with higher shares in Europe and North America and lower shares in Africa and Asia and the Pacific. A total of 70 per cent of unions reported a strategy (for instance, gender quotas) to improve women's representation in their organization (ILO 2019c).

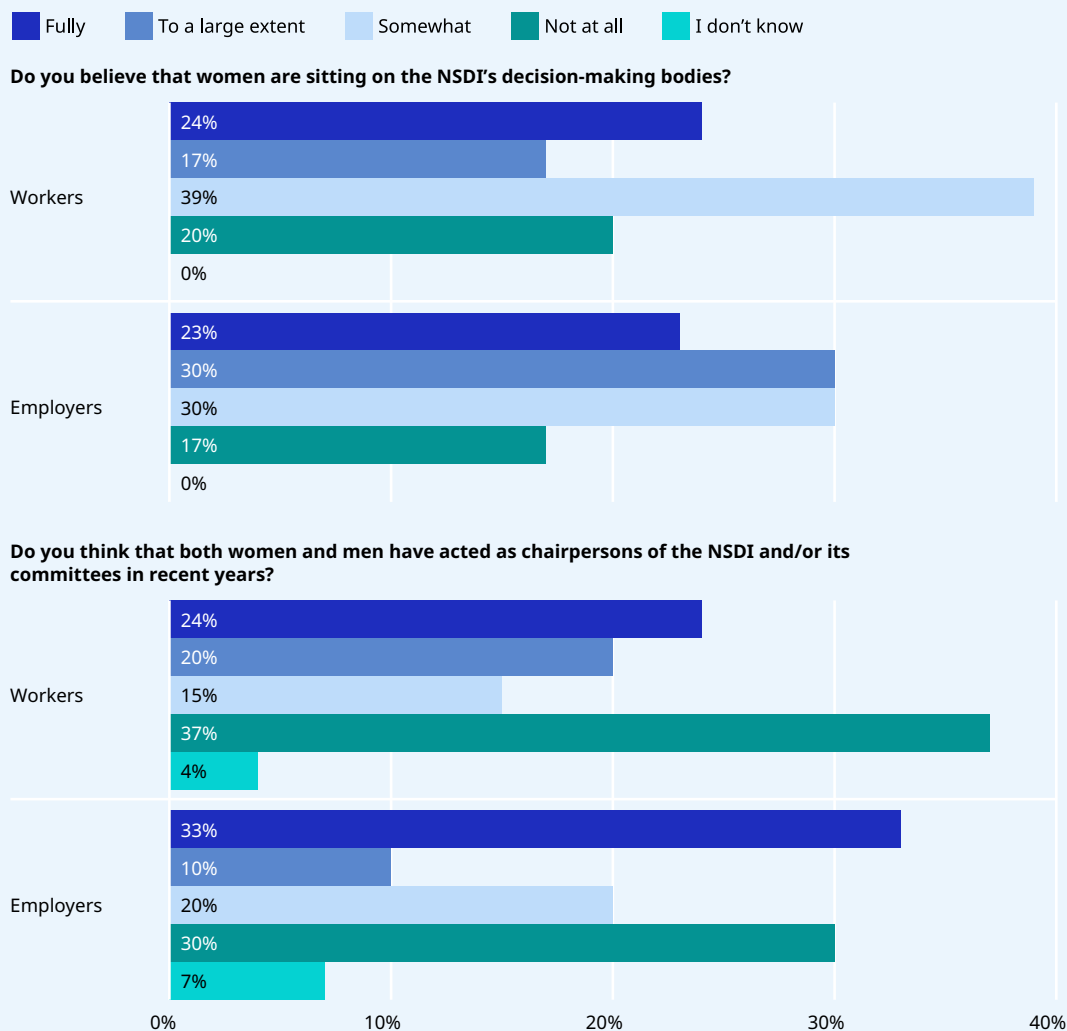
¹¹ Silvia Sansonetti, "Gender-Responsive and Women-Inclusive Social Dialogue: Good Practices and Challenges", report commissioned by the ILO with the Fondazione Giacomo Brodolini Srl SB in January 2024.

The NSDI Survey reveals gaps in women’s participation in NSDIs in both employers’ and workers’ representation (see figure 1.10). Three in five workers’ representatives and half of employers’ representatives believe that women are only somewhat or not at all present in NSDI decision-making bodies. Moreover, 37 per cent of workers’ representatives and 30 per cent of employers’ representatives say that women have

not served as chairs of the NSDI in recent years.

The social partners in several countries have implemented positive measures to enhance gender equality in their organizations through voluntary targets or gender quotas,¹² the enhancement of women’s skills, the improvement of staff work–life balance and action to address negative cultural attitudes.

► **Figure 1.10 Social partner perceptions of the role of women in NSDI decision-making bodies (percentage)**



Note: Sample of 42 NSDIs from 38 countries.

Source: NSDI Survey; see Appendix 7 and Guardiancich, forthcoming.

¹² In Germany since 2005, the governing boards of unions must be 30 per cent female, and since 2015 the same quota has applied to company boards of directors (Amini, Peters and Amorim 2018). Other examples of quotas used by trade unions can be found in Bangladesh, Cameroon, Côte d’Ivoire, Egypt, Italy and Mozambique, and for employers’ organizations in Côte d’Ivoire and Senegal (Guardiancich, forthcoming).

Various types of positive action have been taken through PLSD to promote women's inclusion (Amini, Peters and Amorim 2018; ILO and IOE 2024), including:¹³

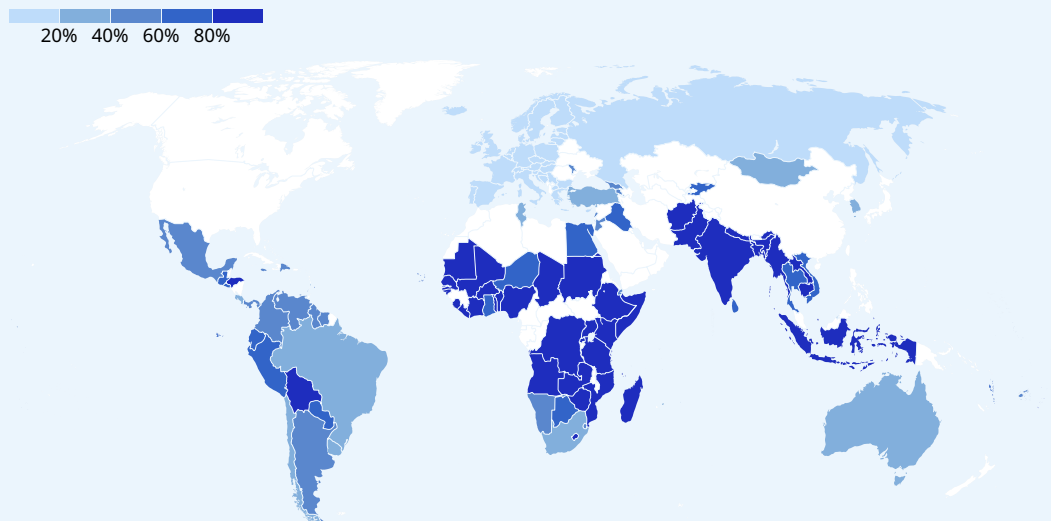
- ▶ framework collective agreements and campaigns to raise awareness of the importance of gender equality;
- ▶ evidence-led research on the business case for gender equality;
- ▶ voluntary targets or gender quotas at all levels of activities and decision-making;
- ▶ care support (for example, childcare subsidies and maternity leave);
- ▶ home or remote working;
- ▶ induction and capacity-building training programmes to support women's advancement;
- ▶ appointment of a focal person to lead on gender equality in employers' and workers' organizations;
- ▶ zero-tolerance policy on violence and harassment;
- ▶ flexible working arrangements to accommodate care needs.

▶ 1.6.2 Inclusion of informal economy enterprises and workers

The inclusive representation of enterprises and workers in the informal economy is perhaps the greatest challenge facing PLSD. Most workers in the world are reliant on income from informal work, particularly in low-income countries. The ILO estimates that, globally, 57.8 per cent of employed people aged 15 and above work informally, amounting to over 2 billion people (see figure 1.11). The challenge for PLSD is that representation of informal economy businesses and workers is weak among national employers' and workers' organizations, and issues concerning the informal economy and informal work are rarely on the PLSD agenda.

▶ The inclusive representation of enterprises and workers in the informal economy is perhaps the greatest challenge facing PLSD.

▶ **Figure 1.11 Informal employment rate around the world, 2024 (percentage)**



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Source: ILOSTAT.

¹³ Compiled from the many international examples provided by EBMOs (ILO and IOE 2024) and trade unions (Amini, Peters and Amorim 2018).

Workers in the informal economy suffer far higher risks to their health, income security, social protection and dignity.

The ILO has long recognized the scale of the challenge, including in the [2002 International Labour Conference Resolution and conclusions concerning decent work and the informal economy](#) (ILO 2002). It advocates the right of own-account workers (the largest category in the informal economy) to join or form unions,¹⁴ and calls for proactive trade union strategies to extend representation (ILO 2019d; Schmidt et al. 2023). Employers' organizations can also help by advising informal businesses about formalization (in relation to tax, social security, health and safety and other issues) (IOE 2021).

Overall, the challenge is urgent. Workers in the informal economy suffer far higher risks to their health, income security, social protection and dignity than their counterparts in the formal economy (ILO 2023d). Informal businesses are less able to develop skills, manage business risks and promote entrepreneurship than formal businesses (IOE 2021). And countries are losing vital tax and social security revenues needed to support robust social protection and public services.

The NSDI Survey (see Appendix 7) found that the majority of employers' and workers' representatives believe that their organizations provide only some representation, or none at all, for enterprises and workers in the informal economy. Indeed, among survey respondents, 40 per cent of employers and 36 per cent of workers believe there is zero representation of the informal economy in NSDIs in their country. This finding underlines the urgent need for social partner organizations to mobilize and extend their representative structures. At the same time, the social partners affirm that when non-represented groups are absent from the NSDI, member organizations consult at least somewhat proactively with these groups.

While data are lacking, the ILO does compile a measure of union membership among informal workers. In all 57 countries for which data are available, the trade union density rate is higher

among employees whose main job is formal than among those whose main job is informal. The unweighted average union density rate is 21 per cent for formal employees and just 2.4 per cent for informal employees.

Problems of representation largely confirm the findings of the ILO's mapping of PLSD responses during the COVID-19 crisis (ILO 2021a): of the 387 agreements, joint protocols and codes of practice concluded in 102 countries in 2020, fewer than one in ten had outcomes that targeted those working in the informal economy, migrant workers, certain groups of freelancers and the self-employed. The prospects of building more solidarity with informal economy businesses and workers using PLSD rely heavily on strategies driven by the social partners (see box 1.10). The key obstacles that need to be addressed (in ways tailored to the specific groups of workers engaged in informal work) include:

- ▶ legislative bans on organizing workers in the informal economy;
- ▶ the absence of strategic focus among the leadership of employers' and workers' organizations, including on the social protection needs and debt management issues of informal self-employed workers;
- ▶ obstacles to mobilizing workers and enterprises in scattered or mobile workplaces (including street vendors, waste pickers and drivers);
- ▶ labour law that only protects a narrowly defined status of worker, excluding large groups of disguised self-employed workers;
- ▶ the vulnerabilities of migrant workers who prefer to operate "under the radar" out of fear of xenophobic harassment and violence, including by government authorities;
- ▶ difficulties in collecting membership fees from poor workers and enterprises operating with narrow profit margins.

Nevertheless, there is evidence of successful strategies to increase representation in several countries where unions have increased membership among informal workers (see box 1.11). Action by EBMOs to tackle informality includes advocating a conducive business environment for all enterprises. They postulate that a pro-business environment can address many of the root causes of informality, fostering the gradual formalization of informal enterprises. Examples include advocating simplified processes to start and register businesses, streamlined tax systems, improved access to credit, respect for property rights and improved infrastructure (IOE 2021).

¹⁴ This principle is reaffirmed in the [Transition from the Informal to the Formal Economy Recommendation, 2015 \(No. 204\)](#).

► **Box 1.11 Trade union strategies to tackle informal economy challenges**

A survey by the Single Confederation of Workers (CUT) in Brazil and Women in Informal Employment: Globalizing and Organizing (WIEGO) explored trade union efforts to address the needs of informal economy workers and business units. The survey, based on responses from 37 trade unions in 33 countries, highlighted strategies such as direct affiliation, support for domestic workers' organizations and advocacy of migrant workers' rights.

Challenges include internal trade union rules hindering organizing efforts and resource limitations on the provision of services and benefits. Despite the obstacles, most trade unions aim to include informal economy workers in decision-making and to advocate for their rights, often using international instruments, such as those of the ILO.

Positive strategies are aimed at:

- ending the prohibition on informal economy workers and migrant workers from joining unions;
- cross-subsidizing from the best endowed organizations within the broader union movement or employers' organizations to help establish new organizations in the informal economy;
- pursuing a proactive strategy to extend representation, for example, to homeworkers or agricultural workers, or to establish special units for informal sector workers/enterprises;
- opening affiliation to nationwide organizations of employers and workers to informal sector workers and their organizations.

Source: Morillo Santa Cruz and Ruppert, 2023.

► **1.6.3 Inclusion of young people**

Direct evidence of youth engagement in PLSD comes from an ILO–AICESIS survey¹⁵ of members' views on the inclusion of youth-related issues on the agendas and in the activities of economic and social councils (ESCs) (see table 1.3). Before the COVID-19 pandemic, members' views were

relatively positive. Most agreed that ESCs included some form of activity on youth-related issues (84 per cent) and a large majority also said that their ESC engaged in dialogue with youth via indirect representation through the social partners (73 per cent).

Less favourable views emerged with the pandemic. The survey highlighted that:

- ESCs had largely failed to promote youth engagement in PLSD processes since the pandemic (84 per cent of members).
- The pandemic had not served as a catalyst for addressing youth-related concerns (81 per cent).
- Of most concern, ESCs had not resulted in any PLSD action on youth issues (97 per cent), even though youth was significantly impacted by the COVID-19 crisis (Mexi 2023).

As explored further in section 2.1.3, many countries are actively seeking to better inform PLSD by ensuring that the structures and strategies of peak-level social partner organizations are inclusive of young people and aware of the views and interests of their representative organizations.

Many countries are actively seeking to better inform PLSD by ensuring that the structures and strategies of peak-level social partner organizations are inclusive of young people.

¹⁵ The survey was carried out by the International Association of Economic and Social Councils and Similar Institutions (AICESIS) in August to November 2021 and received 37 responses from AICESIS members from all regions of the world. The survey respondents do not constitute a representative statistical sample.

► Table 1.3 Results of the 2022 ILO–AICESIS survey of members on youth engagement

| No. | Topics | Share of survey respondents |
|-----|---|--|
| 1 | ESC action on youth issues | 84%: ESC includes some form of youth-related activity |
| 2 | ESC engagement with youth | 54%: ESC has regular ad hoc contacts with youth representatives not formally represented in the ESC 46%: ESC youth engagement due to a specialized ESC section or committee |
| 3 | ESC in dialogue with youth | 73%: ESC in dialogue with youth via indirect representation of youth through social partners 8%: ESC in dialogue with youth via direct representation 19%: ESC engaged in both modes |
| 4 | ESC engagement with youth since the COVID-19 pandemic | 84%: ESC has not promoted youth engagement in social dialogue processes or enabled youth to voice their concerns 16%: ESC has promoted youth engagement |
| 5 | COVID-19 as a catalyst for promoting youth issues | 81%: the pandemic did not serve as a catalyst for tackling youth-related concerns in the ESC 87%: ESC work has not influenced or shaped public policy or regulation on youth issues post COVID-19 |
| 6 | Social dialogue opportunities since the COVID-19 pandemic | 97%: ESC work has not resulted in any social dialogue opportunities on youth issues 92%: no outcomes of ESC activity promoting youth-related concerns |
| 7 | Challenges motivating youth to engage in social dialogue in the coming years | 87%: climate and demographic change 11%: rising inequality and digital transformation 3%: increasing youth unemployment |

Source: ILO based on Mexi, 2023, 39.

This chapter has outlined the general proposition of this report, namely that PLSD, operating at the national and sectoral levels, can drive foundational and transformative benefits that promote a more inclusive and sustainable approach to economic development, in line with 2030 Agenda and the ILO quest for social justice. PLSD is more valuable than ever in responding to the multiple challenges posed by the ongoing polycrisis. However, this context demands a concerted shift away from short-termist and non-inclusive approaches to economic development and the deployment of PLSD to find balanced and long-term solutions that champion economic and social justice.

As indicated in the following chapters, there are many positive examples from countries around the world. However, the full potential of PLSD is far from being realized: many countries still lack the necessary legal and institutional prerequisites for effective PLSD and there are major concerns about the inclusiveness of PLSD. The report concludes with a call for more inclusive representation in PLSD so that countries can harness its power to promote sustainable economic development and social progress for all.

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2

Chapter

Peak-level social dialogue for decent work



The four strategic objectives of the Decent Work Agenda – employment, social protection, social dialogue and tripartism, and standards and fundamental principles and rights at work – lie at the core of the ILO’s mandate of social justice. These objectives are also captured in the 2030 Agenda for Sustainable Development, and particularly in Sustainable Development Goal (SDG) 8, which aims to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

This chapter reviews national progress on policies for full employment, strengthening rights at work, improving social protection and supporting sustainable enterprises and jobs. A notable strength of peak-level social dialogue (PLSD) lies in its potential to contribute to the coordination of these cross-cutting policy initiatives. PLSD can ensure that initiatives are aligned and able to deliver the four interrelated objectives of the Decent Work Agenda. The evidence suggests that PLSD supports a “whole-of-government” approach that improves policy coherence across multiple governmental actors, as well as employers’ and workers’ organizations, in pursuit of sustainable economic growth, on the one hand, and social progress for all, on the other.

Given the urgent problems in many countries in relation to all aspects of the Decent Work Agenda – including unemployment and underemployment, limited protection of worker rights, gaps in the coverage and quality of social protection and an inadequate environment for sustainable enterprises to thrive – this chapter provides important country examples that can inspire renewed momentum to support and activate the full machinery of PLSD to steer a path for positive change.



Social dialogue is one of the strategic objectives of the Decent Work Agenda, as well as a means of achieving the other three objectives of employment, social protection, and fundamental principles and rights at work (ILO 2013). In particular, PLSD is vital, as it can shape social, economic and labour policies for the attainment of SDG 8, while contributing to achieving multiple targets under other SDGs (Papadakis and Cauqui 2023).¹ Drawing on international evidence, this chapter shows how PLSD can deliver the Decent Work Agenda and advance the transformative 2030 Agenda. The chapter explores the potential of PLSD to act as a driver in:

- ▶ designing and implementing full employment policies (section 2.1);
- ▶ ensuring rights at work, including labour rights based on international labour standards (section 2.2);
- ▶ promoting universal access to inclusive and sustainable social protection systems (section 2.3);
- ▶ paving the way towards sustainable productivity growth and an enabling environment for sustainable enterprises and jobs (section 2.4).

Overall, as indicated in Chapter 1, PLSD can be a strong force in fostering more long-termist and inclusive approaches to sustainable economic development. At the same time, its transformative benefits are constrained by significant gaps in the effectiveness and inclusiveness of PLSD institutions in many countries around the world.

 Social dialogue is one of the strategic objectives of the Decent Work Agenda, as well as a means of achieving the other three objectives of employment, social protection, and fundamental principles and rights at work.

2.1

Promoting policies for full and productive employment

Promoting full employment is central to achieving decent work, as explicitly recognized in SDG 8 and several ILO instruments.² Nevertheless, full employment policy has only recently re-entered the agenda of macroeconomic policymakers thanks to a favourable shift in consensus on the benefits of pro-employment macroeconomic policy. This new policy context means that the social partners are well positioned to use PLSD proactively to shape full employment policy.

Two interventions should be noted in particular: the shaping of national employment policies (NEPs) and contributing to the design and implementation of public employment services (PES). While there are many excellent examples around the world, a critical issue is how to ensure PLSD on NEPs and PES strengthens inclusivity, particularly for women's employment, youth employment, workers and enterprises in the informal economy and other potentially disadvantaged groups.

▶ 2.1.1 The shift to pro-employment macroeconomic policy

Until the 1980s, the prevailing policy belief was that economic growth driven by export promotion and industrialization through foreign direct investment (FDI) would naturally generate full employment (Bruton 1998; ILO 2006; Katz 2001). However, since then new theories, together with new evidence, have gradually alerted policymakers to the fact that economic growth,

¹ Attaining SDG 8 complements the promotion of the other SDGs, including the reduction of inequality (SDG 10); the promotion of peace, justice and strong institutions (SDG 16); the eradication of poverty and hunger (SDGs 1 and 2); the promotion of good health and well-being and gender equality (SDGs 3 and 5); and quality education (SDG 4).

² Declaration of Philadelphia (art. III(a)); ILO Declaration on Social Justice for a Fair Globalization (art. I(A)(i)); ILO Centenary Declaration for the Future of Work (art. II(A)(iv)).

while important, is not sufficient on its own for full employment (Islam 2004; Lapeyre 2008).

This shift in views was reflected, for example, in the 2010 International Labour Conference general discussion on employment, which recommended the design of macroeconomic policies that prioritize employment-oriented growth (ILO 2010; Islam and Hengge 2015; Parisotto and Ray 2017; Yellen 2016). This shift to “pro-employment macroeconomic policy” established an important opportunity for the peak-level social partners to shape macroeconomic policy proactively, as their knowledge and experience of employment matters are critical resources for government policymakers. The question for policymakers today is therefore how pro-employment macroeconomic policy should be formulated and by *whom*?

Research has highlighted the added value of the direct involvement and practical experience of the social partners in shaping macroeconomic policy for employment creation (ILO 2021a, 2023a; Lansbury 2021; Parisotto and Ray 2017). Such policy encompasses a raft of key issues on which the social partners have an important perspective to add at the peak level, including the credit needs of small and medium-sized enterprises (SMEs), the distributional effects (including for gender equality) of inflation and quantitative easing, and tax incentives for firms of different sizes and in varying sectors. More broadly, the social partners have important perspectives on the quality and specificity of the business environment, as well as the nature of barriers to sustainable enterprise development.

Effective pro-employment macroeconomic policies should maximize the employment potential of the economy, including by increasing output, while maintaining a high level of employment by improving the resilience of the economy to business cycles and shocks. By ensuring short-term economic stability and

aligning the macroeconomic framework with long-term inclusive growth objectives, policies should foster a virtuous circle of investment, job creation and sustainable economic growth (Parisotto and Ray 2017). To achieve this, two interrelated elements may prove essential:

- ▶ policy coordination among government agencies and central banks to ensure coherence between the different macroeconomic areas and with other policies, such as labour market policies and sectoral and industrial policies;
- ▶ effective PLSD to assess the short-term and long-term impact of macroeconomic policy measures, balance equity and efficiency objectives and promote consensus and the ownership of policies.

▶ 2.1.2 National employment policies and public employment services

A key means by which the peak-level social partners influence employment outcomes is their contribution to the development of NEPs and the governance of PES. NEPs provide the broad policy approach for countries to achieve their targets for the quality and quantity of employment. They may take the form of stand-alone policies or be incorporated into broader national development plans.

In both cases, they need to be comprehensive, taking a holistic approach to achieving a high level of employment and paying particular attention to groups in vulnerable situations (ILO 2020a). PES facilitate the labour market participation of workers, providing them with essential support and key resources. Together, NEPs and PES enable the achievement of full and productive employment, and the peak-level social partners can assist in informing decision-making and ensuring the smooth implementation of the relevant policies (ILO 2023b).

The Employment Policy Convention, 1964 (No. 122), provides a valuable starting point to examine the role of the peak-level social partners (see box 2.1). National labour administration systems are responsible for overseeing labour market governance and are pivotal in shaping employment policies and advancing national employment objectives. The role of the social partners is crucial, as their hands-on experience and practical insight into labour market challenges can provide policymakers with valuable information for policy design, implementation and priority-setting (d’Achon 2021; see also box 2.2 for country examples).

 National employment policies provide the broad policy approach for countries to achieve their targets for the quality and quantity of employment.

► **Box 2.1 Employment Policy Convention, 1964 (No. 122)**

Convention No. 122 sets out three guiding principles for the formulation of employment policy:

- *quantity* (work for everyone who is available and looking for work);
- *quality* (that work is decent and as productive as possible);
- *non-discrimination* (freedom of choice of employment and the fullest possibility for each worker to use their skills, irrespective of race, gender, age, religion, political opinion, nationality or social origin).

It calls on governments, when formulating and implementing employment policies, to consider the experience and views of the persons likely to be affected by consulting their representatives, and particularly the social partners (Article 3). The scope of such consultations should not be limited to employment policy measures in a narrow sense, but should include all aspects of economic policy that affect employment, skills training programmes and general economic policies related to employment promotion.

Source: ILO, 2020a; and Convention No. 122.

► **Box 2.2 CEACR observations on peak-level social dialogue in line with Convention No. 122**

The comments made by the Committee of Experts on the Application of Conventions and Recommendations (CEACR) on the application of Convention No. 122 include the following:

Cambodia

The CEACR noted the progress achieved in implementing the National Employment Policy 2015–2025, including the positive role of tripartite consultations in implementing the Decent Work Country Programme. This has also improved social dialogue, industrial relations and rights at work in line with international labour standards, including for migrant workers ([CEACR direct request concerning the application of Convention No. 122 by Cambodia, 2022](#)).

Dominican Republic

The CEACR noted that the tripartite National Employment Commission, reactivated in May 2021, launched consultations for the development of the National Employment Plan (PLANE). The consultation process included the social partners, government entities, academic experts and members of civil society. In February 2022, the proposed PLANE was presented to representatives of the social partners and public bodies for their comments before finalization ([CEACR observation concerning the application of Convention No. 122 by the Dominican Republic, 2022](#)).

Republic of Korea

The CEACR noted the Government's indication that the social partners participated in formulating and implementing employment policies through meetings held in the Economic, Social and Labour Council, while a tripartite joint implementation monitoring group had been formed in the Council to monitor the implementation of a Tripartite Jobs Pact ([CEACR observation concerning the application of Convention No. 122 by the Republic of Korea, 2022](#)).

Togo

The CEACR noted that two national tripartite standing consultation bodies, the National Social Dialogue Council and the National Labour Council, are consulted on matters relating to workers' living and working conditions, the prevention of labour disputes, participation in the resolution of major labour disputes, labour legislation reforms, and the formulation and implementation of employment policy ([CEACR direct request concerning the application of Convention No. 122 by Togo, 2022](#)).

Source: ILO CEACR.

ILO research based on examination of a sample of employment policies in 69 countries contained in the ILO Employment Policy Gateway database ³ shows that, over the past two decades, social dialogue to support NEP design has undergone changes in scope, content and depth. Tripartite social dialogue has helped to shape NEP processes in all the countries reviewed to a greater or lesser degree (see box 2.3).

PLSD in employment policymaking is increasingly forging productive links between ministries of economy and finance, ⁴ sectoral ministries (for example, in Albania, Azerbaijan, Burkina Faso, Cambodia, Malawi, North Macedonia, Panama, Republic of Moldova, Rwanda and Zambia) and central banks (Jordan, Morocco, North Macedonia, Republic of Korea, Rwanda and Sri Lanka), suggesting that PLSD can help drive a “whole-of-government” approach that improves policy coherence among government bodies.

Moreover, PLSD has recently included new actors, such as universities and national research institutes (for example, in Guatemala, Mozambique, Panama, Sierra Leone and Sri Lanka), national statistics offices (Albania, Morocco, Mozambique, Republic of Moldova,

Rwanda and Sri Lanka) and civil society organizations (CSOs) (including representatives of specific segments of the population, such as young people in Mozambique and Tunisia, laid-off workers and migrants in China and people with disabilities in Jordan, Madagascar and Rwanda).

PLSD processes on NEPs involving interdepartmental working groups and committees have also contributed to expanding the capacity of the social partners to engage in areas beyond wages and working conditions, including macroeconomic, trade and sectoral policies. Recent tripartite NEP processes indicate that, beyond simply validating NEPs, the social partners have also contributed inputs to their analysis and implementation (d’Achon 2021).

▶ PLSD can help drive a “whole-of-government” approach that improves policy coherence among government bodies.

▶ Box 2.3 Examples of tripartite social dialogue in national employment policy formulation

Employment policy has been debated in tripartite dialogue forums before being officially adopted in several countries, including Albania, Azerbaijan, Guatemala, North Macedonia, Panama, Paraguay, Peru, Republic of Korea and Rwanda. In each case, PLSD has considerably enhanced the prospects of informed policies and implementation.

For example, in the Republic of Korea, the social partners have been closely involved in various tripartite bodies on employment policies, such as the tripartite Economic and Social Development Commission, leading to the “Grand Social Compromise” (1998 and 2009) and a “Jobs Pact” (2013), as well as the various generations of employment policy. Subsequently, in 2017, the Government established a jobs council under the direct supervision of the President and announced a comprehensive five-year employment road map of key policy measures.

Source: ILO based on d’Achon, 2021, and information from the ILO Employment Policy Gateway.

³ See ILO Employment Policy Gateway, available at <https://webapps.ilo.org/empolgateway>.

⁴ Of the 69 countries reviewed by d’Achon (2021), ministries of the economy and finance participated in the development of 93 per cent of them.

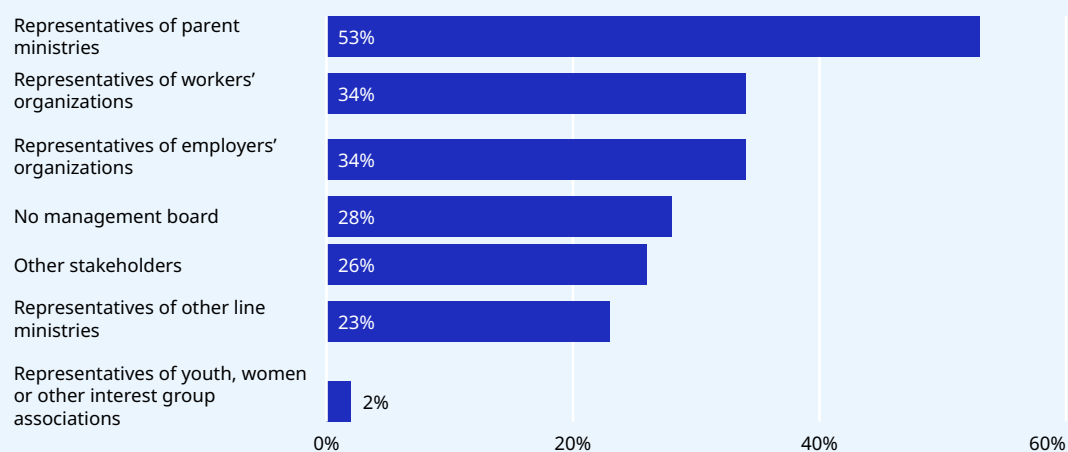
Detailed analysis of 40 NEPs in 30 countries adopted over the period 2005–20 has found that PLSD can be identified as a key policy mechanism for the design, implementation and evaluation of employment policies⁵ in some 80 per cent of the policy documents analysed. Moreover, 25 per cent of the NEPs identify tripartite consultation as a specific goal of employment policy and NEPs. Some 60 per cent of the NEPs address the conditions necessary for social dialogue, including strong and independent employers' and workers' organizations, respect for freedom of association, the commitment to engage in social dialogue processes and an enabling legal and institutional framework for social dialogue. Some NEPs specifically look at ways of involving informal workers in PLSD (d'Achon 2023).

Further, almost all the NEPs examined (98 per cent) addressed the issue of strengthening PES, with many assigning a role to the social partners in an effort to ensure more informed decision-making, easier outreach to constituents and strengthened buy-in and implementation prospects (d'Achon 2023). The social partners are assigned to evaluating labour market programmes implemented by PES, ensuring collective responsibility for results and optimizing efforts to reach out to vulnerable groups.

Meaningful engagement by the social partners in PES governance can ultimately mitigate the perennial problem faced by many PES of a poor reputation among employers and jobseekers (ILO 2023b) (see box 2.4).

A global ILO survey undertaken in 2021 revealed a wide spectrum of stakeholder involvement in the management boards of PES (see figure 2.1). Over 70 per cent of the 92 PES surveyed had some form of management board. Over 30 per cent of PES respondents had tripartite boards, many of them also involving civil society groups representing youth or women's organizations, training providers (for example, in Cambodia), academic or independent experts (Bosnia and Herzegovina, Japan), representatives of PES staff (Croatia and Slovenia) and regional and local authorities (Iceland and Switzerland). The survey showed a tendency towards greater stakeholder involvement beyond the social partners. Only eight PES reported having strictly tripartite boards (Belgium (Wallonia and Brussels), Central African Republic, Chad, Israel, Mali, Montenegro and South Sudan). By region, 46 per cent of European and Central Asian national PES had tripartite or tripartite-plus management boards, compared with 32 per cent in Africa, 15 per cent in Asia and the Pacific and 6 per cent in the Americas (ILO 2023b).

► **Figure 2.1 Availability and composition of public employment services' management boards, 2021** (share of respondents)



Note: Number of respondents to the survey question was 92.

Source: ILO, 2023b, figure 2.10.

⁵ Forty NEPs were reviewed in 30 countries covering 2005–20, distributed by income level and ILO regional classification. The sample mainly includes countries where the ILO has provided assistance for the formulation and implementation of NEPs, and are therefore principally low- and middle-income countries.

► **Box 2.4 Enduring social dialogue and tripartism in the governance of public employment services in Germany**

In Germany, the PES is the Bundesagentur für Arbeit (BA) and is well known for its long history of tripartism and social dialogue in its governance system. It is a self-governing and quasi-independent body funded primarily from unemployment insurance funds financed in equal parts by employers and workers. The Government, through the Federal Ministry of Labour and Social Affairs, establishes the framework objectives of labour market policy, which guide the BA's goals and operations.

At the federal level, the tripartite Board of Governors is responsible for the BA's strategic decisions, reflecting its strong advisory, monitoring and legislative role. The PES Management Board consults the Board of Governors on all key issues, and decisions are typically arrived at unanimously. There is equal representation on the Board by Government, employers and workers (seven each), and government representatives are drawn from all three tiers of the administration (local, regional and federal). The Board of Governors plays a strong role in monitoring PES performance at all levels and benchmarking the various services against one another with a clear system of rewards and penalties.

The governance system at the federal level cascades down to the regional and local levels, where regional and local management boards are advised by tripartite regional advisory boards and local governance committees on the regional implementation of labour market programmes and on local labour markets and PES performance. The regional and local tripartite boards and committees have equal representation of government and the social partners, with 9 and 12 members, respectively, and their role is advisory.

Source: Based on Weishaupt, Jørgensen and Nunn, 2023.

► **2.1.3 Inclusive employment policy and social dialogue for gender equality, youth and informal workers**

While PLSD can make a strong contribution to ensuring that NEPs are more inclusive, further attention is needed to target key workforce groups who are disadvantaged in labour markets, namely women, youth and workers in the informal economy.

The COVID-19 pandemic severely affected employment outcomes in all countries, but these groups were disproportionately hit (ILO 2020a). The usually invisible unpaid care work performed disproportionately by women became more visible, but nevertheless intensified with the closure of schools and childcare services (Tavora and Rubery 2021). Young people faced hugely diminished education and employment prospects during and immediately after the COVID-19 pandemic (Mexi 2023) and workers in the informal economy were typically excluded from job and income protection schemes, often faced discrimination and suffered from a lack of worker rights (ILO 2020b). In this context, it is critical for priority to be given to the inclusive representation of youth, women and informal workers in employers' and workers' organizations, including in leadership positions, so that their diverse experiences can be incorporated

into a more inclusive process of employment policy formation.

On women's employment, the recent analysis referred to above shows that 90 per cent of the NEPs adopted over the past 20 years which were developed through social dialogue processes consider gender concerns. The number of gender-responsive measures in NEPs has increased, especially on the demand side, such as provisions on equal opportunities and non-discrimination, the setting of sex-disaggregated targets and the mainstreaming of gender into all policy areas. Still more is needed on gender-responsive measures for job creation, as trade, investment, monetary and fiscal policies fail to take a gendered perspective (d'Achon 2023).

► **It is critical for priority to be given to the inclusive representation of youth, women and informal workers in employers' and workers' organizations.**

In many countries, opportunities are opening up for citizens' voices, especially those of youth, in employment policy processes. A general national measure of youth inclusiveness (not specifically related to PLSD) is provided by the ILO Employment Policy Gateway database, which shows that in 110 countries youth-led organizations are involved in policymaking related to youth employment. In half of these countries, youth-led organizations are "fully involved" (54 countries), in a quarter they are "partially involved" (27) and in another quarter are "only consulted" (27) (Mexi 2023). At the regional level, the strongest involvement is in Africa (two thirds of countries), while basic modes of consultation are most evident in the Arab States.

As of July 2024, ILO data pointed to 133 countries where the social partners are involved in youth employment strategies (see figure 2.2). They include:

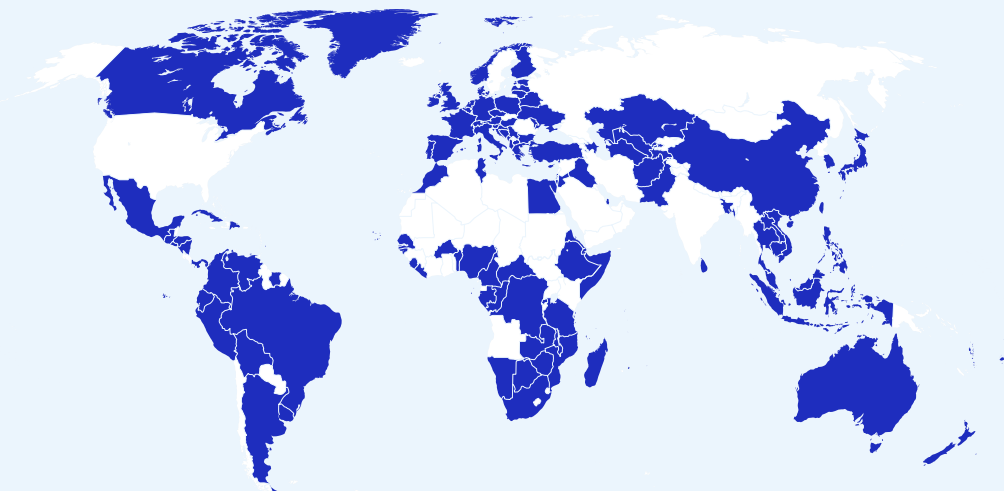
- ▶ 128 countries with social partner involvement in the formulation of youth employment strategies (for example, national action plans for youth);
- ▶ 123 countries with social partner involvement in the development of youth employment programmes (for example, sectoral programmes with a clear target to employ a specific number of youth);

Opportunities are opening up for citizens' voices, especially youth.

- ▶ 126 countries with social partner involvement in the implementation of youth employment strategies and programmes (for example, in which the social partners are official implementers of the strategy or programme).

In overall terms, there appears to be a "youth disconnect" from social dialogue that is related to a wider issue of youth civic disengagement, due in part to limited opportunities for participation (Mexi 2023). An enabling environment for youth-sensitive and youth-inclusive social dialogue requires: the development of knowledge on how to connect with young people, listen and respond; the strengthening of institutional capacities and the skills of the social partners in youth-related areas; and increased opportunities for young people to engage with the social partners and social dialogue processes (including harder-to-reach youth). Figure 2.3 illustrates the involvement of social partners in policies targeting youth.

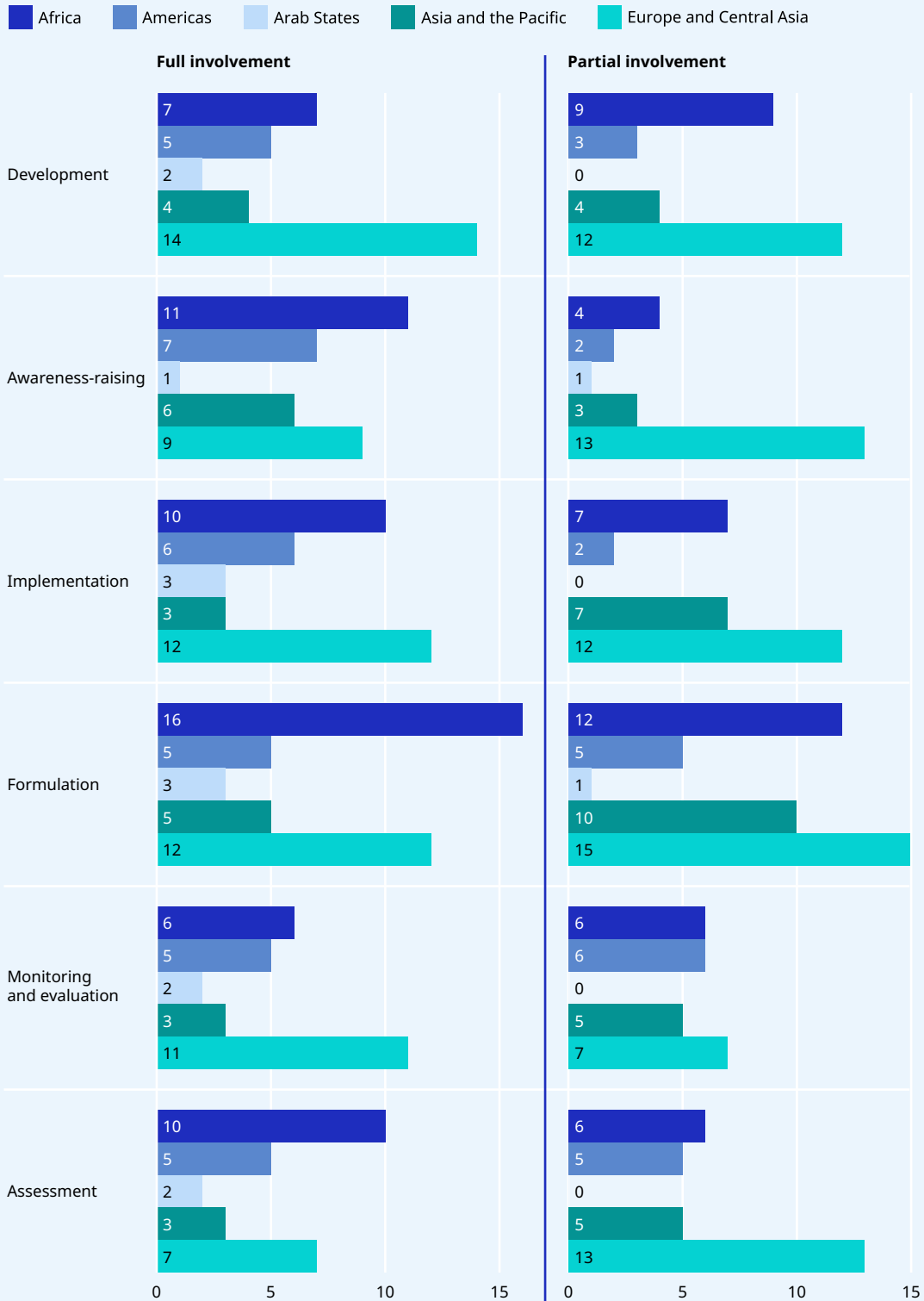
▶ **Figure 2.2 Locations reporting social partner involvement in youth employment strategies**



Boundaries shown do not imply endorsement or acceptance by the ILO. See full disclaimer: ilo.org/disclaimer.

Source: ILO Employment Policy Gateway, 8 July 2024.

► **Figure 2.3 Countries where workers and employers are fully or partially involved in policymaking targeting youth, by region and policy stage (percentage)**



Note: The sample size in the figure above is 133 countries. Of these, 37 are in Africa, 23 in the Americas, 5 in the Arab States, 24 in Asia and the Pacific and 44 in Europe and Central Asia.

Source: Mexi, 2023.

Finally, in relation to informal economy workers, d'Achon (2023) reveals that, of the 40 NEPs analysed, 7 list the transition to formality as a goal to be achieved, 18 view the transition to formality as a strategic objective and 7 NEPs include specific targets related to formalization. The most common approach taken in NEPs for the transition to formality is the promotion of entrepreneurship, SMEs and microenterprises. Other approaches include the extension of social protection to informal economy workers, the provision of education and skills development opportunities, the development of legislative and regulatory frameworks to support enterprise development, the provision of access to business-related and financial services, the fostering of a conducive investment and business environment and, significantly, recognition of the role of social dialogue in the transition to formality.

PLSD is key in shaping labour laws and rights.

2.2

Promoting rights at work

Various forms of bipartite and tripartite PLSD are important in developing and implementing norms for the protection of workers' rights within and beyond the scope of protective labour legislation. As this section shows, PLSD is key in shaping labour laws and rights, including those related to the fundamental principles and rights at work underpinning the institutional prerequisites for PLSD (see Chapter 1), and particularly freedom of association and collective bargaining and occupational safety and health (OSH). Other important issues, such as the elimination of harassment and violence at the workplace, also feature on the agenda of tripartite social dialogue institutions and bodies (see box 2.5 for an example in South Africa).

► Box 2.5 The South African Code of Good Practice on the Prevention and Elimination of Harassment at the Workplace

The Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace is a tripartite national agreement covering all productive sectors in South Africa, which was signed on 18 March 2022. It was developed through an initiative by the Ministry of Labour, supported by the National Economic Development and Labour Council (NEDLAC), to complete the implementation of existing legislation against harassment, and primarily the Employment Equity Act.

The Code introduces a broader definition of harassment, including:

- ▶ physical harassment (actual and threatened);
- ▶ verbal bullying and psychological abuse;
- ▶ other forms of harassment, such as racist, sexist or LGBTQIA+ phobic language, conduct which sabotages or impedes work performance, the selective use of disciplinary proceedings, and the withholding of work-related information or its incorrect supply;
- ▶ intolerance of a psychological, medical, disability or personal circumstance.

The Code also recognizes that harassment can affect a range of victims – not only managers, supervisors and employees, but also jobseekers and applicants, volunteers, clients, suppliers and contractors.

Source: Silvia Sansonetti, "Gender-Responsive and Women-Inclusive Social Dialogue: Good Practices and Challenges", report commissioned by the ILO with the Fondazione Giacomo Brodolini Srl SB in January 2024.

► 2.2.1 The role of peak-level social dialogue in shaping labour laws

The world of work is evolving swiftly with the advent of new technologies and the expansion of diverse work arrangements. To maintain effective labour market governance, regulatory frameworks have to adapt through labour law reform to confer adequate protection upon workers and provide predictability to employers. Compliance with international labour standards, including the fundamental instruments, requires the regular revision of legislation, as urged by the CEACR.

Tripartite PLSD can facilitate this process by fostering negotiation and collaboration between employers, workers and governments. Such dialogue facilitates the reconciliation of opposing interests and fosters trust and commitment to reform outcomes. The mechanisms used, including ad hoc dialogue and standing tripartite institutions, sometimes lead to the signing of tripartite

agreements or social pacts setting the framework for reforms, such as in Portugal (see box 2.6).

In practice, PLSD processes are sometimes sidelined in labour law reforms owing to time constraints, perceived inefficiency or violations of the obligation to consult employers' and workers' organizations (ILO 2013). However, rushing reforms without meaningful dialogue risks their rejection by employers and workers, leading to obstacles to implementation.

Conversely, good faith social dialogue fosters cooperation, advice sharing and balanced proposals, and therefore garners public support and political backing, thus streamlining the adoption process and ensuring broader social acceptance. Through PLSD, the social partners can also support the implementation of existing legal provisions, as seen with the 2023 bipartite national agreement on maternity and childcare facilities in Argentina, which shows how PLSD can reinforce compliance while injecting a degree of flexibility (see box 2.7).

► Box 2.6 The tripartite Standing Social Dialogue Committee in Portugal

In Portugal, the tripartite Standing Social Dialogue Committee (CPCS) reviews draft legislation, particularly labour laws, issues opinions and convenes meetings at the request of any member. All three parties must be present for decisions. The social partners sign "social dialogue agreements" when they achieve consensus.

Established in 1992, the CPCS has facilitated discussion on various laws, with Parliament retaining the final legislative authority, but often incorporating CPCS suggestions. In 2018, tripartite social dialogue in the CPCS led to an agreement on proposals to amend the Labour Code to reduce precarious work and enhance collective bargaining, resulting in Act No. 93/2019.

Source: *Conselho Económico e Social* and *Diário da República*.

► Box 2.7 UIA–CGT Implementation Agreement with Government support, Argentina

A bipartite agreement signed in March 2023 between the Industrial Confederation of Argentina (UIA) and the General Confederation of Labour (CGT), supported by the Government, commits employers to provide women employees with maternity and day-care facilities. The agreement adapts policies for gender equality in the workplace and sector-specific needs beyond the legal measures already set out in Decree No. 144/2022.

Employers commit to provide childcare spaces or offer non-remunerative reimbursement in line with the decree. Yet, the bipartite agreement eases compliance with the decree by allowing flexible reimbursement for childcare expenses, temporarily broadening eligibility for reimbursement and simplifying implementation across sectors.

The interplay between the bipartite agreement and the decree facilitates women's inclusion in the labour market. The decree promotes work–life balance and enhances women's participation in the workforce, and the agreement accelerates the decree's implementation prospects by adapting it to the needs of industry.

Source: Sansonetti.

Research conducted for this report has examined the role of PLSD in shaping labour law reforms between 2019 and 2023 in all regions (see box 2.8 and Appendix 8). The findings reveal a widespread trend of labour law revision across regions, with the majority involving some level of consultation with the social partners, although the depth and efficacy of the consultations vary. Documented cases indicate that inputs from employers and/or workers during consultation processes contributed positively to the final version of the revised labour laws adopted.

As a result of the involvement of the social partners, different aspects of labour legislation have been revised or updated, such as legal or institutional changes related to social dialogue frameworks, including collective bargaining, for example in Bangladesh, Eswatini, Georgia, India, Malaysia, the Maldives, Mexico, Mozambique,

Portugal, Romania, South Africa, Ukraine and Viet Nam. In Romania, a labour law reform led to the re-establishment of several social dialogue and collective bargaining rights that had previously been suppressed or considerably limited by structural adjustment reforms during the 2008 financial crisis (see box 2.9). In addition to revising social dialogue frameworks, the labour law reforms have encompassed a broad array of topics, including:

- ▶ eradicating child and forced labour;
- ▶ combating workplace discrimination;
- ▶ ensuring a safe working environment;
- ▶ updating alternative dispute resolution mechanisms, employment contracts, employment-termination procedures, harassment regulations, labour inspection, wages and working hours.

▶ **Box 2.8 Examples of recent labour law reforms based on consultation with the social partners at the peak level**

Mozambique

In Mozambique, the new Labour Act adopted in 2023 (Act No. 13/2023), which was shaped by tripartite consensus in the Labour Advisory Committee, addresses several issues, including maternity and paternity leave, fixed-term contracts, the suspension of contracts, justified absences, the transfer of workers and harassment at work.

Mexico

In 2019, in Mexico, substantial reforms were made to the Federal Labour Act based on consultation with the social partners, prioritizing freedom of association, collective bargaining rights and gender-proportional representation in trade unions.

Panama

In Panama, the response to the COVID-19 pandemic included several provisional laws (such as Acts Nos 54/2020, 157/2020 and 201/2020) safeguarding employment and regulating teleworking (Decree No. 133/2020, issued under Act No. 126/2020) adopted following tripartite consultation.

Chile

In 2023, based on tripartite deliberations, the so-called “40 Hours Act” (Act No. 21.561/2023) revised the Labour Code of Chile, reducing working hours from 45 to 40 hours a week, with gradual implementation over a maximum period of five years. Furthermore, the Sectoral Mining Commission of the Higher Labour Council moved forward with the ratification of the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187).

Viet Nam

The reform of the Labour Code in 2019 in Viet Nam (Law No. 45/2019/QH14), bolstered by consultations with the National Industrial Relations Commission, emphasized the right to organize and bargain collectively.

Georgia

In Georgia, the labour laws were reformed in 2020, including extensive amendments to the Labour Code and the adoption of a Law on Labour Inspection Services which increase the conformity of national labour laws with relevant ILO Conventions and EU directives.

► Box 2.9 The new social dialogue law in Romania

Since the adoption of the Social Dialogue Act of 2011 (Act No. 62/2011) in Romania, there had been a notable decline in the number of collective agreements signed at the enterprise and sectoral levels, with a decrease in bargaining coverage. The act established criteria for trade union recognition, required the majority support of 50 per cent plus one votes in a bargaining unit, thus limiting bargaining opportunities. However, elected workers' representatives retained the right to negotiate on behalf of all the employees in a company.

Recognizing the limitations imposed on social dialogue, both the ILO supervisory bodies and the European Commission had requested the Government to revise the social dialogue legislation. Following extensive consultations facilitated by the European Commission and an ILO technical advisory mission, the 2011 Act was repealed in late 2022, giving way to the adoption of the new Social Dialogue Act (Act No. 367/2022).

The new act has relaxed representativeness thresholds, introduces provisions for national collective bargaining, broadens the right to strike and extends consultation and information rights. These changes are expected to bolster social dialogue and expand collective agreement coverage among employees.

Source: ILO based on the reports of the ILO supervisory bodies (Committee on the Application of Standards (CAS), Committee on Freedom of Association (CFA), Committee of Experts on the Application of Conventions and Recommendations (CEACR), the European Commission and the Ministry of Justice.

► 2.2.2 Strengthening occupational safety and health measures

At the 110th Session of the International Labour Conference in June 2022, a landmark decision was taken in the Resolution on the inclusion of a safe and healthy working environment in the ILO's framework of fundamental principles and rights at work (ILO 2022a). This also included designating the Occupational Safety and Health Convention, 1981 (No. 155), and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187), as fundamental Conventions. It is thus now an obligation for the 187 ILO Member States to promote, respect and realize safe and healthy working conditions (irrespective of whether they have ratified these Conventions) in the same manner, and with the same level of commitment, as the other four principles covered by the ILO Declaration on Fundamental Principles and Rights at Work.⁶

While it is evident that effective OSH policies benefit both businesses and workers, there is no one-size-fits-all solution to OSH challenges. A collaborative peak-level approach involving employers' and workers' organizations is crucial to craft, implement and revise policy and regulatory frameworks to address workplace hazards. PLSD plays a pivotal role in fostering a culture of prevention in OSH, shaping policies and ensuring ownership of the outcomes (ILO 2022b). PLSD in the form of tripartite OSH bodies, such as the tripartite National OSH Advisory Committee⁷ in Mexico (see box 2.10), has frequently performed this function.

► PLSD plays a pivotal role in fostering a culture of prevention in OSH.

⁶ Freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

⁷ Mexico, Federal Labour Act, sections 512-A and 512-B.

► Box 2.10 The Mexican National OSH Advisory Committee

In Mexico, the National OSH Advisory Committee (COCONASST) contributes to national OSH policy design, proposes legislative reforms and suggests preventive measures for workplace risk reduction. It has equal representation from government bodies and employers' and workers' organizations.

Notable achievements over the past five years include the formulation of the 2020–24 Public Policy on OSH. This national PLSD committee collaborates with local tripartite bodies in each state and in Mexico City, alongside structures such as the tripartite OSH Council and the Mexican Institute for Social Protection. This collaboration was crucial during the COVID-19 pandemic in establishing workplace guidelines and ensuring a safe return to work after lockdown.

Source: Natasha Scott, "The Role of Peak-Level Social Dialogue in Promoting Economic Development and Social Progress: Occupational Safety and Health Section", report commissioned by the ILO in December 2023.

During the COVID-19 pandemic, governments that engaged employers' and workers' organizations in OSH governance developed and implemented emergency measures, ensured widespread stakeholder acceptance and supported business continuity during the crisis (Azzi 2022). In this context, the first *Social Dialogue Report* (ILO 2022c) highlighted how collective bargaining had facilitated the implementation of state-sponsored employment retention measures and also allowed for flexibility in terms of wages, working time and work allocation in exchange for employment guarantees.

In countries such as Denmark, Luxembourg, South Africa and Uruguay, tripartite social dialogue or consultation with peak-level actors on the design and expansion of employment retention measures facilitated their implementation through collective bargaining (ILO 2022c). Particularly during the initial stages of

the pandemic, successful cooperation between public authorities and the social partners led to the rapid development of health and safety policies (Brandl 2023), including joint protocols to regulate workplace measures, for example in Italy, and tripartite agreements on OSH compliance and personal protective equipment, alongside negotiations on the adjustment of collective agreements, such as in Kenya (ILO 2022b) (see box 2.11).

Less frequent, but equally important, were the PLSD initiatives addressing the needs of actors in the informal economy during the pandemic. For instance, in 2020, the Higher Council for Social Dialogue in Senegal was involved in a rapid impact assessment of the COVID-19 pandemic on the informal economy. In Peru, a tripartite national agreement in 2020 proposed measures to ensure that workers in the informal economy were complying with public health and safety standards (ILO 2020b).

► Box 2.11 Namibia

In Namibia, a National Tripartite Technical Taskforce guides the development, implementation and evaluation of OSH policy, aligning the legal framework with international standards. During the COVID-19 pandemic, it formulated Workplace Preparedness Guidelines for a safe return to work, later revised as the Keeping Namibia Safe at Work Guidelines in March 2021 to enhance COVID-19 OSH measures.

Post-pandemic, the taskforce started drafting an Occupational Safety and Health Bill for stakeholder consultation and parliamentary adoption. The bill encompasses workers' rights to elect safety representatives and participate in OSH committees. The taskforce has also been overseeing the development of an Employee Wellness Code of Practice aimed at holistic occupational health management covering both communicable and non-communicable diseases, violence, harassment and psychosocial risks impacting workers' mental health.

Source: Scott.

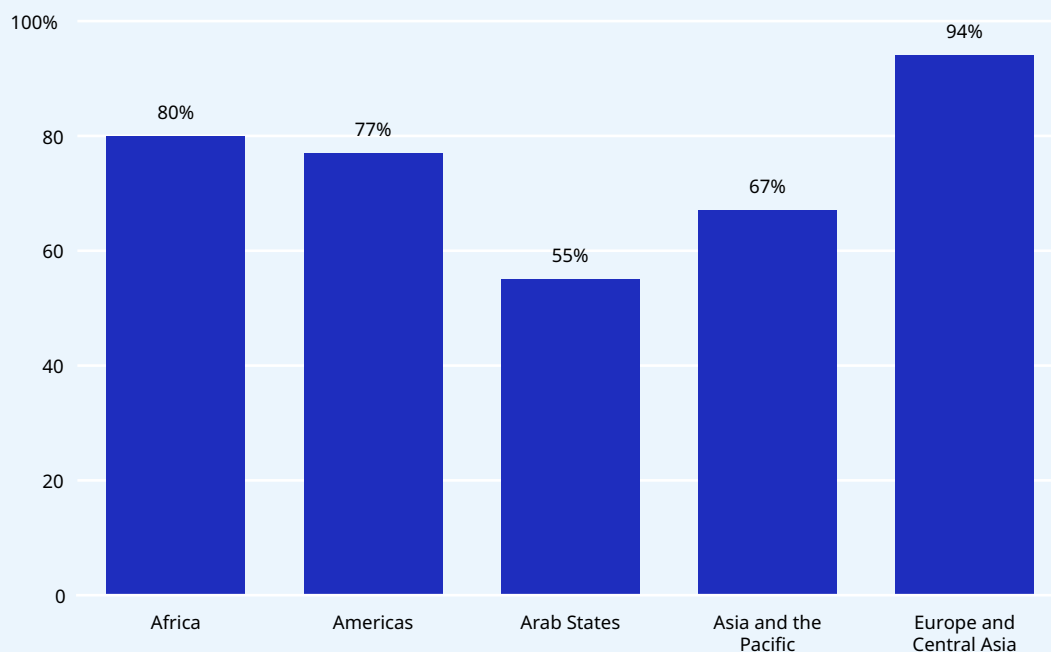
Research undertaken for the present report reveals that around four fifths of the 187 ILO Member States have peak-level tripartite OSH bodies.⁸ The presence of such bodies is highest in high-income countries (84 per cent), but is still relatively high in low-income countries (68 per cent). The regional distribution shows wider variation, with Europe and Central Asia at 94 per cent and the Arab States at 55 per cent. Despite 85 per cent of African countries being classified as lower-middle income or low income, they have the second highest regional share (see figure 2.4).

PLSD at the sectoral level is also often vital for OSH through outcomes tailored to particular industries. In the construction sector, for example, social pacts have been established in Austria and Spain to co-enforce OSH standards (EU-OSHA 2022), while in Argentina the social partners have developed a joint COVID-19 protocol of practical recommendations that addresses safety measures (UOCRA 2021).

Four fifths of the 187 ILO Member States have peak-level tripartite OSH bodies.

In the textile sector, in Bangladesh, following the Rana Plaza disaster in 2013 that killed 1,134 workers, there were several tripartite initiatives aimed at improving communication between managers and workers through training programmes (Manzur et al. 2017). In Sri Lanka a memorandum of understanding commits the signatories to establishing bipartite OSH committees.⁹

► **Figure 2.4 Proportion of ILO Member States with a national tripartite OSH body, by region (percentage)**



Source: World Day for Safety and Health at Work data (updated 2024).

⁸ Scott.

⁹ The Memorandum of Understanding between the JAAF and Trade Union Collective and Recovering from the COVID-19 Pandemic, 23 December 2021.


2.3

Promoting and strengthening social protection systems

Social protection is a key area in which the consensus-building role of PLSD can be leveraged to ensure effective coverage, high quality provision and the optimal use of resources. Peak-level actors can help foster collective ownership of social protection policies among their constituents, as well as facilitating their roll-out and implementation.

As with employment policies, PLSD facilitates the voicing and understanding of distinct interests and needs in relation to social protection, the sharing of data, the discussion of strategies to navigate injustices in social protection quality and coverage, and the comparison of experiences of the rapidly changing needs of workers and employers in a context of new technologies, demographic shifts and accelerated climate change. The involvement of the social partners also helps governments to monitor social protection systems and manage programmes through their representation on the boards of social security schemes (ILO 2020c).

With the twin aims of reducing poverty and inequality, the ILO promotes the extension of social protection in line with the principles outlined in the Social Security (Minimum Standards) Convention, 1952 (No. 102), and the Social Protection Floors Recommendation, 2012 (No. 202).

 Peak-level actors can help foster collective ownership of social protection policies among their constituents.

Recommendation No. 202 calls for “tripartite participation with representative organizations of employers and workers, as well as consultation with other relevant and representative organizations of persons concerned” when considering the design and governance of social protection systems. It advises Member States to “consider using a variety of different methods to mobilize the necessary resources to ensure financial, fiscal and economic sustainability” of national social protection systems, including social protection floors. These financing methods may include “individually or in combination, effective enforcement of tax and contribution obligations, reprioritizing expenditure, or a broader and sufficiently progressive revenue base” (Paragraph 11(1)). Such efforts, pursued through tripartite participation and other consultations, are essential to guarantee at least a nationally defined minimum level of income security as part of a national social protection floor.

► 2.3.1 Closing the gap in social protection coverage

The extension of social protection coverage is crucial to fostering inclusive growth and sustainable development, including during periods of crisis and structural change. Social protection serves as a tool for governments to ensure a more equitable redistribution of national income, mitigate economic disparities and address the needs of marginalized communities (ILO, 2021b).

Contributory social security schemes are usually structured around principles of collective financing and social solidarity that allow for income redistribution among those covered by the scheme. Moreover, tax-funded social assistance programmes contribute to income redistribution, especially when they are supported by progressive tax systems and are inclusive of vulnerable groups. Overall, social protection is a powerful means of building resilience, enabling workers and their families to navigate difficult times when the unexpected happens, and thereby mitigating the associated negative impacts.

Investing in social protection contributes to inclusive growth and higher productivity. For instance, recent ILO research analysing the impact of social protection investment on economic output in Cabo Verde, Ecuador, Mexico, Nepal, Pakistan, Paraguay and Viet Nam has found that, for every US dollar invested in social protection, economic output increased by US\$2–5 (ILO, forthcoming a). Against this backdrop, the extension of social protection is considered key to achieving decent work and delivering a “new social contract” (ILO 2024a; UN 2021).

However, huge gaps persist in social protection, with over 3.8 billion people worldwide lacking coverage (ILO 2024b). Formulating national ambitions to achieve universal social protection by expanding coverage and increasing benefit levels, including for workers in all types of employment, requires investment grounded in collective financing and solidarity, as well as sustainable and efficient implementation.

The gap in coverage is strongly tied to the issue of informality. Without policies to encourage formalization, unemployment insurance, for example, is not able to offer protection to those at risk of unemployment. In such cases, PLSD, supplemented by a review of the labour market context, can assess and debate the opportunities and obstacles involved in extending social protection schemes to workers in the informal economy (ILO 2021b). It is therefore vital for employers' and workers' organizations to be well resourced and equipped to contribute to policymaking in social protection, including those representing economic units and workers in the informal economy (ILO 2020c; see Chapter 5).

Alongside contributory schemes, tax-financed social protection programmes, including cash transfer programmes, have gained traction worldwide (see box 2.12). According to the ILO's *World Social Protection Report 2024–26*, 17.3 per cent of the population worldwide are covered by non-contributory social protection mechanisms (ILO 2024b). These programmes, financed through general tax revenues and, in some cases, international financial support, take two main forms. Some focus on vulnerable groups, such as children, older persons or persons with disabilities, while others make use of means-testing based on income or other criteria, sometimes combining methods of means-determination.

Both types have large redistributive potential provided that they minimize exclusion errors and offer sufficient benefits in line with international social security standards. The sustainable and equitable financing of social protection systems, based on a broad and progressive tax and contribution base, is key to the effective prevention of poverty and the reduction of inequalities (Razavi et al. 2022).

► Box 2.12 Tax-financed social protection benefits

Through PLSD, often within the framework of existing national social dialogue institutions (NSDIs), employers' and workers' organizations have contributed to shaping national policy, not only on social insurance, but also on tax-financed social protection benefits, including in times of crisis.

For example, in South Africa, NEDLAC provides space for the social partners to regularly present analysis and recommendations to the Government on the national system of social grants (social assistance) paid to eligible beneficiaries, including older persons, persons with disabilities and caregivers for children. In 2021, these submissions recommended removing means-testing procedures for the determination of eligibility and establishing mechanisms for the regular indexation of transfer values to prevent their erosion as a result of inflation. The recommendations have now been reflected in Government policy discussion documents.

In Angola, the Government has been using national social dialogue since 2023 to revise the Basic Social Protection Act of 2004, which governs social transfer programming and social insurance schemes. This exercise is aimed at addressing a lack of specificity in the legislation and establishing parameters and mechanisms for social dialogue at all levels of the planning and implementation of social transfers (social assistance) and compulsory and supplementary social insurance schemes.

In Poland, the social partners are active in maintaining the maximum income levels to qualify for tax-financed family and social benefits (social assistance). In recent years, these thresholds were failing to keep pace with poverty indicators, such as the established "subsistence minimum". In 2015, the Government started to submit information to the tripartite Social Dialogue Council for review on the subsistence minimum and the maximum income levels prescribed for benefit eligibility. If, in a given year, the maximum income levels for an individual or family members are equal to or smaller than the corresponding subsistence minimum, the Social Dialogue Council can propose that the Government adjust the income levels for eligibility to social transfers.

Source: Government of South Africa, 2021; Mećina, 2017; UN, 2023.

Maximizing the benefits of social partner involvement in shaping and implementing social protection policies requires all stakeholders to be represented, including those in informal employment and non-nationals, who often face steep obstacles in accessing social protection and who lack representation in formal institutional structures (see Chapter 1). In accordance with Recommendation No. 202, which highlights the need for broad and participatory consultations, including “consultation with other relevant and representative organizations of persons concerned” (Paragraph 3(r)), policy development processes should be inclusive and based on broad and participatory consultations, including with civil society actors, where appropriate. This protects the principles of equality of treatment and non-discrimination, and helps to address the needs and concerns of all types of enterprises and workers.

► 2.3.2 The role of peak-level social dialogue in expanding and reforming social protection

PLSD can also play a key role in shaping the substantive content of social protection policies. ILO research finds that its importance is most visible in legal reforms and in policies on pensions and health insurance.¹⁰ In many countries, PLSD actors and institutions are involved in the formulation of national social protection strategies and policies. ILO research shows that this involvement varies, depending on the scope of the reforms and the existence of social dialogue bodies with clear mandates. The ILO analysed 52 broad national social protection strategies and policies between 2011 and 2020 that envisage the development of comprehensive social protection systems, including social protection floors, and the goals for their achievement (ILO 2021c). The involvement of the social partners was limited, and was noted in only 15 per cent of the policies surveyed (with international organizations and CSOs taking precedence).

However, there is evidence that employers’ and workers’ organizations have been more actively involved in some legal reforms related to social protection systems, particularly for the expansion of pension and health coverage and employee benefits. According to the ILO Social Protection

► PLSD can also play a key role in shaping the substantive content of social protection policies.

Monitor, between 2014 and 2023, the social partners were involved in 158 such reforms in 65 countries.¹¹ Reforms involving the social partners encompassed 117 measures to expand coverage or increase the adequacy of pensions (61 cases), health coverage (42) and child and family benefits (61).¹² The social partners were also involved in reforms of tax-financed non-contributory social protection programmes (in 66 cases).

A recent global study (ILO, forthcoming b) analysed 263 social protection reforms and policies in 60 countries, including the role of social partner involvement. At the macro level, the study confirmed the primacy of the extension of social protection on the agendas of peak-level bodies, such as economic and social councils (ILO and AICESIS 2018), and of bodies specifically dedicated to extending and improving social protection, for example in Cambodia, Canada, Oman, South Africa and Uruguay (see figure 2.5).

Sectoral collective bargaining can also shape social protection schemes that supplement the benefits provided by general schemes, particularly for healthcare, sickness benefit and unemployment protection. Agreements often involve the collective financing of health insurance or unemployment benefit, the alleviation of administrative burdens and financial risks for individual enterprises. For instance, in Togo, a sectoral agreement in the pharmaceutical sector saw the establishment of a jointly financed supplementary retirement fund by employers and workers.¹³

PLSD can also inform discussions on social protection-related reforms as part of fiscal consolidation measures, often with the involvement of international financial institutions and international creditors. Generally, in the context of the reform of social protection systems, fiscal consolidation obliges governments to

¹⁰ According to the [ILO Social Protection Monitor](#), between 2014 and 2023, the social partners were involved in 158 social protection reforms announced in 65 different countries.

¹¹ [ILO Social Protection Monitor](#).

¹² These measures are not mutually exclusive of one another.

¹³ Bill Salter, “The Role of Social Dialogue in Creating Enabling Business Environments for Sustainable Enterprises”, report commissioned by the ILO in December 2023.

► **Figure 2.5 Involvement of the social partners in social protection reforms and policies, selected examples**



In **Cambodia**, various schemes, including universal healthcare and a social security system, have been introduced based on social dialogue processes.



In **Canada**, the social security tribunal that handles first-level appeals underwent a comprehensive third party review involving unions, employers, advocacy groups, legal experts, clients of the tribunal's appeal process, as well as client representatives.



In **Oman**, constructive dialogue processes have preceded social security policy reforms, the extension of unemployment benefits, the introduction of an unemployment insurance scheme and comprehensive social security reform.



Social assistance programmes have been continually expanded in **South Africa**, including grants for vulnerable population groups, as a result of ongoing social dialogue processes.



The National Dialogue on Social Security (DNSS) in **Uruguay** brings together the government, workers, employers and civil society to assess the social security system and propose future reforms.

Source: ILO, forthcoming a.

improve the self-financing and sustainability of the social protection system. This often takes the form of adjusting retirement ages and contributions upwards and recalculating benefits downwards.

The involvement of employers' and workers' organizations is essential to ensure that contentious reforms are tested against norms of fairness, reflect the needs of their constituents and take into consideration the costs for all the parties involved. Securing broad public support through PLSD is necessary to ensure that the processes relating to social protection reform are just, even if their outcomes are unpopular, thereby increasing the likelihood of successful implementation.

Between 2014 and 2023, the ILO identified 31 social protection reforms that were either neutral or restricting access to social security among the 158 reforms carried out in 65 countries that involved the social partners.¹⁴ For instance, in Zambia, the national Tripartite Consultative Labour Council recently considered

a Government proposal to raise contributions to the National Health Insurance Scheme. In 2022, the Management Authority of the Scheme and the Ministry of Labour presented an actuarial valuation recommending a 2 per cent increase in the overall contribution rate, with workers and employers sharing the increase equally. Between May and November 2023, discussions in the Council and parallel bipartite consultations generated alternative proposals, including the application of the current contribution rates to gross wages instead of net wages.

► PLSD can inform discussions on social protection-related reforms as part of fiscal consolidation measures.

¹⁴ ILO Social Protection Monitor. As it relies mainly on local press sources, the reported involvement of the social partners may sometimes be overlooked or over-represented in accounts of how reforms ultimately took place.

► 2.3.3 The administration of social protection schemes

International social security standards, including the Social Security (Minimum Standards) Convention, 1952 (No. 102), call for the participation of representatives of employers' and workers' organizations in the tripartite boards and advisory councils of social security schemes.¹⁵ In line with these standards, tripartite social security boards are a regular feature of national social security institutions, with many countries relying on tripartism to provide oversight of social security schemes and fund management. The roles and responsibilities of the boards are often established by legislation, with board members consulted before government decisions are taken. The exact powers vested in social security boards and their composition vary considerably between countries, as does the effectiveness of this tripartite oversight.

For example, in Ecuador, although its constitution does not explicitly call for tripartite participation, the Social Security Institute is of tripartite composition. In other countries, only certain categories of workers have representatives on social security boards, such as workers in major national industries, for example sugar industry workers in Mauritius. In India, where priority is given to the extension of social security coverage to workers in the informal sector, the National Social Security Board for Unorganised Workers includes members representing workers and employers in the unorganized sector, in addition to members of prominent CSOs.¹⁶

Effective tripartite social security boards are essential for inclusive decision-making, the efficient management of social security funds and public buy-in. The political independence, representativeness and capacities of board members are vital for the integrity and sustainability of social security systems.

The appointment process for board members varies. Some are nominated by their respective groups, in accordance with the International Social Security Association (ISSA) Guidelines on Good Governance (ISSA 2019). In other cases, employers' and workers' representatives are selected by government officials on the basis of recommendations made by the groups themselves. For instance, in Cambodia, members of the Governing Body of the National Social Security Fund are chosen by their organizations.¹⁷ In Guinea, representatives on the governing board of the National Social Security Fund are selected by the Minister of Social Affairs from lists provided by employers' and workers' organizations.¹⁸

The ISSA Guidelines recommend that, irrespective of their affiliation, social partner board members must respond to established suitability and competence standards, namely that they should possess specific knowledge and skills, as outlined in social security legislation (ISSA 2019). For instance, in the United Republic of Tanzania, those appointed to the Board of Trustees have to have "experience in social security, financial matters, or administration".¹⁹ In Cambodia, employers' and workers' representatives must have "full capacity in social studies, economics, or law", while the Chair needs at least five years of relevant professional experience without a criminal record.²⁰

► Effective tripartite social security boards are essential for inclusive decision-making, the efficient management of social security funds and public buy-in.

¹⁵ Convention No. 102, Article 72.

¹⁶ India, *The Unorganised Workers' Social Security Act, 2008*, p. 5.

¹⁷ Cambodia, *Sub-Decree No. 16 on the Establishment of National Social Security Fund, 2016*, p. 2.

¹⁸ Guinea, *Code de la Sécurité sociale Loi L/94/006 du 14 février 1994*, p. 4.

¹⁹ United Republic of Tanzania, *National Social Security Fund Act, revised 2018*, p. 36.

²⁰ Cambodia, *Sub-Decree No. 16 on the Establishment of National Social Security Fund, 2016*, p. 2.

2.4

Fostering an enabling environment for sustainable enterprises and jobs

The promotion of sustainable enterprises to achieve the innovation and productivity growth necessary for sustainable development requires the equitable allocation of human, financial and natural resources within a legal and institutional framework that allows full enjoyment of all fundamental principles and rights at work. This kind of resource allocation demands effective cooperation using the mechanisms of PLSD, involving governments, workers and employers, to ensure economic growth alongside the sustainable use of resources (ILO 2007, para. 6).

Sustainable entrepreneurship seeks to balance economic, social and environmental goals. These goals are necessarily interlinked; at times they are mutually reinforcing, and at others they are at odds with one another, requiring trade-offs (Belz and Binder 2017). PLSD plays an indispensable role in facilitating the integration of the economic, social and environmental pillars of sustainable development and ensuring that they are mutually reinforcing (ILO 2007).

The Conclusions (ILO 2007) of the discussion on the promotion of sustainable enterprises at the 2007 International Labour Conference make it clear that they need sustainable societies to thrive, and vice versa (Buckley, Salazar-Xirinachs and Henriques 2009). According to the Conclusions, the enabling environment for sustainable enterprise development rests on 17 interrelated pillars (ILO 2007):

- ▶ peace and political stability
- ▶ good governance
- ▶ social dialogue
- ▶ respect for human rights and labour standards
- ▶ promotion of an entrepreneurial culture
- ▶ sound macroeconomic policies
- ▶ trade integration
- ▶ effective legal and regulatory framework
- ▶ rule of law and secure property rights
- ▶ fair competition
- ▶ access to financial services
- ▶ robust physical infrastructure
- ▶ widespread access to information and communications technology
- ▶ quality education and lifelong learning
- ▶ social justice and inclusion
- ▶ comprehensive social protection
- ▶ responsible management of the environment

Together, these elements support the creation and growth of businesses that drive sustainable economic development (ILO 2007).

▶ 2.4.1 The role of peak-level social dialogue in the promotion of sustainable enterprises

The Conclusions (ILO 2007, para. 5) on the promotion of sustainable enterprises highlight that a conducive environment should aim at “investment, entrepreneurship, workers’ rights and the creation, growth and maintenance of sustainable enterprises by balancing the needs and interests of enterprise with the aspiration of society for a path of development that respects the values and principles of decent work, human dignity and environmental sustainability.” PLSD can help in assuring these conditions to foster sustainable enterprises. For instance, in Czechia, the Council of Economic and Social Agreement discusses issues such as economic policy and the country’s position in the European Union, in addition to the usual labour and employment topics (Bittner 2018). In Portugal, the Economic and Social Council has provided opinions on issues as wide-ranging as the draft state budget, the competitiveness of cities, social cohesion and spatial planning, and corporate social responsibility (ILO 2017).

One factor determining the extent to which PLSD institutions can engage in such big-picture issues is the government administrative structure. Most PLSD institutions tend to be under the authority of the Ministry of Labour, and their mandate therefore only covers traditional labour issues, rather than the broader issues related to sustainable development (ILO 2017). This linkage often means that the social partners do not have access to other government ministries and departments that address issues such as trade, investment, finance and economics, and foreign affairs, thereby limiting their influence over these issues. It is therefore necessary for PLSD to take forward a “whole-of-government” approach to overcome the challenges posed by administrative silos.

Research commissioned for the present report suggests a beneficial interplay between government agencies and social dialogue, notably in: improving intergovernmental cooperation on issues that span the mandates of different governmental bodies; promoting policy coherence; and strengthening the mandate of PLSD institutions to engage, directly or indirectly, in creating an enabling environment for sustainable enterprises and jobs (Masocha, forthcoming).

For example, government representation on NEDLAC in South Africa includes high-level representatives (ministers, deputies and directors-general) from the Ministries of Labour, Finance, Trade and Industry, and Public Works. Over the years, its four thematic chambers (Labour Market, Public Finance and Monetary Policy, Trade and Industry, and Development) have contributed key inputs to policy- and law-making on multiple socio-economic issues. Such PLSD structures highlight the significance of multilevel governance and the important role that PLSD can play in breaking down bureaucratic silos and improving policy coherence and implementation.

By fostering collaboration between different levels of government and involving different stakeholders, including employers and workers, social dialogue can effectively address complex issues that cut across different government mandates. This approach not only promotes greater intergovernmental cooperation, but also ensures that policies are more coherent and responsive to the needs of sustainable enterprise development. Strengthening the mandate of PLSD institutions to facilitate these processes can thus further create an enabling environment for sustainable enterprises and job creation.

It is necessary for PLSD to take forward a “whole-of-government” approach to overcome challenges.

Moreover, in line with the Human Resources Development Convention, 1975 (No. 142),²¹ the involvement of employers’ and workers’ organizations, together with governments, in public policy on training and skills development is key to achieving training policies and programmes that adequately respond to the needs of enterprises, sectors, workers and the industrial policies set by governments (ILO 2021d). Tripartite social dialogue at the national and sectoral levels has been key to skills development policies that meet the combined objectives of having a positive impact on the productivity of the workforce and the productive fabric, while becoming an indispensable element of the social and labour integration of vulnerable populations (such as young people, women and the migrant population).

At the national level, there is a statutory right in several countries for the social partners to be involved in the management boards of technical and vocational education and training (TVET) bodies, for example in Costa Rica, Kenya, Morocco, South Africa and Uruguay, which are generally coordinated by different ministries and government agencies at the national level (UNESCO and ILO 2018). The main function of these bodies is to advise ministries and other government agencies on TVET policy, and they are often involved in designing standards, qualifications and curricula and learning resources. At the sectoral level, there is a statutory right in some countries for the social partners to be members of the management boards of sectoral skills bodies (see table 2.1). The objectives of sectoral bodies vary, as they are designed to cater for specific sectoral needs. For instance, they may provide a local support service for microenterprises and SMEs and administer levy funds (as in France), develop and validate training and employment pathway plans and register learnership agreements (South Africa) and support the process of certification (Chile, see box 2.13).

²¹ Article 5 states: “Policies and programmes of vocational guidance and vocational training shall be formulated and implemented in co-operation with employers’ and workers’ organisations and, as appropriate and in accordance with national law and practice, with other interested bodies.”

► **Table 2.1 Sectoral skills bodies and social partner representation**

| Region | Country | Sectoral skills body | Social partner representation |
|-------------------------|--------------|--|---|
| Africa | Kenya | Training committees | Representatives of employers and employees in the sector concerned: numbers unspecified |
| | South Africa | Sectoral education and training authorities | Members representing organized labour and business, and government departments: numbers unspecified |
| Americas | Brazil | National Industrial Training Service | Chaired by the President of the National Confederation of Industry: six members from trade unions |
| | Chile | Sectoral employment skills organizations | Representatives of employers and employees in most sectors: variable numbers |
| | Uruguay | Sectoral employment and vocational training committees | Representatives of employers and employees in the sector concerned: numbers unspecified |
| Asia and the Pacific | Australia | Jobs and skills alliances | Representatives of employers and employees in the sector concerned: numbers unspecified |
| Europe and Central Asia | Denmark | Trade committees | Equal number of representatives of employers and workers |
| | France | Skills operators | Equal number of representatives of employers and workers |
| | Italy | Joint inter-occupational funds for continuing TVET | Equal number of representatives of employers and workers |

Source: Bridgford, forthcoming.

► **Box 2.13 Peak-level and sectoral social dialogue on skills policies: The case of Chile-Valora**

Chile-Valora, the Commission of the National System for the Certification of Labour Competences, aims to formally recognize labour competences through certification. It ensures the transparency, quality and public faith in the system; raises and accredits labour competences in productive sectors; and educates users about the use and benefits of the system. Chile-Valora's board of directors is a collegiate body of higher management, with tripartite membership consisting of nine members: three worker representatives, three employer representatives and three of the public sector (Ministries of Education, Labour and Economy).

Chile-Valora has created Sectoral Organizations for Labour Competences (OSCLs), which are sectoral and are composed of representatives of workers, organized employers and the Government. Their main objectives include defining and projecting the participation of the sector they represent in the National System for the Certification of Competences, detecting human capital gaps and defining priorities at the sectoral level.

As of November 2023, 48 OSCLs had been constituted and had developed 1,015 job profiles in 18 sectors and 50 economic subsectors. These profiles are based on 186 occupations described in the International Standard Classification of Occupations (ISCO 08), representing 42 per cent of the total number of occupations covered by ISCO 08.

Source: Bogliaccini and Carrere, forthcoming; <https://www.chilevalora.cl/>.

With the COVID-19 pandemic, the question of enterprise *sustainability* took a turn towards ensuring enterprise *survival*, particularly during lockdowns. As seen in the first *Social Dialogue Report*, collective bargaining played a significant role in ensuring business continuity (ILO 2022c, 165). Worldwide, through PLSD, 381 outcomes, such as joint statements and agreements, were agreed during the year from February 2020 to January 2021 in 102 countries and territories (ILO 2021e). Of these, 133 outcomes focused on helping workers and businesses survive the immediate impact of the pandemic, 158 on helping the parties adjust to the pandemic and 90 on generating long-term recovery and resilience based on the experience of the pandemic. Over half of this last group of outcomes were designed through ad hoc and pre-existing social dialogue structures.

Investment was treated as a high-priority area in these PLSD outcomes, with many outcomes focusing on creating an enabling environment for business continuity. By early 2021, national recovery plans were the most comprehensive of all outcomes, covering economic, financial and institutional measures. National and sectoral bipartite or tripartite social dialogue supported enterprises through jointly devised measures on debt deferral, easier access to loans, tax relief arrangements and decreased or deferred social security contributions, for example in Cabo Verde, Republic of Korea and Portugal (see box 2.14). More widely, trust between governments and the social partners, evidence-based research underpinning proposals and government goodwill to implement the proposals are all required for successful PLSD (Brandl 2023).

PLSD interacted with collective bargaining processes during the pandemic to preserve jobs and ensure enterprise survival.

PLSD interacted with collective bargaining processes during the pandemic in devising measures to preserve jobs and ensure enterprise survival. In some countries, tripartite and bipartite PLSD promoted the use of collective bargaining as a tool to implement or supplement public policy and regulation, such as in the context of furlough and short-time work schemes funded by governments.

Measures agreed through bipartite and/or tripartite PLSD were often aimed at securing the commitment of employers to preserve jobs, while ensuring the continuity of wage payments, in full or in part, with state support. These efforts were frequently based on a joint commitment by governments, employers and workers to sharing the costs of declining economic activity and to laying off workers only as a last resort (ILO 2021e). For example, in Sri Lanka, a tripartite task force was established to resolve the critical issue of the payment of wages during the lockdown/curfew during the COVID-19 pandemic. The task force developed measures to support enterprises and reduce job losses.

► Box 2.14 Examples of COVID-19 emergency and adjustment measures to support enterprises as peak-level social dialogue outcomes

In Cabo Verde, four lines of credit and a guarantee line were added to the national budget to support large companies in hard-hit sectors, microenterprises and SMEs.

In Portugal, the Government and the social partners reached consensus on a comprehensive package of emergency measures, including: financial support for heavily affected economic sectors; the postponement of enterprise tax payments; the extension of the deadline for submitting corporate income tax declarations; a temporary suspension of tax and social contribution proceedings against enterprises; and a temporary one-third discount on social security contributions. These measures applied automatically to all companies with 50 or fewer employees and could be accessed by those with 50–250 employees if their turnover was down by 20 per cent or more because of the pandemic.

In the Republic of Korea, support measures were devised for local merchants, tax rebates were provided for small business owners suffering severely from the crisis and special measures were agreed on for sectors and regions heavily affected by the pandemic.

Source: ILO, 2021e.

The use of collective bargaining at the sectoral and enterprise levels to specify the implementation modalities of crisis measures decided upon at the national level through PLSD was a key component of efforts to limit or avoid job losses, for example in Sweden.²² Access by Swedish employers to short-time work schemes supported by public funds was conditional on existing central and local collective agreements or, in the absence of such agreements, on the conclusion of new agreements on short-time work covering at least 70 per cent of the workforce of employers applying for the scheme. Similarly, in the Netherlands, a declaration by the Labour Foundation²³ on 1 April 2020 invited employers and workers to intensify decentralized collective bargaining to complement the Government's "NOW" Temporary Emergency Bridging Measure for Sustained Employment.

In South Africa, an emergency meeting held by NEDLAC on 17 March 2020 explored the national employment and labour response to the pandemic. Building on the Temporary Employer–Employee Relief Scheme (C19 TERS), which aimed to replace income lost through temporary lay-offs or reductions in working hours, the social partners committed to additional measures, including a pledge on sector-specific agreements for the improved implementation of the proposed measures.²⁴ On 26 March 2020, the National Textile Bargaining Council concluded a collective agreement supplementing the C19 TERS by guaranteeing six weeks of full pay for some 80,000 garment workers,²⁵ followed by other agreements on COVID-19 related matters.²⁶

► 2.4.2 Peak-level social dialogue and sustainable productivity growth

Sustained productivity growth aimed at fostering inclusive, sustainable and decent job-rich economic growth, while ensuring full enjoyment of fundamental principles and rights at work, is prominent in the development path of many countries. In addition to productivity gains at the firm level, it implies a broader process of structural transformation to raise aggregate labour productivity by reallocating

economic activity from low to higher productivity sectors. This calls for the implementation of a comprehensive and integrated set of coherent public policies aimed at creating productive and decent jobs for all (as well as transforming jobs that are not productive or decent), through a strategic approach to increasing productivity through structural and industrial policies. In this sense, PLSD is needed to ensure productivity enhancing and inclusive *structural change*. It is also needed to generate formal employment and reduce poverty and inequality, thereby facilitating upward convergence in which average incomes increase and income distribution is compressed (ILO 2021f).

Productivity growth is a key driver of economic growth, development and improved living standards (Cusolito and Maloney 2018). By increasing output per hour worked through efficiency gains, productivity growth increases the profitability and competitiveness of enterprises, facilitates job creation and supports the transition to the formal economy. Ultimately, productivity growth underpins the prosperity and well-being of society. It is determined by a wide range of factors at the macro level, related to the 17 pillars set out in the Conclusions (ILO 2007) on sustainable enterprises at the 2007 International Labour Conference, and at the enterprise level, such as the quality of management, continuous improvement, skills development, entrepreneurship, good working conditions and forms of work organization that promote employee engagement and empowerment (ILO, 2022d).

Productivity and innovation depend on *people*, and placing employees at the centre of human resource management enables them to apply their knowledge and skills more easily to promote innovation at the workplace. Social dialogue that fosters trust between the partners allows for the exchange of ideas to raise productivity by identifying underused capital in the firm and smoothing the transition to higher productivity. This requires good working conditions and forms of work organization that foster employee involvement and empowerment (Buckley, Henriques and Salazar-Xirinachs 2009; Grimshaw and Hayter 2020; see also Chapter 1). At the same time, sustained productivity growth, when accompanied by PLSD processes that expedite

²² See Eurofound (2020) and https://static.eurofound.europa.eu/covid19db/cases/SE-2020-12_564.html?utm_source=external%E2%80%8CDashboard&utm_medium=powerbi&utm_campaign=covid-19.

²³ See <https://www.stvda.nl/nl/nieuws/coronacrisis-noodpakket>.

²⁴ See <https://sacoronavirus.co.za/2020/03/17/national-economic-development-and-labour-council-on-measures-to-combat-covid-19-coronavirus/>.

²⁵ See <https://archive.opengazettes.org.za/archive/ZA/2020/government-gazette-ZA-vol-658-no-43210-dated-2020-04-07.pdf>.

²⁶ In total, five sectoral bargaining councils entered into agreements under the C19 TERS to receive and administer relief funds for their sectors (ILO 2022c, 167).

the equitable sharing of efficiency gains, feeds strongly into the improvement of wages (see Chapter 3). In short, increased productivity is vitally important to employers and workers as productivity gains improve working conditions, incomes and employment creation in a virtuous circle for workers and employers alike (ILO 2022e).

Action to improve productivity through PLSD also interacts with social dialogue at the enterprise level, where the actors are well placed to leverage the positive association between workplace cooperation and productivity gains (Grimshaw, Koukiadaki and Tavora 2017). Workers are closely involved with production processes and can therefore provide vital information to managers on how to streamline and improve them. Research suggests that when workers are involved in productivity improvement, especially

through social dialogue, the workforce is more motivated and more likely to adopt more efficient work practices for their own and their employer's benefit. At the same time, such productivity gains do not take place in a vacuum. It is important for labour standards to be met and the conditions for effective social dialogue to be fulfilled. Under these circumstances, productivity improvements can lead to improved conditions for workers (ILO 2022e).

ILO evaluations of projects targeting productivity growth and job creation through social dialogue show that collaborative employer-worker relationships reduce turnover rates and sick days (see box 2.15). Eurofound studies further underline the importance of humane, innovative and collaborative management practices in enhancing firm performance (see box 2.16).

► **Box 2.15 Workplace cooperation for enhanced productivity gains through the ILO SCORE programme**

A Chinese manufacturing company in Yuyao City, Zhejiang province, faced productivity challenges due to inefficient procedures, poor time management and inadequate communication between the management and staff, compounded by safety concerns. To address these issues, the company-initiated training on workplace cooperation and safety and health at work and established an enterprise improvement team (EIT) of workers' representatives and managers.

Initially met with hesitation by the workers, the company persisted in holding regular EIT meetings, upgraded facilities and implemented a "suggestion reward" system to foster worker engagement and open communication. These efforts led to tangible gains, such as increased production capacity, resource efficiency and customer satisfaction.

Source: See https://www.ilo.org/empent/whatsnew/WCMS_835981/lang-en/index.htm.

► **Box 2.16 The relationship between trusting and collaborative social dialogue and firm performance**

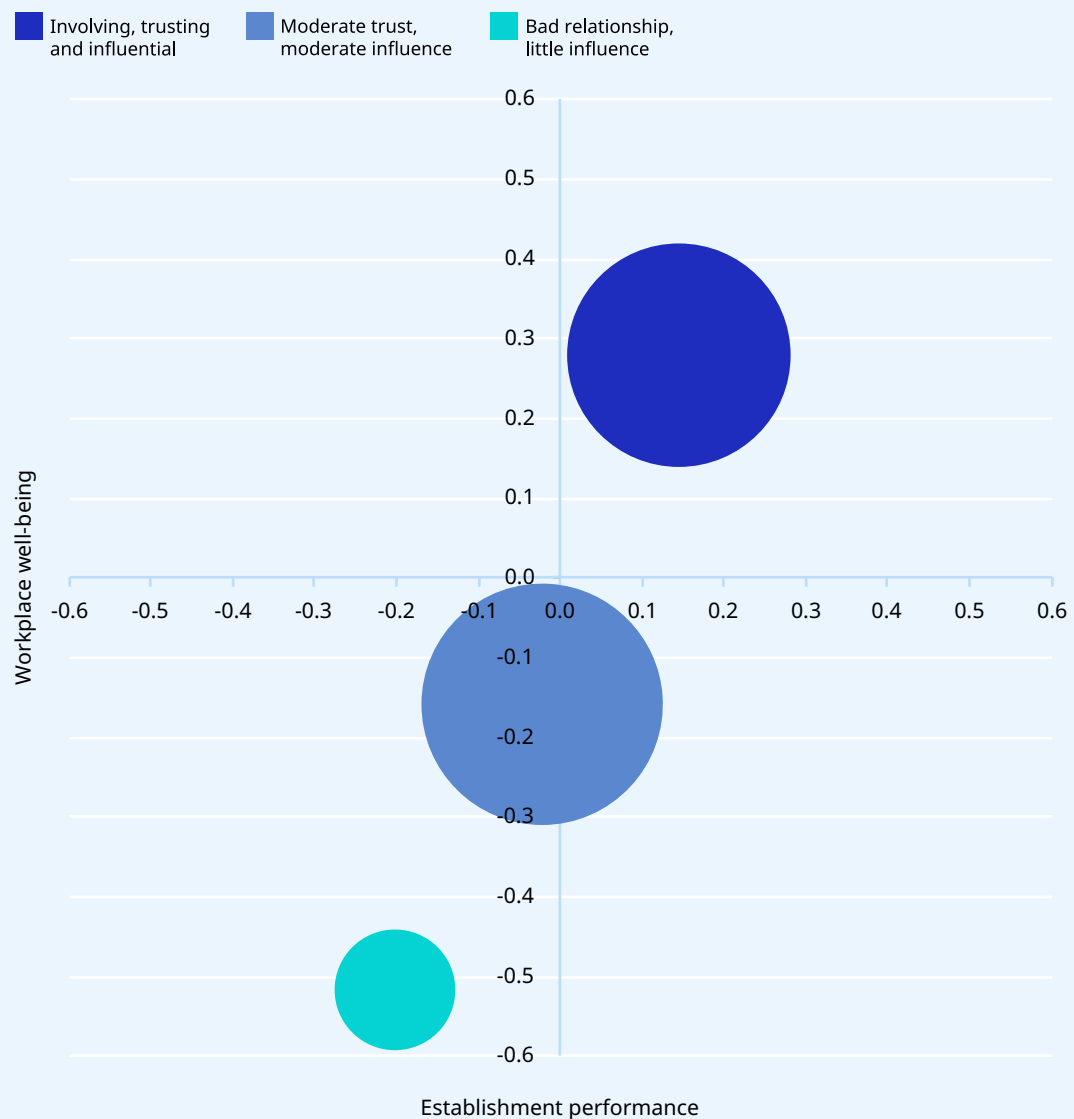
The 2019 European Companies Survey (Eurofound and Cedefop 2021), covering establishments of ten or more employees in some 15 sectors, illustrates the links between social dialogue practices at the company level, performance and innovation, and identifies three groups of establishments in terms of the quality and intensity of social dialogue:

- "involving, trusting and influential" (41 per cent of EU-27 establishments are in this category): Most managers consult employee representatives, trust them and consider the relationship to be fairly or very constructive. Employee representatives have medium to high influence on management decisions.
- "moderate trust, moderate influence" (47 per cent): Most managers engage in some form of consultation with employee representatives, have moderate trust in them and think that they are fairly constructive. Employee representatives have low to medium influence on management decisions.
- "bad relationship, little influence" (12 per cent). All of the above variables are negative.

► **Box 2.16 (continued)**

The proportion of establishments in each of the three categories was not found to vary based on establishment size or sector. Statistical analysis shows that establishments belonging to the “involving, trusting and influential” type of social dialogue are more likely to score higher on both performance and workplace well-being (see figure B2.16.1), confirming the latest evaluation by the Better Work programme of the ILO and the International Finance Corporation, which concludes that better cooperation and communication at the workplace improve frontline productivity, given “more humane and innovative management techniques”.

► **Figure B2.16.1 Association between social dialogue, establishment performance and workplace well-being (z-scores)**

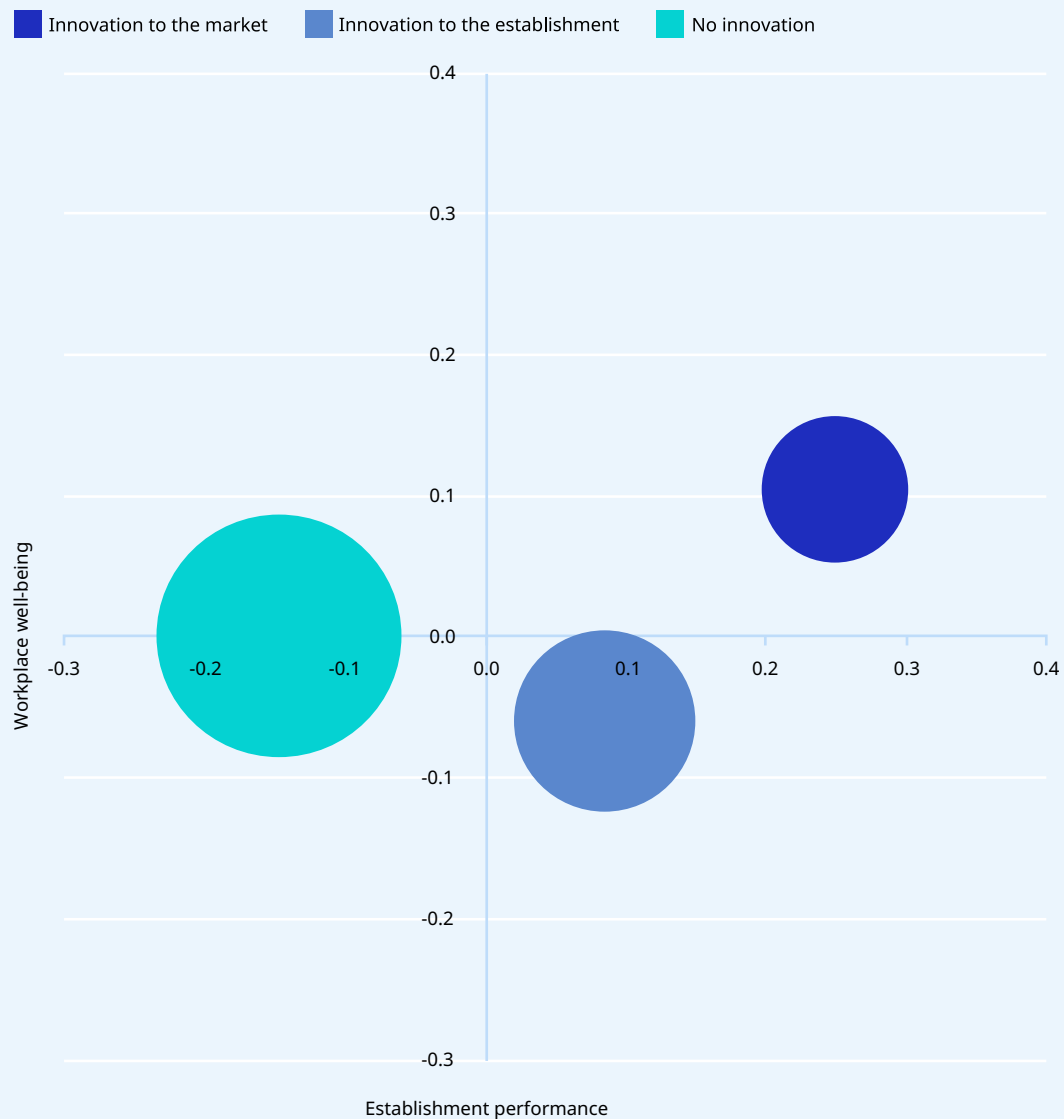


Source: Eurofound and Cedefop, 2020, figure 80, based on European Company Survey 2019 management questionnaire.

► **Box 2.16 (continued)**

Similarly, company economic performance, workplace well-being and workplace practices that privilege employee participation/collaboration are positively associated with “innovation to the market” (see figure B2.16.2). Companies that systematically interact with their employees through various channels, and allow them to participate in decision-making, are more likely to introduce “innovation to the market” than those which do not (Eurofound and Cedefop 2020, 32).

► **Figure B2.16.2 Workplace well-being and establishment innovation, by establishment type (z-scores)**



Source: Eurofound and Cedefop, 2020, figure 80, based on European Company Survey 2019 management questionnaire.

Improving productivity is also important in reducing informality and increasing employment in the formal sector (ILO 2020d, 2021f). According to the ILO *Global Wage Report 2020–21*, “low productivity is one of the drivers of informality” (ILO 2020e). Promoting formalization is important for an enabling legal and regulatory environment, especially in ensuring fair competition among enterprises and workers. Allowing informality to persist leads to reduced tax revenues and social security contributions; low productivity; problems in accessing finance and unfair competition for registered businesses; and poor working conditions and a lack of social protection for workers (Global Deal 2020).

The inclusiveness of PLSD institutions is likely to influence the approach adopted to tackling informality. In line with the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), where the most representative employers’ and workers’ organizations include in their ranks representatives of membership-based representative organizations of workers and economic units in the informal economy, the presence of these representatives increases support and incentives to formalize.²⁷


For example, in Ghana, the Employers’ Association has assigned a seat on its governing council to the Association of Small Scale Industries and has created an SME Desk as a point of contact for small enterprises. Similarly, the Trades Union Congress has encouraged its affiliates to change their constitutions to allow the affiliation of

existing associations of informal workers (ILO 2019). The development in the Philippines of the Labor and Employment Plan 2017–2022, which was based on nationwide consultations, involved not only the most representative organizations of employers and workers, but also representatives of the informal economy, migrant workers and other groups, offering them a unique opportunity to influence policies that affect the environment for sustainable enterprises.²⁸

A gender-related productivity gap also needs to be considered, as women-led enterprises encounter barriers in accessing technology, foreign investment and other favourable business terms. Women’s unpaid care work also remains outside most productivity measurements, even though unpaid care indirectly subsidizes other forms of paid work (ILO 2022d).

► 2.4.3 The role of peak-level social dialogue in shaping sustainable trade and investment policies

International policy frameworks, including certain free trade agreements, emphasize the role of PLSD in shaping national policies on FDI and the operations of multinational enterprises (MNEs). The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) also places emphasis on consultations between MNEs, governments and employers’ and workers’ organizations to align FDI policies and business practices with host country laws, development priorities and social goals. It encourages Member States to promote the MNE Declaration nationally, including through tripartite-appointed focal points, with a view to facilitating dialogue and institutionalizing the aims of the MNE Declaration, in line with the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144) (see box 2.17).²⁹

 The inclusiveness of PLSD institutions is likely to influence the approach adopted to tackling informality.

²⁷ Bill Salter, “The Role of Social Dialogue in Creating Enabling Business Environments for Sustainable Enterprises”, report commissioned by the ILO in December 2023.

²⁸ Salter.

²⁹ MNE Declaration, Annex II(1)(b).

► **Box 2.17 Applying the principles of the MNE Declaration in Senegal**

In Senegal, the Higher Social Dialogue Council (HCDS) is a national tripartite social dialogue institution composed of ten representatives from the Government, employers and their organizations, and trade unions. It is the primary institution to facilitate tripartite social dialogue at the national and sectoral levels, while ensuring appropriate mechanisms for dialogue at the branch and enterprise levels.

The HCDS established a tripartite commission to promote the MNE Declaration in August 2017. In December 2017, the Ministry of Labour, the HCDS, the national employers' organization and the national trade union confederation each appointed, in accordance with the principles of Convention No. 144, their officials to serve as national focal points to promote the MNE Declaration. Since their appointment, the four Senegalese national focal points have utilized tripartite social dialogue at the national and subregional levels to translate the principles of the MNE Declaration into concrete policies and practices to encourage sustainable economic development in Senegal and the West African Economic and Monetary Union.

Source: Masocha, forthcoming.

Economic and social councils have more recently been moving towards addressing broader economic matters, such as trade and investment (European Commission 2019; ILO 2017). Previously viewed as advisory bodies, in some countries such councils are now involved in shaping national policies and developing strategies to expedite policy implementation, including those associated with enterprise due diligence in supply chains (Masocha, forthcoming). However, formulating and pushing through objectives spanning investment, employment and skills development is complex and requires clear mandates for multi-stakeholder involvement, encompassing ministries, implementing agencies, the social partners and MNEs (OECD 2022). In South Africa, NEDLAC is an early example of a PLSD body with a clear mandate in this field (see box 2.18).

At the same time, trade agreements themselves have increasingly been making reference to the social partners. In some countries, trade agreements have fostered social dialogue, including through various ILO development cooperation projects (Corley-Coulibaly, Grasselli and Postolachi 2023a). A recent ILO study shows the share of regional trade agreements³⁰ that include a role for social dialogue in implementation and cooperation (see figure 2.6). These include national advisory groups with employers' and workers' representatives, transnational ministerial councils or committees for government representatives, public engagement and consultation procedures that invite the views of broader civil society, as well as public submissions – a process for receiving complaints in which the social partners often participate.

► **Box 2.18 Institutionalizing trade and investment issues in NEDLAC**

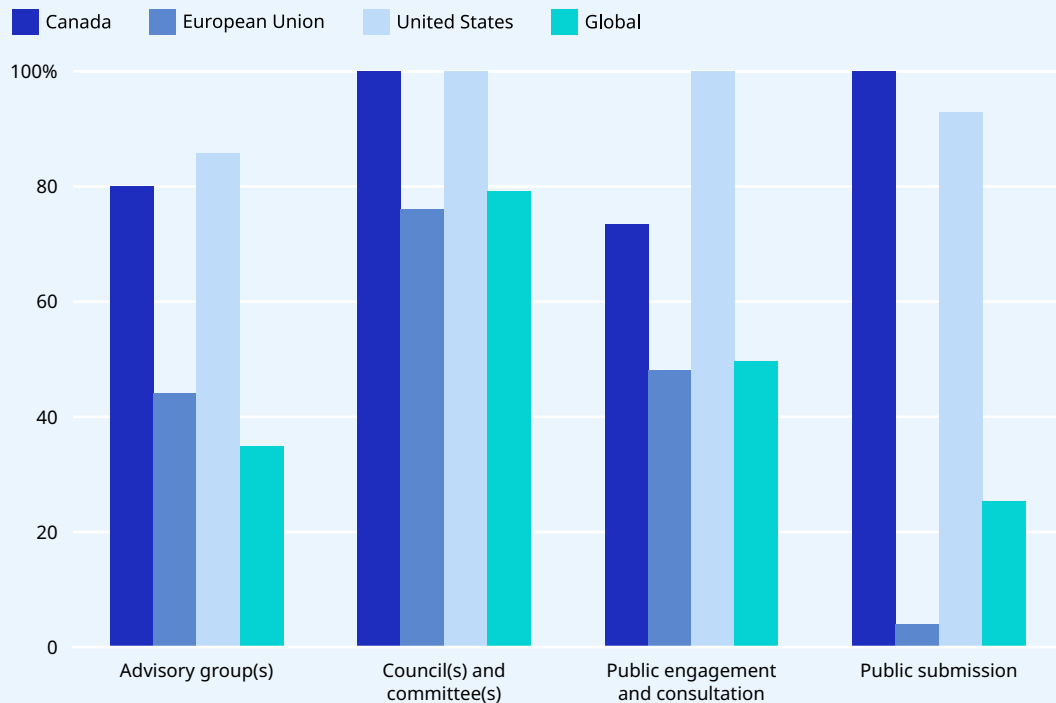
In South Africa, NEDLAC facilitates cooperation between the Government, organized business, labour and civil society to address economic, labour and development challenges through joint problem-solving and negotiation. It reviews all draft legislation with socio-economic and labour market implications before it reaches the Parliament. NEDLAC's technical work is distributed between four chambers: Trade and Industry; Development; Labour Market; and Finance and Fiscal.

In February 2023, the Trade and Industry Chamber discussed strategies to promote South Africa as a preferred investment destination, in line with the transition to a low-carbon, climate-resilient economy. NEDLAC's committees, such as the Technical Sectoral Liaison Committee (TESELICO), review trade agreements and shape South Africa's negotiating position, providing input to initiatives such as the Southern African Customs Union, the Southern African Development Community and trade relations with the European Union. TESELICO also helps to formulate national positions in global trade forums and periodic reviews of trade policies.

Source: Masocha, forthcoming.

³⁰ The term "regional trade agreement" includes bilateral, plurilateral and regional agreements.

► **Figure 2.6 Proportion of regional trade agreements referring to the social partners in institutional frameworks, Canada, European Union, United States and global, 1994–2023 (percentage)**



Note: The figure covers all 113 regional trade agreements with labour provisions notified to the WTO as of April 2024, including the first trade agreement with binding labour provisions, namely the North American Free Trade Agreement (NAFTA 1994), which is no longer in force.

Source: ILO Labour Provisions in Trade Agreements Hub.

A majority of the trade agreements analysed (94 per cent worldwide) that refer to the establishment of advisory groups, or the use of existing consultative mechanisms, also include provisions on seeking advice from employers’

and workers’ representatives. All of the Canadian and United States trade agreements include this reference, as do most European Union agreements (90 per cent) (Corley-Coulibaly, Grasselli and Postolachi 2023b).

This chapter has shown the complexity of policymaking to achieve the goals of decent work and sustainable development in four interconnected areas: policies for full employment, rights at work, social protection policies and schemes, and the development of sustainable enterprises. Achieving these goals calls for extensive coordination in a wide variety of policy areas, with the government authorities and departments that deal with these topics using a “whole-of-government” approach. There is a need for policy coherence and stability across government ministries that focus on issues relating to economic growth and those focusing on social issues. In this sense, PLSD has the potential to function as a proactive broker to bridge traditional policy silos, inject a more long-termist vision and

forge evidence-led pathways towards inclusive and sustainable economic growth.

Examples from both developing and developed countries illustrate in practical terms how PLSD contributes to a wide-ranging list of policies and harmonizes them with the ILO Decent Work Agenda. The social partners are well placed to convey the needs and priorities of their constituents and mediate the ground-level implementation of solutions brokered at the national, inter-occupational and sectoral levels. Despite broader limitations on the presence and capacities of PLSD, it is paramount for the achievement of the SDGs, notably SDG 8, and for fostering long-term, sustainable and inclusive approaches to economic development.

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3

Chapter

▶ Peak-level social dialogue for a fair income distribution



Recent research underscores the adverse impacts of high levels of inequality on sustainable economic growth. Inequalities increase the risk of environmental degradation, hinder poverty reduction efforts, diminish social cohesion and mobility, and heighten the risk of social unrest and political instability (ILO 2021a). In recognition of these challenges, reducing inequality became a central objective of the 2030 Agenda for Sustainable Development.

The ILO Centenary Declaration for the Future of Work (2019a) further emphasizes the centrality of decent work in achieving sustainable development by tackling income inequality and poverty. It urges ILO Member States to leverage tripartism and social dialogue to forge a “human-centred approach to the future of work” (ILO 2019a).

This chapter focuses on labour income inequality, in particular wage inequality, and argues that peak-level social dialogue (PLSD) has proven effective in promoting inclusive policy frameworks prioritizing income equality and sustainable economic development.

The chapter explores two key forms of PLSD instrumental in combating high labour income inequality. First, minimum wage fixing, involving employers’ and workers’ organizations, can be very effective in combating low pay and promoting productive and full employment, while upholding social justice. Second, sectoral collective bargaining can protect low- and middle-earners by promoting wage equality and aligning real wages with productivity growth, especially when it interacts effectively with minimum wage policy. Acting together, these forms of PLSD can be critical in mitigating two major challenges aggravating labour income inequality – the cost-of-living crisis and discriminatory gender pay gaps.



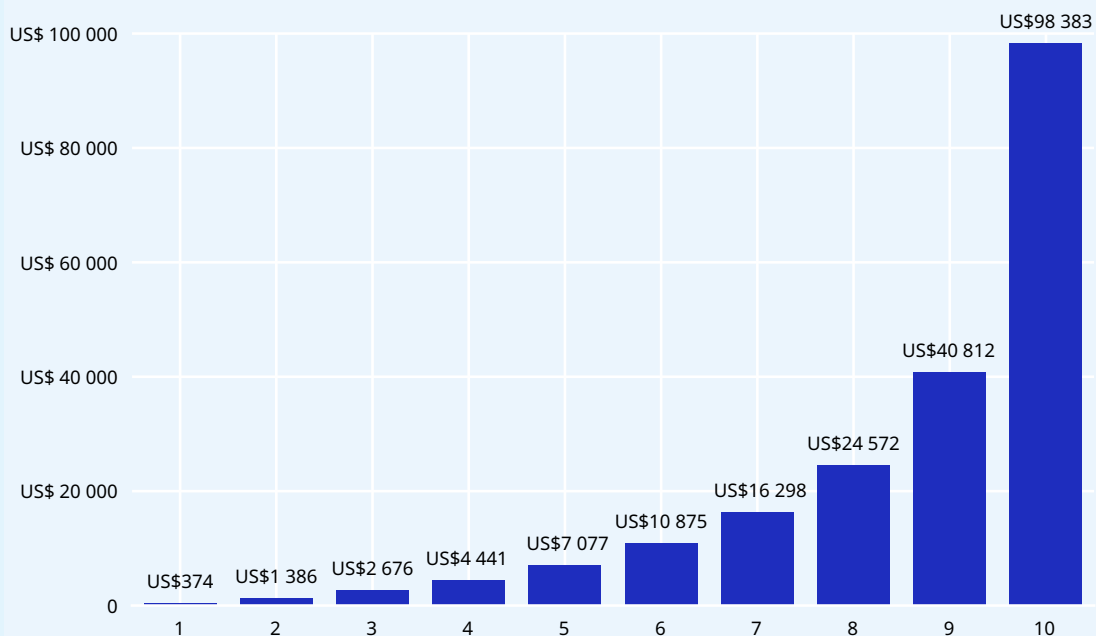
This chapter focuses on labour income inequality (see box 3.1) and investigates how the social partners can contribute to reducing it through different forms of PLSD. Labour income inequality, measured using data on household income, is a form of “vertical inequality” and is at the centre of the policy debate because it captures measures of poverty and extreme wealth. Labour income inequality also underpins and interconnects with many forms of “horizontal inequality”, which encompass gender inequalities and disparities between different groups in society. Further, inequalities often intersect and mutually reinforce each other, resulting in individuals facing multiple forms of inequality simultaneously.¹

▶ Inequalities often intersect and mutually reinforce each other, resulting in individuals facing multiple forms of inequality simultaneously.

▶ Box 3.1 A global measure of income inequality

Labour income inequality remains an enormous challenge. Figure B3.1.1 shows that the yearly labour income of a worker in the poorest 10 per cent category amounts to US\$374, while a worker in the richest 10 per cent earns US\$98,383 annually. This means that the poorest 10 per cent earn only 0.4 per cent of what the richest 10 per cent earn in labour income. Despite a slight improvement in recent years, the share of labour income held by the wealthiest 10 per cent globally amounted to 45.6 per cent in 2020, while the bottom half of the world’s workforce received just 8.9 per cent.

▶ Figure B3.1.1 Annual labour income by decile, 2020 (US dollars, purchasing power parity)



Note: For more information on statistics on labour income and inequality, see ILOSTAT: <https://ilostat.ilo.org/topics/labour-income>.


Source: ILO modelled estimates, November 2022; ILOSTAT.

¹ For a comprehensive review of the various forms of inequality, including in the world of work, see ILO (2021a, 2024a).

This chapter underlines the critical role of two specific forms of PLSD – minimum wage fixing and sectoral collective bargaining – in reducing labour income inequality. These wage-setting institutions have the potential not only to narrow wage inequality, but also, and perhaps more significantly, to help align real wages with productivity growth by coordinating macro-level wage rises with inflation and output measures. Overall, as the chapter shows, this can help uplift the global labour income share (the portion of GDP allocated to labour compensation), thereby making a major contribution to restoring a fair sense of income inequality among the world’s workforce.

The chapter also examines how these two forms of PLSD have contributed to addressing the cost-of-living crisis and combating gender pay discrimination. The evidence suggests that the combination of these two forms of PLSD has proven effective in responding to high labour income inequality in advanced and developing economies (ILO 2021a, 2022a). Conversely, countries lacking effective PLSD are less well-equipped to establish and sustain the institutional mechanisms needed to achieve a fair labour income distribution.

Similar to other urgent policy objectives, such as decent work (see Chapter 2) and ensuring just transitions (see Chapter 4), the design and implementation of policies to address high labour income inequality is challenging. It requires investment in institutional mechanisms that can voice divergent interests, share trusted data, build collaborative relationships and generate creative solutions to complex problems (see Chapter 1). This chapter shows that PLSD institutions can offer an inclusive and long-term road map to address the key drivers of current high labour income inequality.

 **PLSD institutions can offer an inclusive and long-term road map to address the key drivers of current high labour income inequality.**

3.1

Promoting adequate minimum wages through peak-level social dialogue

In recent years, there has been a resurgence of interest globally in minimum wage policies as a key distributive labour institution that protects workers against low pay,² reduces wage inequality and is integral to sustainable economic development (ILO 2020a; OECD 2022a). This reflects a growing research consensus that minimum wages should be set at an adequate level to avoid negative effects on employment, while increasing the earnings of low-paid workers (Dube 2019; Hijzen, Montenegro and Pessoa 2023). The need for adequate minimum wages to protect workers is particularly important in the absence of effective collective bargaining (OECD 2022a). By increasing the relative earnings of low-wage workers, minimum wages diminish wage and income inequalities and the gender wage gap (ILO 2020a; Rubery and Grimshaw 2011).

And yet, the distributive and equality-enhancing effects of minimum wages are not automatic. Of fundamental importance is the proactive and crucial involvement of peak-level social partners in these processes, as required by the Minimum Wage Fixing Convention, 1970 (No. 131). The social partners fulfil a variety of functions, such as advocating changes in minimum wage regulations, determining wage levels and engaging in various forms of dialogue – from formal consultations and negotiations with governments as members of minimum wage

² The term “low-paid wage worker” is used to describe those workers whose hourly wage falls below 50 per cent of the median hourly wage in a given country (see ILO 2024b).

policy bodies to engaging in collective bargaining to establish minimum wages for specific economic sectors. Understanding the diversity and impact of PLSD approaches in the various countries is important in maximizing the equality-inducing effects of minimum wages.

This section provides a snapshot of minimum wage systems around the world, describes their distributive potential and examines country differences in the engagement of the social partners in minimum wage processes. A brief history of the ILO's long-standing concern with minimum wage policy is provided in box 3.2.

► 3.1.1 Minimum wage compliance and coverage

The significance of minimum wages as a mechanism to promote social justice is underlined by the fact that minimum wage systems have been established in over 90 per cent of ILO Member States (see figure 3.1). Of these, 93 per cent rely on statutory minimum wages, meaning

that they are determined by governments, mostly with some kind of engagement by the social partners. In a much smaller proportion of countries (7 per cent), minimum wages are negotiated by the social partners, meaning that they are established solely or predominantly through collective agreements. In many countries, the two systems co-exist, with the result that a statutory minimum wage underlays a set of higher wages agreed on collectively for specific industries or enterprises (ILO 2020a).

► Over 90% of ILO Member States have a minimum wage system – underlining its significance as a mechanism to promote social justice.

► Box 3.2 A brief history and definition of minimum wages at the ILO

Wage policies have been central to the agenda of the ILO since its creation in 1919. Based on the view that “universal and lasting peace can be established only if it is based upon social justice”, the ILO Constitution calls in its Preamble for an urgent improvement of conditions of labour, including “the provision of an adequate living wage”.

The Declaration of Philadelphia also refers to the importance of “a minimum living wage to all employed and in need of such protection”. More recently, this has been reiterated in the ILO Declaration on Social Justice for a Fair Globalization (ILO 2008) and the ILO Centenary Declaration for the Future of Work (ILO 2019a), which emphasize the importance of strengthening labour market institutions and protecting workers through, among other measures, the implementation of “an adequate minimum wage, statutory or negotiated”.

Although Convention No. 131 does not offer a specific definition, minimum wages can be understood as “the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract” (ILO 2014, 33). This recalls the binding nature of minimum wages, irrespective of the method used to fix them.

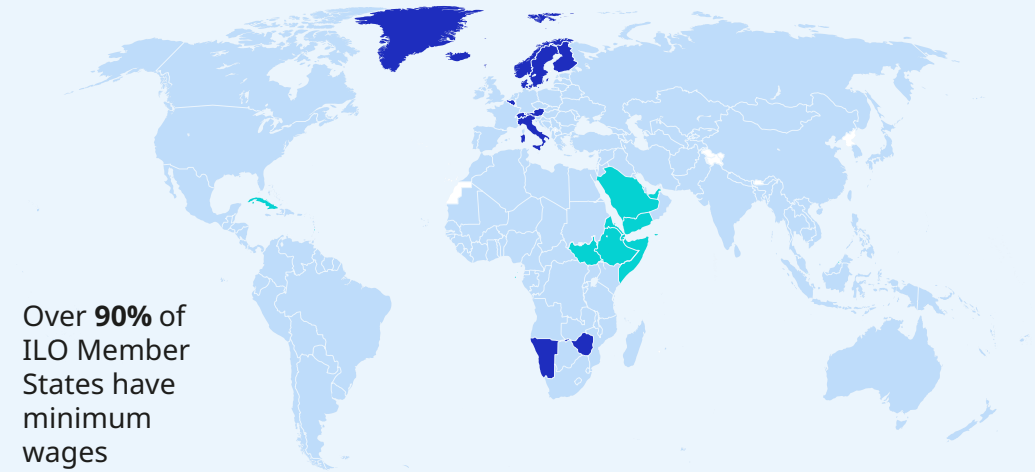
Minimum wages can be statutory or negotiated, that is, they can be set by decision of a competent authority, including a wage board, wage council, industrial or labour court or tribunal (statutory), or may be set by a negotiated collective agreement between employers’ and workers’ organizations that is made legally binding.

Countries with wage floors that apply only to the civil service or public sector are not counted as having a minimum wage. The wages of civil servants are typically determined by pay scales established through administrative law or arrangements that often operate independently of minimum wage legislation.

Source: ILO, 2020a.

► **Figure 3.1 Distribution of minimum wage systems around the world, 2024**

■ Statutory minimum wage
 ■ Negotiated minimum wage (collective bargaining)
 ■ No minimum wage



Over **90%** of ILO Member States have minimum wages

Namibia's newly introduced statutory minimum wage will come into effect on 1 January 2025. Boundaries shown do not imply endorsement or acceptance by the ILO. See full disclaimer: ilo.org/disclaimer.

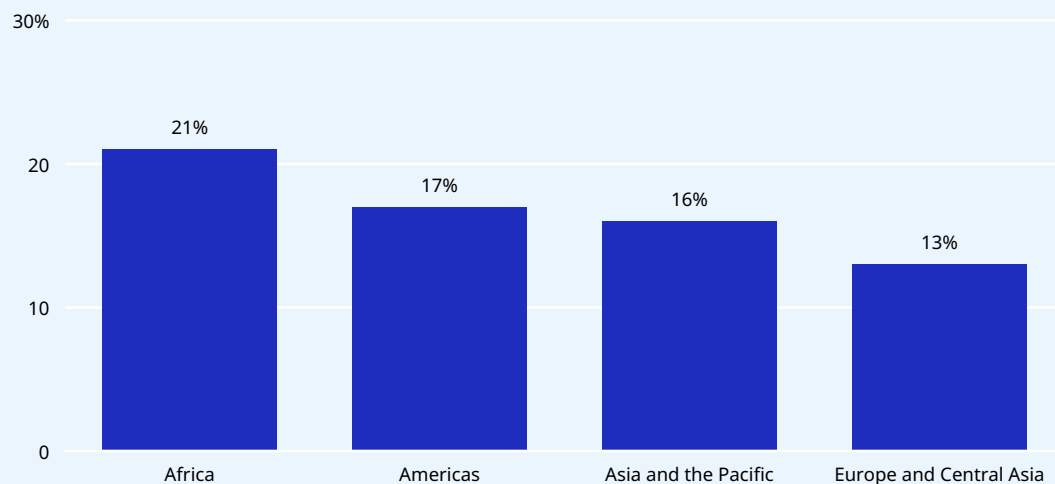
Source: ILO Minimum Wage Database.

Despite the international diffusion of minimum wages, not all systems can be said to be effective in affording adequate protection to all workers. Persistent issues, such as non-compliance and gaps in legal coverage, continue to undermine the potential of minimum wage systems to combat labour income inequalities. Moreover, many countries fail to regularly adjust their minimum wage rates, leading to an erosion of the purchasing

power of workers, and ultimately weakening the effectiveness of minimum wage institutions.

Globally, the ILO estimates that 266 million wage earners, accounting for roughly 15 per cent of all wage employees worldwide, fall below the minimum wage mandated by their respective countries (ILO 2020a), with major disparities across regions (see figure 3.2).

► **Figure 3.2 Proportion of wage earners paid less than the hourly minimum wage, by region, 2019 (percentage)**



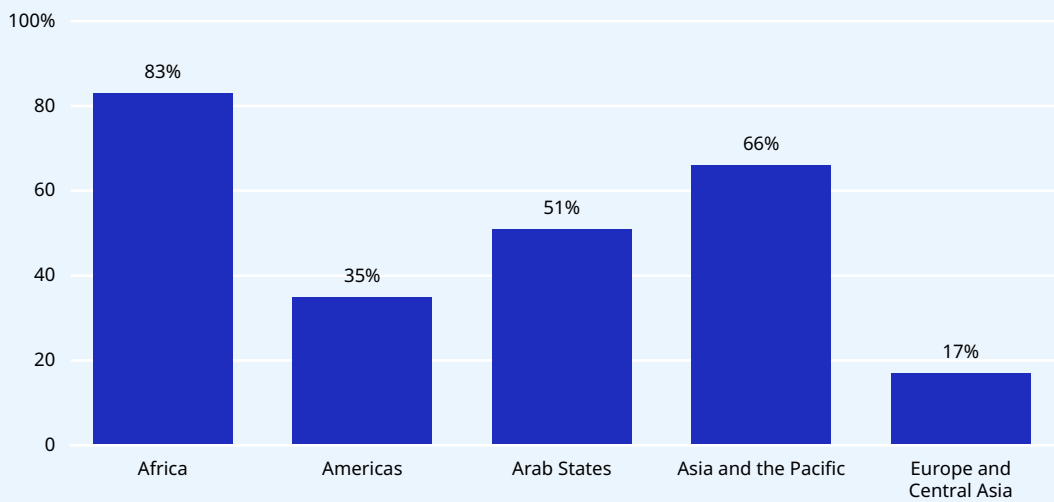
Note: The ILO global estimates include results for the Arab States, in which about 1 million wage earners are estimated to receive less than the minimum wage. However, results for the Arab States are not shown because of insufficient data to produce reliable estimates.

Source: ILO, 2020a.

Non-compliance is especially widespread in the informal economy, in which 2 billion persons worldwide are engaged, or 57.8 per cent of employed persons aged 15 and above, with the share varying widely by region (see figure 3.3). The persistence of informal labour, especially in low-income countries, greatly undermines the capacity of labour administrations to enforce compliance with minimum wages and ultimately the effectiveness of minimum wage systems in reducing labour income inequality (ILO 2020a).

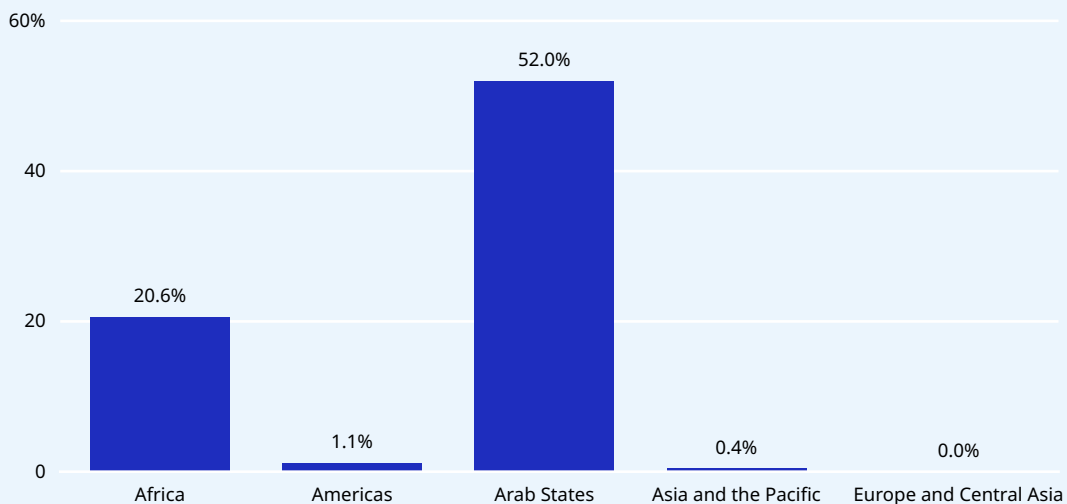
Many minimum wage systems also fail to adequately safeguard key groups of workers who require the most labour protection. An estimated 18 per cent of countries with statutory minimum wages exclude agricultural or domestic workers, or both, from coverage. Finally, about 3.1 per cent of wage earners globally, or around 57 million individuals, live in countries without minimum wage systems. The regions with the highest proportion of wage earners without minimum wage protection are the Arab States and Africa (see figure 3.4).

► **Figure 3.3 Proportion of workers in informal employment, by region, 2024 (percentage)**



Source: ILO modelled estimates, ILOSTAT.

► **Figure 3.4 Proportion of wage earners in countries with no minimum wage system, by region, 2020 (percentage)**



Source: ILO, 2020a.

Overall, the distributive potential of minimum wages depends on the proactive engagement of the social partners. This is because PLSD is crucial in driving four key features of the design and implementation of minimum wage systems that contribute to increased pay equity. First, minimum wages must have broad legal coverage, encompassing those most in need of protection, such as domestic workers. Second, they must enjoy a high level of compliance by employers. As non-compliance is widespread in countries with high rates of informality and weak enforcement institutions, the equality-enhancing effects of minimum wages require complementary initiatives to promote the transition to the formal economy. Third, minimum wages must be set at an adequate level (see box 3.3). Fourth, the intended distributive effect is strongly influenced

by the composition and characteristics of the beneficiaries of minimum wages, particularly the incidence of minimum wage earners, tax policy and access to supplementary welfare income for those living in low-income households (Grimshaw and Rubery 2013).

PLSD is also central to operationalizing living wages. In March 2024, the ILO Governing Body endorsed the Conclusions of a Meeting of Experts on Wage Policies, including Living Wages, convened in February 2024 (ILO 2024c). The Conclusions identify essential criteria denoting the concept of a living wage and outline fundamental principles for estimating it (see box 3.4). The Conclusions affirm that living wage estimates “can contribute to and inform an evidence-based social dialogue for wage setting” (ILO 2024c, para. 8).

► **Box 3.3 A balanced approach to an adequate minimum wage level**

Determining the appropriate level of minimum wages is one of the most challenging aspects of wage regulation. If they are set too low, minimum wages may offer inadequate protection against low pay and working poverty. If they are set too high, they may face low compliance rates and a potentially negative impact on employment (ILO 2016).

Article 3 of Convention No. 131 calls for a balanced approach when setting and adjusting minimum wages:

The elements to be taken into consideration in determining the level of minimum wages shall, so far as possible and appropriate in relation to national practice and conditions, include:

- (a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups;
- (b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.

► **Box 3.4 The ILO Conclusions on living wages**

The Conclusions emphasize that decent wages are central to economic and social development, essential for reducing poverty and inequality, ensuring a decent and dignified life, and advancing social justice. The Conclusions (Paragraph 5) indicate that the concept of the living wage is:

- the wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and calculated for the work performed during the normal hours of work;
- calculated in accordance with the ILO’s principles of estimating the living wage;
- to be achieved through the wage-setting process in line with ILO principles on wage setting.

The Conclusions also outline principles that should be followed for the estimation of living wages, including:

- the use of evidence-based methodologies and robust data;
- consultations with employers’ and workers’ organizations;

► Box 3.4 (continued)

- transparency;
- public availability;
- clarity on the inclusion of social security and other contributions;
- regular adjustments;
- consideration of gender equality, non-discrimination and local socio-economic and cultural factors.

The operationalization of a living wage within wage-setting processes should be evidence-based and aligned with ILO principles. This involves strengthening social dialogue and collective bargaining, empowering wage-setting institutions and promoting incremental progression from minimum wages to living wages, with national or local ownership.

Wage-setting should prioritize the “needs of workers and their families and economic factors are the two pillars of wage-setting processes” (Paragraph 13(a)). Moreover, sustainable strategies for the promotion of living wages must go beyond wage-setting mechanisms and include fostering sustainable economic growth, structural transformation and ensuring that productivity growth translates into wage increases, facilitated by robust labour market institutions and social dialogue.

Source: ILO, 2024c.

► 3.1.2 The role of the social partners in statutory minimum wage fixing

Commitment to the principles and actors of PLSD (see Chapter 1) is central to establishing and sustaining an adequate minimum wage system with positive benefits for wage equality. International labour standards require governments to ensure the full consultation and, as far as possible, the direct participation on an equal basis of the social partners in decisions regarding the establishment, operationalization and adjustment of minimum wages (see box 3.5).

Employers' and workers' organizations should be able to nominate directly or propose representatives, based on transparent and predetermined criteria, in accordance with Convention No. 131. Moreover, consultations should not be a mere formality, as they are only likely to be effective when conducted in a transparent manner and before any decisions are made by governments.

More generally, social dialogue on minimum wage fixing enhances the quality and legitimacy of procedures and outcomes because it leverages the deep understanding of the social partners of labour market dynamics. To maximize the benefits of evidence-based social dialogue, it

is crucial to provide the social partners with reliable data and timely analysis to facilitate informed decision-making. The insights of the social partners into the needs of workers and the capacity of enterprises to pay higher wages assist in implementation and compliance, enhancing the legitimacy of the decisions made and fostering stronger commitment to their implementation (Guardiancich and Artale 2018; ILO 2014).³

There is strong evidence that the involvement of the social partners has contributed in recent years to improving the design and use of minimum wages as a policy instrument to tackle poverty and income inequality, including to keep up with high inflation (ILO 2020a). Since 2010, new

► Commitment to the principles and actors of PLSD is central to establishing and sustaining an adequate minimum wage system.

³ The Committee of Experts on the Application of Conventions and Recommendations (CEACR) has repeatedly emphasized the principle of the full consultation and participation, on a basis of equality, of the social partners in the establishment and operation of minimum wage systems within the framework of Convention No. 131. For recent reports, see CEACR observations concerning the application of Convention No. 131 by the Plurinational State of Bolivia (2023), Ecuador (2022) and Kyrgyzstan (2022).

► Box 3.5 The rationale for consultation on minimum wages

The principle of full consultation with the social partners lies at the heart of Convention No. 131, which provides in Article 4 that:

1. Each Member which ratifies this Convention shall create and/or maintain machinery adapted to national conditions and requirements whereby minimum wages for groups of wage earners covered in pursuance of Article 1 thereof can be fixed and adjusted from time to time.
2. Provision shall be made, in connection with the establishment, operation and modification of such machinery, for full consultation with representative organisations of employers and workers concerned or, where no such organisations exist, representatives of employers and workers concerned.
3. Wherever it is appropriate to the nature of the minimum wage fixing machinery, provision shall also be made for the direct participation in its operation of:
 - (a) representatives of organisations of employers and workers concerned or, where no such organisations exist, representatives of employers and workers concerned, on a basis of equality;
 - (b) persons having recognised competence for representing the general interests of the country and appointed after full consultation with representative organisations of employers and workers concerned, where such organisations exist and such consultation is in accordance with national law or practice.

national minimum wage systems have been introduced in countries such as Cabo Verde, Cyprus (see box 3.6), Egypt, Germany, Guyana, Malaysia, Qatar, South Africa and Suriname, and

in 2022 the European Union adopted a new directive to promote adequate minimum wages alongside more proactive social dialogue in its Member States (see box 3.7).

► Box 3.6 The first national minimum wage in Cyprus

Following extensive negotiations with the social partners, the Government of Cyprus introduced the first national minimum wage in August 2022 with the enactment of the Minimum Wage Decree (Regulation No. 350/2022).¹ This groundbreaking development occurred in a context of the decentralization of collective bargaining from the sectoral to the enterprise level, a trend that had accelerated following the global financial crisis.

Under the Minimum Wage Law of 1941, the Government had the authority to establish minimum hourly or monthly wages for specific low-paying occupations. These legally binding wage floors, traditionally set annually by the Government in consultation with the social partners, existed for nine occupations, including shop and healthcare assistants, and for 13 occupations in the hotel industry. With the unions calling for legal measures to protect workers from unduly low pay, the introduction of a national statutory minimum wage became central to policy discussions and was placed on the Government's agenda (Perdikis 2023).

In accordance with the Minimum Wage Decree, the national minimum wage came into effect on 1 January 2023. The Decree also established the Minimum Wage Adjustment Commission, composed of three worker representatives, three employer representatives and three independent experts. The Decree outlines several criteria for determining the wage floor, including economic development, productivity and employment trends, the overall development and distribution of wages, cost-of-living considerations and the impact of wage increases on employment levels and other indicators. The legislation excludes domestic, agricultural and shipping workers, trainees and interns, and those covered by hotel industry multi-employer collective agreements (Eurofound 2024).

The monthly gross minimum wage, initially set at €924 from 1 January 2023 for full-time employees after six months of continuous employment with the same employer, was adjusted to €1,000 as of 1 January 2024 (Regulation No. 402/2023). Although there was consensus in the Commission on the range of the increase, the Government made the final decision on the exact level. According to the Government, the latest increase has benefited over 25,000 workers, primarily in the retail sector (Kouroushi and Marathovouniotis 2024).

¹ Minimum Wage Decree (Regulations Nos 350/2022 and 402/2023).

► **Box 3.7 The EU Minimum Wage Directive: Promoting social dialogue to ensure adequate minimum wages**

Adopted in October 2022, the EU Minimum Wage Directive marks a substantial move towards ensuring fair and adequate wages for workers in EU Member States. With the aim of guaranteeing the adequacy of statutory minimum wages, enhancing collective bargaining on wage determination and expanding access to minimum wage protection, the Directive is closely aligned with the European Pillar of Social Rights.

The Directive introduces key provisions that emphasize the principles of non-discrimination and proportionality, particularly regarding wage variations or deductions. Although it does not prescribe exact thresholds for adequate minimum wages, it offers indicative reference values, such as 60 per cent of median and 50 per cent of average wages in a country. It outlines four essential criteria for the adjustment of statutory minimum wages: purchasing power, general wage levels, wage growth rates and long-term productivity trends. It also mandates Member States with less than 80 per cent of collective bargaining coverage to establish frameworks to strengthen conditions for collective bargaining and to formulate action plans accordingly.

The Directive underlines the centrality of PLSD in wage setting. On the one hand, it requires Member States to involve the social partners in setting and updating statutory minimum wages and, on the other, it encourages them to “promote the building and strengthening of the capacity of the social partners to engage in collective bargaining on wage-setting, in particular at sector or cross-industry level” (Article 4).

Recognizing the importance of minimum wages, especially during economic downturns, this new cross-border regulation seeks to ensure decent living standards for workers and to reduce in-work poverty, thus fostering sustainable and inclusive economic recovery.

Although Member States have until November 2024 to incorporate the Directive into national law, Eurofound (2024) has observed that the Directive is already influencing minimum wage-setting practices across the EU. A growing number of countries have linked their national minimum wage rates for 2024 to specific target percentages of average or median wages.

Source: Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union.

Various methods are employed globally to set and adjust minimum wages, reflecting a wide array of national traditions, contexts and industrial relations settings. However, the majority of ILO Member States seek to engage employers’ and workers’ organizations, often through tripartite bodies and other social dialogue institutions, in consultations before setting wage floors (ILO 2020a).

The nature and effectiveness of such consultations vary widely. Grimshaw’s (forthcoming) study of nine countries in different regions highlights the key distinguishing features of social dialogue in the minimum wage fixing process (see table 3.1). In countries with a strong tradition of social dialogue, the government sets the minimum wage after consultation or negotiations with the social partners, typically facilitated by institutional bodies, such as minimum wage councils. For instance, in Germany (see box 3.8), the social partners in the Minimum Wage Commission jointly and independently decide on minimum wage adjustments through a negotiation process, with

the Government’s role traditionally being limited to approving or rejecting the decision.

In South Africa, the social partners also significantly influence wage setting. Established in 2019 through negotiations in the South African PLSD institution, the National Economic Development and Labour Council (NEDLAC), the National Minimum Wage Commission includes representatives of workers, employers, organized communities⁴ and Government-appointed independent experts. The Commission’s mandate involves advising the Government on wage increases in sectoral determinations, thereby expanding the scope of PLSD.

In other cases, minimum wages are set with relatively limited consultation of the social partners, for example through a technical indexation system (such as in France, where the social partners are nevertheless consulted on the decision) or with the remit of achieving a government-mandated target. In Spain, the Government set up an advisory commission in 2021 to recommend strategies to achieve a minimum wage target of 60 per

⁴ Members from civil society organizations representing community and development interests.

► Box 3.8 The importance of the social partners in the German national minimum wage fixing system

Introduced in 2015 as part of a broader legislative package entitled the Act on the Strengthening of Collective Bargaining, the national minimum wage rules (Minimum Wage Act) in Germany recognize the centrality of employers' and workers' organizations in the wage fixing process. The Act both sets new rules for the statutory minimum wage and establishes conditions to facilitate sectoral minimum wages and the extension of collective agreements with a view to revitalizing the German collective bargaining system (Bosch, Schulten and Weinkopf 2021).

The Act also bolsters the influence of collective bargaining actors by requiring the minimum wage to be guided by the average trajectory of collectively agreed wages as the main criteria for determining its level. In practice, the social partners negotiate minimum wage adjustments every two years and the Government's role is limited to either approving or rejecting the recommended rate (Bosch, Schulten and Weinkopf 2021).

However, the regular adjustment procedure was temporarily suspended in 2022 when the German Parliament adopted legislation raising the statutory minimum wage to €12 an hour from 1 October 2022. In the following year, the mandate to set the minimum wage was returned to the Minimum Wage Commission.

In June 2023, the Commission approved its fourth adjustment, increasing the minimum wage to €12.41 an hour in 2024 and €12.82 an hour in 2025 (Dütsch, Ohlert and Baumann 2024). However, for the first time, the decision to adjust the minimum wage was not reached by consensus but by a majority vote.¹

The Commission also serves as a positive example of progress towards gender parity in wage fixing institutions. Each of the three groups represented on the Commission, the trade unions, employers and independent experts, has to propose at least one woman and one man for membership.²

¹ See https://www.mindestlohn-kommission.de/DE/Bericht/pdf/Beschluss2023.pdf?__blob=publicationFile&v=4.

² Sections 5 and 7 of the German Minimum Wage Act of 11 August 2014 (Federal Law Gazette I, p. 1348), as last amended by Article 2 of the Act of 28 June 2023 (Federal Law Gazette 2023 I No. 172).

cent of average earnings by 2023. An agreement between the Government and trade unions in September 2021 set minimum wage increases for 2021–23, although without the approval of employers. In 2024, the Government and the main trade unions agreed to raise the minimum wage again to €1,134, a 54 per cent increase since 2018 (Government of Spain 2024). These agreements mark a significant departure from past practices of tripartite social dialogue. Initially, a 2017 tripartite agreement had set the minimum wage increases for 2018–20. However, a change in government led to renegotiations in early 2020 to set the minimum wage for that year. Social dialogue on minimum wages was disrupted during the COVID-19 pandemic, and disagreements within the governing coalition delayed minimum wage decision-making in 2021, prompting a shift in approach (Puebla Pinilla 2024).

Representation on minimum wage councils may be confined to employers and trade unions, or include government, independent experts (normally academics) and community organizations. The selection of representatives may seek to reflect possible differences in experience in employers' and workers' groups. For example, in Viet Nam, there is specific employer representation of small

and medium-sized enterprises (SMEs), cooperative organizations and members of the Chamber of Commerce and Industry. The size of minimum wage fixing institutions can be large or small, varying between 32 members in Argentina to just 9 in the United Kingdom.

► 3.1.3 Setting minimum wages through collective bargaining

Minimum wages can be set either through statutory decisions made by the competent authorities after consultation with the social partners, or through collective bargaining between employers' and workers' organizations. Both approaches can also be operationalized simultaneously. Box 3.9 contains additional information on the provisions in international labour standards on negotiated minimum wages. However, only 7 per cent of ILO Member States that have established minimum wage systems rely exclusively on collective bargaining for minimum wage determination (see figure 3.1). These countries have strong and independent social partners, along with high collective bargaining coverage, which is most prevalent in multi-employer collective bargaining settings and where legal extension mechanisms, or *erga omnes* provisions, exist (ILO 2022b).

► **Table 3.1 Range of social partner engagement in institutional arrangements for minimum wage fixing, selected countries**

| Country | Type of engagement | Name of relevant wage-setting body and composition | Key features |
|----------------|---|--|--|
| Argentina | Consultation | <i>National Council for Employment, Productivity and the Adjustable Minimum Living Wage:</i> Government (Chair, 16) Employers (16) Trade unions (16) ¹ | Council also proposes unemployment benefits and the basic basket definition |
| Cambodia | Consultation | <i>Labour Advisory Committee:</i> Government (14) Employers (7) Trade unions (7) ² | The Committee fixes a minimum wage for the garment and footwear industry; recently extended to the travel goods industry |
| France | Indexation and consultation | <i>Minimum Wage Group of Experts:</i> Chair (1) ³ Independent experts (4) | Based on an expert report, the Government applies an automatic indexation rule comprising a weighted combination of inflation and average wage growth for manual and clerical workers Some limited consultation over the decision |
| Germany | Consultation and negotiation | <i>Minimum Wage Commission:</i> Independent Chair (1) Employers (3) Trade unions (3) Advisory members (academic experts) with no voting rights (2) ⁴ | Chair appointed by the Government based on a joint proposal by employers' and workers' organizations Decision subject to Government approval |
| South Africa | Consultation | <i>National Minimum Wage Commission:</i> Chair (1) Independent experts (3) Employers (3) Trade unions (3) Community organizations (3) ⁵ | Introduced in 2019 Improved social dialogue input from previous sectoral minimum wage fixing process (sectoral determinations) Chair and independent experts appointed by the Government |
| Spain | Government-set target and ad hoc consultation | No permanent minimum wage commission Ad hoc advisory commission established in 2021 comprising: Government (3 ministries) Employers (2 – withdrawn) Trade unions (2) Academics/independent experts (7) ⁶ | Government target: minimum wage to reach 60% of average wage (2019–23) Advisory commission provides guidance on how to define and reach target |
| United Kingdom | Consultation and Government-set target | <i>Low Pay Commission (all serve “in an individual capacity”):</i> Chair (1) ⁷ Employers (3) Trade unions (3) Independent experts (2) | Government targets: minimum wage to reach 60% (2016–20) then 66% (2020–24) of median wage |

| | | | |
|----------------------|---|--|---|
| United States | Statute only, no involvement of the social partners | No minimum wage commission ⁸ | The federal minimum wage is fixed unilaterally by the Government 30 of 50 states (and numerous cities) fix higher minimum wages using a range of rules, often in response to trade union campaigns |
| Viet Nam | Consultation | <i>National Wage Council:</i> Government (5) Employers (5) Trade unions (5) Independent experts (2) ⁹ | The Council proposes minimum wage adjustments for all four regions; independent experts joined from 2019 |

¹ See <https://www.argentina.gob.ar/trabajo/consejodelsalario>.

² See https://www.mvt.gov.kh/index.php?option=com_k2&view=item&task=download&id=327_7a51a37c2d55e9437295115a2d15a019&Itemid=236&lang=en.

³ See Decree No. 2009-552 of 19 May 2009.

⁴ See https://www.mindestlohn-kommission.de/DE/Kommission/Mitglieder/mitglieder_node.html.

⁵ See https://www.labour.za/Us/Pages/National_Minimum_Wage_Commission.aspx.

⁶ See https://www.lamoncloa.gob.es/serviciosdeprensa/notasprensa/trabajo14/Documents/2021/80621-%20Resumen_ejecutivo_comision_smi.pdf.

⁷ See <https://www.gov.uk/government/organisations/low-pay-commission/about/terms-of-reference#the-purpose-of-the-low-pay-commission>.

⁸ See <https://www.dol.gov/topic/wages/minimumwage>.

⁹ See <https://nhankiet.vn/vi/w2783/Decree-1452020NDCP---On-Working-Conditions-And-Labor-Relations.html>.

Source: Adapted from Grimshaw, forthcoming. Data collected through desk research and interviews with stakeholders.

Sectoral agreements, which may or may not be legally extended by government decision, are the predominant form of collective bargaining for the determination of minimum wages. This practice is particularly common in the Nordic European countries, namely Denmark, Finland, Iceland, Norway and Sweden. Several other European countries, including Austria, Italy and Switzerland, where a significant portion of employees are covered by collective bargaining agreements, also fall into this category.

Moreover, in Belgium, the average monthly minimum income is set through a national inter-occupational collective agreement under the bipartite National Labour Council (ILO 2023a). Most collective agreements are allowed to establish minimum wages, on condition that they meet or exceed statutory levels (the “favourability principle”), with the effect that, where the statutory minimum wage exceeds the baseline set in certain collective agreements, the statutory figure prevails (ILO 2020a).

► **Box 3.9 What international labour standards say about negotiated minimum wages**

The ILO CEACR has emphasized that Convention No. 131 and its corresponding Minimum Wage Fixing Recommendation, 1970 (No. 135), offer a broad choice of means of application (ILO 2014). These include fixing minimum wages by “giving the force of law to provisions of collective agreements”, as explicitly indicated in Recommendation No. 135 (Paragraph 6(e)).

As clarified by the CEACR, this does not require the extension of collective agreements to encompass all workers and employers in a specific sector or all branches in a country. The requirement is solely for negotiated minimum wages to be legally enforceable on the parties. However, it is imperative to consider the provisions regarding the scope of application of minimum wage systems, as outlined in Convention No. 131, which calls for coverage of “all groups of wage earners whose terms of employment are such that coverage would be appropriate” (Article 1).

Source: ILO, 2016.

3.2

Sectoral wage bargaining and its interaction with minimum wages

The role of PLSD in promoting minimum wage policy and shaping its distributive effects can be greatly amplified by its parallel role in the determination of wages through sectoral collective bargaining. As a major example of multi-employer bargaining, sectoral collective agreements are among the most effective PLSD instruments in reducing high wage inequality, including by combating pay gaps by gender, ethnicity and age (ILO 2022b). Indeed, the last decade has witnessed growing research evidence supporting the economic and equality advantages of sectoral bargaining, ranging from job growth and unemployment indicators to wage equality and training (for example, Andersen 2018; Brandl and Braakmann 2021; Grimshaw and Hayter 2020; OECD 2019; Wright 2022).

This section documents three pathways to greater wage equality afforded by sectoral wage bargaining. First, by aligning the growth of real wages with average productivity growth for specific sectors, the social partners can deliver a fairer distribution of wage gains from economic growth (ILO 2019b; Paternesi Meloni and Stirati 2023). Second, by strengthening the bargaining power of low- and middle-wage workers, sectoral bargaining tends to reduce the incidence of low pay, protect wage differentials and compress the overall wage structure (Hayter 2015; ILO 2022b). Third, in certain institutional contexts, sectoral bargaining can complement the pay equity effects of a statutory minimum wage by extending the gains of a rise in the minimum wage to workers further up the wage distribution through respect for wage differentials by skill, seniority and experience (Dingeldey, Grimshaw and Schulten 2021; Garnero, Kampelmann and Rycx 2015; Grimshaw, Bosch and Rubery 2014).

► 3.2.1 Aligning real wage growth with productivity growth

The balancing of decent living standards and incomes for workers with the sustainable growth of enterprises that create decent jobs is crucial to promoting social justice and economic progress. Successive ILO Global Wage Reports have emphasized the fundamental role of collective bargaining in aligning wage growth with productivity, thereby driving sustainable economic development and ensuring a fair income distribution. For example, collective agreements, especially at the sectoral level, can include wage increases linked to productivity and reductions in working time. Wage negotiators often leverage productivity measures during sectoral collective bargaining to call for fair pay, thereby helping workers secure a fair share of productivity gains, which in turn increases their commitment to the productive enterprise sustainability (ILO 2022b).

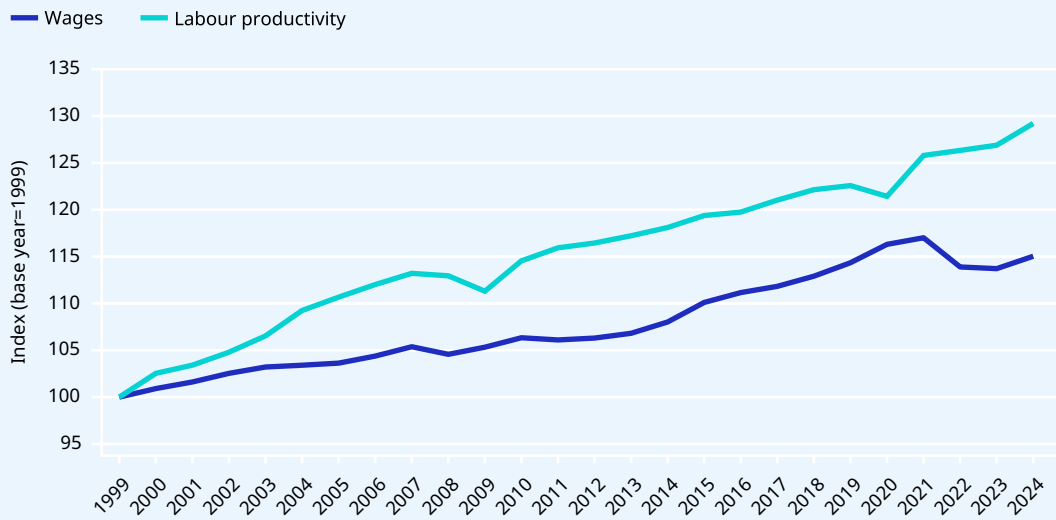
The decoupling of wages and productivity in recent decades has been an important driver of inequality (see figure 3.5). This is because it diminishes the global labour income share (the portion of GDP allocated to labour compensation) (see figure 3.6). Sectoral collective bargaining, in coordination with a well-designed minimum wage policy (see below), can help to realign wage and productivity growth by coordinating macro-level wage growth with inflation and output measures.

Alongside setting the base wage, the agenda of sectoral collective bargaining can include additional variable components tied to productivity and performance. These components encompass results-based pay systems, such as (see box 3.10):

- productivity-based bonuses linked to output;
- performance-related pay based on individual or team achievements;
- financial participation schemes, including profit-sharing programmes tied to enterprise performance (ILO 2023a).

► The decoupling of wages and productivity in recent decades has been an important driver of inequality.

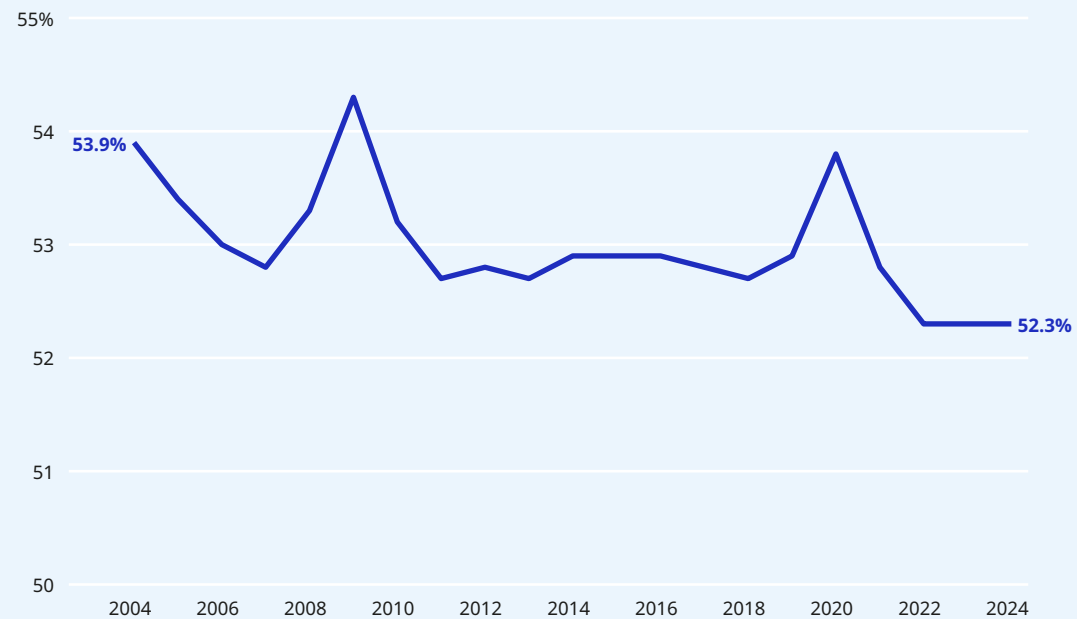
► **Figure 3.5 Trends in labour productivity and average real wages in high-income countries, 1999–2024 (index 1999 = 100)**



Note: Labour productivity is measured as GDP per worker. Both real wages and productivity indices are calculated as weighted averages using the national population as a weight so that larger countries have a greater impact at each point estimate. The estimates were obtained using 1999 as the base year. Data for 2024 are based on the first and second quarters of the year.

Source: International Monetary Fund for GDP data and ILOSTAT Global Employment Trends data set for wage employment data. Wage data are based on ILO estimates (ILO 2024b).

► **Figure 3.6 Global labour income as a share of GDP, 2004–24 (percentage)**



Note: The labour income share is the ratio of total labour income as a percentage of GDP (a measure of total output), both provided in nominal terms.

Source: ILO modelled estimates, August 2024; ILOSTAT.

► Box 3.10 Examples of sectoral agreements including variable pay components linked to productivity

Spain

In Spain, the collective agreement in the construction sector signed in 2017 and updated in 2022 regulates results-based pay by highlighting productivity as being vital for the growth of the sector. The agreement includes productivity bonuses or incentives, linking higher work yield to proportional increases in pay compared with standard levels. The agreement also establishes a bipartite Sectoral Productivity Commission that oversees the definition and approval of wage scales.

North Macedonia

In North Macedonia, the collective agreement in the hospitality sector specifies the allocation of performance-based pay, allowing for potential additional earnings of up to 30 per cent of the base wage. Performance-based pay is determined on the basis of several criteria: timely execution of work activities; labour productivity gained; savings in the work process; efficiency in the use of working hours; volume of work performed; and quality of work performed – with a 5 per cent pay increase received for each criterion that is met. The agreement also envisages an increase in the base wage based on the overall performance of the business.

Argentina

In Argentina, the collective agreement covering the banking sector signed in 2020 includes a profit-sharing scheme for workers. The programme is based on the overall profits of the financial system, using as a reference the average return on equity published by the Central Bank of Argentina over the previous six months. The amount is calculated and disbursed monthly, and is equivalent to one twelfth of a set of additional payments, which are also established in the agreement and vary depending on factors such as the worker's level of education and the work location.

Source: ILO, 2023a.

► 3.2.2 The interaction between sectoral collective bargaining and statutory minimum wages

A clearer understanding of the wage equality effects of sectoral collective bargaining at the country level requires more knowledge of how collective bargaining interacts with minimum wages. Comparing country experiences, this section seeks to guide policymakers and the social partners in their wage fixing roles to help close gaps in coverage and to address problems of non-compliance, especially in the informal economy.

A study commissioned by the ILO sheds light on the array of possible interactions between *sectoral collective bargaining* and the statutory *minimum wage* (referred to as “SCB–MW” interactions) by analysing a diverse sample of countries (Grimshaw, forthcoming). Table 3.2 presents the characteristics of four SCB–MW interaction types.⁵

Close interaction applies to a system with a relatively high collective bargaining coverage in which the statutory minimum wage often overlaps with collectively agreed wages. Base wage rates in sectoral collective agreements may sometimes fall below the statutory minimum wage, especially in the period following its adjustment, while near universal collective bargaining coverage lends the social partners considerable power in pressing for a high-value minimum wage. This means that

There is an array of possible interactions between sectoral collective bargaining and the statutory minimum wage.

⁵ Each type is an “ideal type”, which means that the typology can serve as an analytical basis for uncovering structural and institutional factors when assessing national systems. The intention is not to identify a “perfect fit” between national systems and ideal types, but rather to clarify the nuances inherent in the interactions between sectoral collective bargaining and statutory minimum wage policies across diverse national contexts.

► Table 3.2 Four sectoral collective bargaining–minimum wage (SCB–MW) interaction types

| Key features | 1. Close interaction | 2. Distant interaction | 3. Isolated minimum wage | 4. No minimum wage effect |
|---|---|--|--|---|
| Minimum wage value | Medium/high | Low/medium | Low/medium/high | Low/medium |
| Collective bargaining coverage | Medium/high | Medium/high | Low | Low |
| Interaction | Overlapping of the MW and CBWs Strong mutual influence of SCB and MW fixing | MW is an explicit benchmark to fix CBWs at a higher base wage | MW is the dominant influence on low wages CBWs of limited importance | Large MW coverage gaps and/or high non-compliance and/or weak “lighthouse effect” in informal sector (see box 3.11) |
| Expected wage equality effects of MW uprating | Far-reaching positive MW “ripple effects” (that is, the wage effect for workers earning above the MW threshold) lift workers out of low pay | Far-reaching positive MW “ripple effects” lift workers out of low pay, but workers outside SCB are at risk of a low MW | Zero (even negative) MW “ripple effects” create obstacles to escaping low pay, but a high MW floor is possible | MW benefits only a small segment of the workforce High share of workers is low-paid and faces high risk of wage exploitation |

Note: CBWs – collectively bargained wages.

Source: Grimshaw, forthcoming; adapted from Dingeldey, Grimshaw and Schulten, 2021, table 1.2.

there is a potentially strong and dynamic two-way interaction between these twin institutional motors for real wage growth.

France exemplifies this SCB–MW interaction type. In low-wage sectors, the many negotiated base wages in sectoral collective agreements tend to be at or close to the minimum wage, and the social partners tend to update collective agreements in the period immediately following the January minimum wage adjustment. Supplementary enterprise-level bargaining means that collectively bargained sectoral wage rates are topped up.

A key tension in countries with a close interaction is the risk that minimum wage rises overtake collectively bargained wage rises, with consequences for workers covered by collective bargaining agreements but nevertheless paid at the statutory minimum wage rate. In France, for example, while there has traditionally been a relatively low share of workers on the statutory minimum wage, this has

in recent years changed significantly, rising from 12 per cent in 2021 to 17 per cent in 2023, pointing to a shift in the relative responsiveness of collective agreements in low-wage sectors (Ley 2023).

Distant interaction represents countries or sectors with medium to high collective bargaining coverage and where the statutory minimum wage is an explicit point of reference for wage negotiations in sectoral collective agreements, but with a differential of typically around 10 to 20 per cent higher. The risk in some countries is that this institutional form may suppress the value of the minimum wage, as the resources of the social partners in minimum wage fixing are activated at a distance from social dialogue processes (Grimshaw and Johnson 2024). The question for the social partners is whether they should try to maintain a collectively agreed wage premium over the minimum wage or seek to level up the statutory wage floor to supplement and bolster collectively agreed wage gains for the lowest paid.

Isolated minimum wage describes a country or sector where collective bargaining is weak and underdeveloped, meaning that the main form of wage protection for low-wage workers is the statutory minimum wage. In principle, this type provides the greatest scope for variation in the relative value of the minimum wage. Because the social partners play a lesser role through collective bargaining, the government is relatively important in defining the trajectory of the minimum wage, which it may seek to cut, freeze or increase. In so doing, it may act in coalition with employer or trade union interests, or it may prioritize other policy goals, including those related to job growth, in-work poverty reduction and foreign direct investment attraction.

The cases of the United States and the United Kingdom are illustrative. In both countries, there are large shares of workers paid the minimum wage, approaching one in ten on aggregate in the United Kingdom, but far higher in some low-wage sectors in the country (Avram and Harkness 2019). The general absence of collective bargaining creates a lack of pay progression as human resources pay practices in firms not covered by collective bargaining do not include pay progression for seniority, skills and work experience for low-wage occupations, unlike those established through collective wage agreements (Grimshaw, Bosch and Rubery 2014).

No minimum wage effect captures the structural and institutional conditions applicable to workers who are protected by neither the minimum wage nor by collective bargaining. In many countries, especially low- and middle-income countries, minimum wage laws do not cover the large

numbers of self-employed persons and family workers in the informal economy, or agricultural and domestic workers (ILO 2020a, 92–95). Moreover, even where workers are covered by minimum wage legislation, they are still vulnerable to receiving low wages due to the risk of non-compliance with the law. While wage practices in some parts of the informal economy may mimic the statutory minimum wage (see box 3.11), in others unregistered business units may either be unaware of the minimum wage or choose to ignore it when setting pay rates, leading to high shares of workers earning below the minimum wage.

Two main considerations emerge from this analysis. First, the engagement of employers' and workers' organizations in minimum wage setting has a positive influence on the process of wage adjustment, even in contexts with limited collective bargaining coverage. Their involvement enhances the effectiveness of minimum wage policies in protecting low-wage workers and mitigating wage inequality, taking into account both the needs of workers and their families and economic factors. Second, country evidence suggests that minimum wages set through consultation or the direct participation of the social partners, and designed in a complementary manner through collective bargaining, are effective in promoting wage equality and sustainable economic development over the long-term, in line with the 2030 Agenda. When adequately combined with collective bargaining, minimum wages are more likely to be effective in protecting people in low-paid work, ensuring real wage growth and engineering wage justice.

► **Box 3.11 The impact of minimum wages on informal workers: The “lighthouse effect”**

In many countries, the minimum wage also has the potential to shape wage practices in the informal sector, whether or not workers are covered by law, and is likely to act in isolation from other wage-setting institutions, such as collective bargaining. For example, research evidence from Latin America suggests that the statutory minimum wage has some relevance for the high proportion of workers engaged in the informal economy.

In a recent study of six countries in the region (Argentina, Brazil, Chile, Colombia, Mexico and Peru), Lombardo, Ramírez-Leira and Gasparini (2024) have found direct evidence that increases in the minimum wage narrow the earnings differential between informal workers who earn the least and those in the 75th percentile of the wage distribution. The authors indicate that their results are consistent with the existence of a “lighthouse effect”. Although the minimum wage is only set for formal workers, it would appear to act as a reference price in the informal sector for wage bargaining (Lombardo, Ramírez-Leira and Gasparini 2024, 507).

Source: Lombardo, Ramírez-Leira and Gasparini, 2024.

3.3

Peak-level social dialogue responses to the cost-of-living crisis

In 2021–22, economies worldwide experienced a significant surge in inflation due to disruptions in supply chains caused by the COVID-19 pandemic, coupled with rising energy and food prices following the outbreak of the war in Ukraine. Since peaking in mid-2022, global inflation has declined more rapidly than anticipated in most regions, with advanced economies experiencing a particularly swift reduction. Projections indicate a decrease in the global inflation rate to 5.9 per cent in 2024 and 4.5 per cent in 2025 (IMF 2024). However, the prices of basic commodities remain high and geopolitical tensions pose persistent risks, particularly in global energy and food markets, which could lead to price spikes. These uncertainties may hinder global economic growth and adversely impact income inequality (OECD 2024a).

Although average real wages bounced back in 2023 and 2024, as inflation progressively receded (ILO 2024b), the ILO *Global Wage Report 2022–23* (ILO 2022c) highlighted the deleterious effects of the cost-of-living crisis on wages and purchasing power. Rising inflation caused negative real wage growth in numerous countries, diminishing the purchasing power of the middle class and disproportionately affecting vulnerable low-income groups. This inflationary pressure added to the substantial wage losses suffered by workers and their families during the COVID-19 crisis.

▶▶ To protect low-wage workers during economic crises, regular adjustments to minimum wages are essential.

The rise in inflation also increased labour income inequality within countries as lower-income households allocated a larger portion of their disposable income to essential goods and services, such as food and electricity, which were typically subject to higher price rises than non-essential items (ILO 2022c). High inflation rates also heavily impacted businesses across the world, with some sectors declining due to the huge increase in their production costs. Moreover, monetary tightening sparked higher interest rates, which have negatively impacted businesses as the cost of financing and investment has increased, dampening job creation in the private sector and slowing down economic growth (EC 2023; Shah et al. 2024).

In addition to wage adjustments, a range of policy tools have been used to mitigate the effects of inflation on workers and businesses with a view to ensuring a fair distribution of the costs of the crisis. These have included targeted fiscal measures, including temporary energy bonuses, in-work benefits and other social transfers, all of which have helped to maintain as much as possible the living standards of workers and their families, supporting aggregate demand (see Chapter 2). However, the most straightforward approach to assisting low-paid workers during the period of high inflation has been to raise the nominal value of minimum wages in order to compensate at least in part for the increase in the cost of living (ILO 2022c).

Minimum wages (statutory or negotiated), sectoral wage bargaining and social protection, designed and implemented through PLSD mechanisms, can mitigate the impact of cost-of-living crises on low-income households and ensure a fair distribution of inflation-related costs between employers and workers, as well as between workers at different pay levels (OECD 2023a). Research findings point to the overall positive impact of PLSD in addressing the cost-of-living crisis, including from two ILO surveys undertaken for the present report.

The first, a review of PLSD processes and outcomes in 43 countries between January 2021 and December 2023, shows that, of the 118 processes and outcomes identified during that period, 33 (28 per cent) focused on tackling inflation. These included policies aimed at safeguarding the real wages and incomes of the most vulnerable households, including through wage increases, social transfers and energy price caps (Guardiancich and Molina, forthcoming) (see Appendix 4). Further, national social dialogue institutions (NSDIs) helped to facilitate these policy discussions and implement solutions to address the cost-of-living crisis. According to the

ILO NSDI Survey of 71 employers' and workers' organizations involved in 42 NSDIs in 38 countries in all regions, 75 per cent of respondents⁶ assessed positively the effectiveness of NSDIs in addressing the impact of the crisis (Guardiancich, forthcoming).

The rest of this section shows how PLSD helped to alleviate the adverse inequality effects of inflation. It outlines the strategies used by governments and the social partners to adjust statutory minimum wages and enhance public sector wages. It also discusses cases of tripartite and bipartite PLSD, such as sectoral agreements, aimed at combating inflation and safeguarding the purchasing power of workers and their families.

► 3.3.1 Adjusting minimum wages to mitigate the cost-of-living crisis


In most countries, statutory minimum wages have been adjusted in response to rising inflation, which has contributed to protecting low-wage workers from the impact of the cost-of-living crisis. However, despite nearly 60 per cent of countries increasing the nominal value of minimum wages in 2022 and 2023, these adjustments have generally been insufficient to fully offset the effects of inflation. According to ILO data from a sample of 160 countries, the real minimum wage rose in only 14 per cent of the countries in 2021 and 27 per cent in 2022 (ILO 2024b).

While minimum wages have struggled to keep up with the cost of living during periods of high inflation in all regions, some countries, especially in the advanced economies, have managed to close the gap created by the cost-of-living crisis. For example, in Organisation for Economic Co-operation and Development (OECD) countries, minimum wages have generally surpassed their 2019 levels in real terms. On average, they

and May 2024, with a median increase of 8.3 per cent. This rise reflects substantial adjustments in nominal values throughout 2023, coinciding with a moderation of inflationary pressure. The adjustments were driven by a combination of automatic increases and discretionary adjustments, with the direct involvement or in consultation with the social partners (OECD 2024b).

To protect low-wage workers during economic crises, regular adjustments to minimum wages are essential, with the full participation of the social partners. Recommendation No. 135 indicates that minimum wage rates "should be adjusted from time to time to take account of changes in the cost of living and other economic conditions" (Paragraph 11) and, crucially in light of the recent period of month-to-month changes in inflation, adds that revisions can take place "either at regular intervals or whenever such a review is considered appropriate in the light of variations in a cost-of-living index" (Paragraph 12).

In many countries with statutory minimum wages, cost-of-living indicators are used to update the wage floor, which has a positive impact on lower-wage groups by compressing the wage distribution. For adjustments, minimum wages are often indexed to prices, for example in France, where the national minimum wage is re-evaluated annually based on a combination of the consumer price inflation experienced by the bottom income quintile of households plus half the change in average real hourly earnings for manual and clerical workers. The system also allows for within-year adjustments to take inflation into account. The formula incorporates buffers for negative inflation (in which case inflation is considered zero) and high inflation over 2 per cent (in which case the minimum wage is immediately raised by the inflation rate). The indexed change is checked each year by the Minimum Wage Group of Experts (see table 3.1), and the Minister of Labour then presents the proposed adjustment to the social partners through the bipartite National Committee on Collective Bargaining, Employment and Vocational Training (CNNCEFP) prior to its adoption (Eurofound 2024; Grimshaw, forthcoming). Indexation may also be based on wages determined by collective agreement (Netherlands) or average wages (Israel) (OECD 2023a).

 In a sample of 160 countries, real minimum wages rose in only 14% in 2021 and 27% in 2022.

increased by 12.8 per cent between May 2019

⁶ The question in the NSDI Survey was: "Based on your experience, has the NSDI dealt with (the impacts of) crises, or key national developments/priorities? Please answer 'yes' or 'no' to all options below." For more information, see Appendix 7.

In other countries, the social partners play a more direct role in determining minimum wages, including during periods of high inflation (see section 3.1.2). In Estonia, a tripartite “goodwill agreement” was signed in 2023 by the social partners and the Government with the objective of gradually raising the statutory minimum wage to 50 per cent of the average gross wage by 2027. The agreement enables employers’ and workers’ organizations to negotiate the wage level annually based on assessments of economic conditions and unemployment indicators. In real terms, the increase in minimum wages in Estonia since 2020 has been approximately 5 per cent (Eurofound 2024).

► 3.3.2 Responding to the cost-of-living crisis through social pacts and sectoral collective bargaining

In many countries, tripartite social dialogue has helped governments and the social partners to

► Minimum wages have struggled to keep up with the cost of living.

devise solutions to mitigate the effects of inflation, such as incomes policy agreements. These agreements often entail the coordination of wage negotiations to promote wage moderation and prevent excessive inflationary pressures (Busemeyer, Carstensen and Emmenegger 2022). They may also set objectives for the distributional impact of inflation, such as amending tax and benefit thresholds or implementing policies targeted at low-wage groups. To date, PLSD approaches have been found mainly in Europe, and a notable example is the 2022 tripartite agreement on wages and competitiveness in Portugal (see box 3.12).

► Box 3.12 The tripartite agreement on wages and competitiveness in Portugal

In October 2022, the Government of Portugal, with most of the country’s social partners, finalized negotiations on the tripartite Medium-Term Agreement to Improve Incomes, Wages and Competitiveness 1 for 2023–26.

The Agreement aims to foster a more equitable distribution of wealth through wage enhancements and policy initiatives, while bolstering business competitiveness and driving productivity growth. Central to the Agreement is a strategic trajectory to rebalance the allocation of wages and other labour-related compensation within national income, targeting a labour income share of at least 48.3 per cent by 2026, which is aligned with the EU average and marks a 3 percentage point increase. To achieve this target, the Agreement mandates annual increases in the monthly minimum wage averaging a nominal 4.8 per cent a year, reaching €900 by 2026. Effective from January 2024, the minimum wage was raised to €820, representing a 7.9 per cent increase since 2023, the largest minimum wage rise that Portugal has seen.

Amendments to the tax and benefit system also ensure that wage rises, designed to offset high inflation, do not lead to higher taxes for workers. Workers’ incomes are also boosted by provisions allowing for the partial accumulation of unemployment benefits with wages, alongside increases in overtime pay and compensation for dismissal for economic reasons.

Fiscal incentives have been introduced to reward enterprises that have recently signed or renewed collective agreements to foster wage growth, in line with the values set out in the agreement, to reduce income disparities between higher- and lower-paid jobs.

To enhance competitiveness, the Government has pledged to streamline bureaucratic procedures, establish new social security payment channels and maintain a 17 per cent corporate income tax rate for SMEs. The Agreement also contains initiatives to address youth unemployment, such as an incentive scheme for young workers supporting open-ended contracts with monthly wages exceeding €1,330. Finally, in response to escalating energy costs, the Agreement allocates an additional €3 billion from the state budget for energy consumption.

¹ The *Acordo de Médio Prazo de Melhoria dos Rendimentos, Salários e Competitividade* was signed on 9 October 2022. The General Confederation of Portuguese Workers (CGTP-IN) did not sign the Agreement, arguing that wages should be subject to collective agreements alone.

Source: Guardiancich and Molina, forthcoming; and OECD, 2022b.

PLSD has also been instrumental in mitigating the effects of high inflation for public sector workers. Not only does public sector wage setting have a direct impact on income policies, influencing wage dynamics for a significant portion of the labour force, but in several countries it also sets a precedent for wage setting in other sectors. While in some countries, public sector employees are covered by laws regulating minimum wages, they are excluded in many countries (ILO 2016). Negotiations have resulted in important wage agreements in the public sector, for example in: Spain (October 2022, signalling the restoration of rights lost during the great financial crisis); Ireland (Building Momentum Agreement, covering 2021 and 2022); and Morocco (see box 3.13).

In many countries, tripartite social dialogue has helped governments and the social partners to devise solutions to mitigate the effects of inflation.

► **Box 3.13 The 2022 Social Pact in Morocco: Increasing minimum wages to tackle the cost-of-living crisis**

A major landmark in efforts to foster and institutionalize social dialogue in Morocco was the signing of a Social Pact on 30 April 2022 by the Prime Minister and the President of the High Commission for Social Dialogue, and the leaders of representative employers' and workers' organizations.¹ The Pact includes a comprehensive package of reforms and measures aimed at strengthening social dialogue and enhancing working conditions and wages for public and private sector workers.

The Pact, while part of a broader tripartite social dialogue process, responds to a mounting cost-of-living crisis exacerbated by the COVID-19 pandemic. To safeguard the purchasing power of public employees, the Pact raised the minimum wage for public sector workers. Other measures benefiting public sector workers include: improving the public administration promotion system; providing 15 days of paternity leave; and strengthening occupational safety and health protection.

Crucially, the 2022 Social Pact also commits to gradually aligning the minimum wage for agricultural workers (*salaire minimum agricole garanti – SMAG*) with the general minimum wage (*salaire minimum interprofessionnel garanti – SMIG*) by 2028.²

Beyond wage protection, the Pact includes provisions to enhance the benefits provided by social protection schemes, including an increase in social transfers for larger families. The endorsement of a permanent Social Dialogue Observatory is one of the most innovative measures in the Pact. Governed by a tripartite structure, the Observatory will enhance social dialogue in Morocco by collecting and analysing data, contributing to research and training and informing the action of the tripartite actors in relation to the governance of the world of work.

In a continued effort to foster dialogue aimed at improving working conditions and enhancing the competitiveness of the Moroccan economy, the Government and the social partners signed a new agreement in April 2024,³ which includes further increases in the minimum wage for both private and public sector workers, as well as non-wage benefits, such as tax reductions and exemptions, mostly targeting lower- and middle-income households. Collectively, these income improvement agreements have benefited over 4 million workers in Morocco (Government of Morocco 2024).

¹ The Moroccan 2022 Social Pact.

² Morocco is one of 11 African countries that has adopted the French model of a general minimum wage (SMIG) with a lower rate for agricultural workers (SMAG). The difference between both rates in Morocco is substantial when converted into monthly values. The SMAG is set at 62 per cent of the SMIG (ILO and AU, forthcoming).

³ The Moroccan 2024 Agreement.

Countries without a statutory minimum wage, but with strong industrial relations traditions and high collective bargaining coverage, rely on sectoral collective agreements to preserve the purchasing power of workers and their families. For example, in countries with robust mechanisms for the coordination of sectoral and enterprise collective bargaining, these structures have often helped to deliver coordinated PLSD responses. For instance, in Sweden, where the social partners typically negotiate on a three-year basis, the uncertainty stemming from the inflation crisis prompted them to choose a one-year contract, leading to the renegotiation of 470 out of 700 sectoral agreements during the course of 2023 (Eurofound 2024; Molina 2023).


To protect real wages, collective agreements may also include provisions on wage adjustments in line with inflation. Similarly to statutory minimum wage adjustments, the protection of real wages through collective bargaining is achieved through automatic indexation mechanisms based on the consumer price index. Such mechanisms result in the automatic adjustment of real wages in response to higher than expected inflation, thereby providing real wage rigidity and nominal wage flexibility (De Spiegelaere 2023). In some cases, the consumer price index is explicitly referenced during negotiations or referred to in agreements, even without automatic indexation mechanisms.

Many collective agreements also include provision for supplementary increases that affect the entire wage structure. These increases are sometimes negotiated periodically during the period of validity of the agreement with the aim of distributing productivity gains (ILO 2022c). However, evidence indicates that the renegotiation of collectively agreed wages to increase their real values during periods of high inflation is more difficult and slower than the readjustment of statutory minimum wages (Eurofound 2024).

This may be due to four main factors. First, despite the availability of mechanisms to index collective agreements to inflation, wage indexation regimes have been abandoned in most countries in recent years against a backdrop of low inflation since the

mid-1990s (Molina 2023). Second, the staggered nature of wage bargaining (for instance, the irregular manner in which collective bargaining agreements are renegotiated in some settings) means that the adjustment of nominal wages to a sudden increase in inflation may occur over several years. Third, in contexts characterized by declining collective bargaining coverage and underdeveloped social dialogue institutions, the social partners do not always have the power to negotiate substantial increases in all sectors, partly due to existing economic factors which may undermine the capacity of employers to pay higher wages. Finally, despite the support in many countries for collective bargaining continuity through “ultra-activity” (mechanisms to ensure that agreements do not expire until they are renewed, or to maintain their validity beyond their termination date), wages are still tending to be eroded in real terms (ILO 2022b). Workers covered by expired collective agreements are not therefore protected against inflationary pressures.

Nevertheless, the real value of minimum wages negotiated through collective bargaining has begun to increase in several European countries (Eurofound 2024). Concurrently, the decline in inflation in most OECD countries has prompted a recovery in real wages, although they still often fall short of 2019 levels (OECD 2024b). For example, sectoral collective bargaining has led to notable pay increases in some countries and sectors, in compensation for previous real wage losses during periods of high inflation, often supplemented by other benefits, such as one-off payments, which are sometime exempt from taxes and social contributions, or additional paid leave (see table 3.3) (ILO 2024d).

 Sectoral collective bargaining has led to notable pay increases in some countries and sectors.

► **Table 3.3 Examples of sectoral collective agreements including inflation-induced wage increases**

| Country | Sector (year and/or duration) | Key aspects of inflation-related clauses |
|--------------|--|---|
| Brazil | Pharmaceuticals, State of São Paulo (2023–25) ¹ | The agreement provides for a wage increase of 5.5 per cent for those earning below 9,653.30 Brazilian reais a month, or a real increase of about 1.1 per cent in view of the inflation of 4.4 per cent over the previous 12 months. A fixed wage increase of 530.93 reais a month has also been granted to workers earning above 9,653.30 reais. |
| Denmark | Financial technology (2023–25) ² | In 2021, the social partners signed the country's first sector-wide collective agreement for the industry. In 2023, a new collective agreement for the industry was concluded providing for wage increases totalling 8.0 per cent over two years. |
| Germany | Seaports (2022) ³ | The agreement aims to address the impact of high inflation on more than 12,000 dockworkers in German North Sea ports. Workers involved in conventional and general cargo operations have seen their wages rise by 7.9 per cent, and those in fully container enterprises by 9.4 per cent. The agreement also includes a further 4.4 per cent wage increase for 2023 across all port operations, along with a special clause to address inflation. |
| Italy | Insurance (2022–24) ⁴ | The agreement provides for pay rises of over 9 per cent for some 50,000 workers. It also includes a one-off €2,000 payment to offset the absence of recent wage adjustments and tackle the impact of high inflation. |
| Netherlands | Painting, finishing, property maintenance and glazing (2021–25) ⁵ | The agreement saw hourly wages rise by 2.75 per cent in 2022 and 10.3 per cent in 2023. Hourly wage increases in 2024 and 2025 will be tied to changes in the consumer price index. The social partners will engage in consultations to evaluate sectoral developments and consider other factors. |
| South Africa | Automobiles (2022–25) ⁶ | The agreement consists of an initial wage increase of 8.5 per cent for the first year, followed by rises of 7 per cent or the inflation rate (whichever is greater) in the second and third years. The agreement also includes a one-off payment for workers of 10,000 South African rand in the first year, along with increased housing allowances. |
| Türkiye | Metal (2022–23, valid from 1 September 2021) ⁷ | The agreement initially stipulates a 28 per cent wage increase for the first six months, followed by a 30 per cent increase for the next six months. In the second half of the year, if inflation rises, employers will adjust wages to maintain real wage growth. In the third and fourth six-month periods, wage adjustments will be aligned with inflation. Social benefits were increased by 35 per cent in the first year, with adjustments in the second year based on inflation. |

¹ Agreement in the pharmaceutical sector in Brazil, State of São Paulo – 2023–25 (Convenção Coletiva De Trabalho Fetoim – CUT Setor Farmacêutico).

² Framework Collective Agreement (2023-2025) between the Employers' Association for FinTech (Arbejdsgiverforeningen for FinTech) and the Financial Services Union of Denmark (Finansforbundet).

³ For further information, see <https://www.verdi.de/presse/pressemitteilungen/+co++943f2920-22f9-11ed-93b0-001a4a16012a>.

⁴ Agreement in the insurance sector in Italy.

⁵ Agreement in the painting, finishing, property maintenance and glazing industry in the Netherlands – 2021–25 (CAO voor het schilders-, afwerkings-, vastgoedonderhoud- en glaszetbedrijf in Nederland).

⁶ For further information, see <https://www.engineeringnews.co.za/article/vehicle-manufacturers-numsa-sign-wage-deal-2022-10-19>.

⁷ For further information, see <https://www.industrialunion.org/turkish-metalworkers-win-after-united-fight>.

Source: Adapted from ILO, 2024d.

3.4

Tackling the gender pay gap through peak-level social dialogue

Gender discrimination remains a significant factor contributing to labour income inequality. Women around the world face structural barriers and disadvantages shaped by disparities, among others, in wages, employment opportunities and access to training. These challenges hinder progress in achieving decent work for all (ILO 2019c) and limit the capacity of countries to address income inequalities and unlock productivity and economic growth by fully leveraging the participation of women in the economy (Gonzales et al. 2015; OECD 2023b).

The international community has increasingly recognized the need to advance gender equality as a prerequisite and catalyst for sustainable development, a principle firmly embedded in the

Gender discrimination remains a significant factor contributing to labour income inequality.

2030 Agenda. While SDG 5, “Gender equality”, explicitly addresses the empowerment of women and girls, this principle is also reflected in 45 gender-sensitive targets and 54 corresponding indicators across all the SDGs (Dugarova 2018). In particular, SDG Target 8.5 seeks to achieve “equal pay for work of equal value” by 2030.⁷

To accelerate efforts to close gender pay gaps, the ILO, UN Women and the OECD have jointly initiated the Equal Pay International Coalition (EPIC).⁸ This multi-stakeholder partnership brings together over 60 governments, and employers’ and workers’ organizations, businesses, and academic and civil society actors with the aim of achieving equal pay for women and men everywhere.

These commitments are reinforced by a robust framework of international labour standards, and particularly the Equal Remuneration Convention, 1951 (No. 100) (see box 3.14). The ILO Centenary Declaration for the Future of Work (ILO 2019a) also places emphasis on “the effective realization of gender equality in opportunities and treatment” by harnessing the potential of tripartism and social dialogue.

► Box 3.14 International labour standards advancing gender equality

The ILO’s mandate to promote gender equality in the world of work is enshrined in the ILO Constitution and reflected in relevant international labour standards. The four key ILO gender equality Conventions are:

- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- Workers with Family Responsibilities Convention, 1981 (No. 156)
- Maternity Protection Convention, 2000 (No. 183)

Conventions Nos 100 and 111 are also among the ten fundamental Conventions listed in the ILO Declaration on Fundamental Principles and Rights at Work.

The Violence and Harassment Convention (No. 190) and Recommendation (No. 206), 2019, also establish the right to a workplace free from violence and harassment. They emphasize the obligations and responsibilities of governments, employers and workers to uphold and promote this right, including through PLSD. For instance, Convention No. 190 calls on governments to identify high-risk sectors and work arrangements through social dialogue with employers’ and workers’ organizations (Article 8(b)).

⁷ For more information on targets and indicators related to SDG 8, see https://sdgs.un.org/goals/goal8#targets_and_indicators.

⁸ For more information on EPIC, see <https://www.equalpayinternationalcoalition.org>.

Peak-level social partners can contribute to the adjustment of minimum wage policies to narrow the gender pay gap, as women are disproportionately represented among lower-wage earners.

Following a review of gender pay gaps and gender employment gaps, this section shows the crucial role played by PLSD in addressing gender pay gaps and combating workplace discrimination through four main avenues. First, the peak-level social partners can contribute to the adjustment of minimum wage policies (including through the extension of their legal coverage) to narrow the gender pay gap, as women are disproportionately represented among lower-wage earners. Second, employers' and workers' organizations can ensure that sectoral collective bargaining advances the legal principle of equal pay for work of equal value for all workers (ILO 2018). Third, PLSD can pioneer a transformative agenda for gender equality⁹ (for example, in relation to issues of remote and flexible working). And fourth, PLSD can ensure that wage settlements in female-dominated sectors do not lag behind those of male-dominated sectors.

► 3.4.1 Gender gaps in pay and access to employment

Despite progress in some countries in addressing sex discrimination in pay determination and advancing the principle of equal pay for work of

equal value, women in the labour market still face penalties in their pay and access to employment in comparison with men.

According to the ILO *Global Wage Report 2018/19*, based on analysis of data for 73 countries covering around four in five of the world's wage employees, the global gender pay gap (the raw average) is estimated at around 20 per cent, with wide variations between countries (ILO 2018, figure 14). After accounting for male and female differences in education, age, working time and public/private sector employment, the "factor-weighted" global gender pay gap is on average only slightly less than the raw measure (18.8 per cent) (ILO 2018). Indeed, in many countries, the gender pay gap widens after gender differences in education and other factors are taken into account, in part due to women having a higher level of education than men, which is not rewarded adequately in their employment compared to the wages received by men with similar education.

In high-income countries, the gender pay gap tends to be more pronounced among women at the top of the wage distribution. In low- and middle-income countries, there is more diversity. In some countries, this is because of the far smaller share of women in wage employment compared to men, which generates a small sample (bias) effect (ILO 2018, 49).

Estimates for informally employed workers also point to large gender pay gaps. When compared with the average monthly wage of men in formal employment (taken as 100 per cent), women in informal wage employment earn an average of 42 per cent and men in informal wage employment an average of 58 per cent (ILO 2023b). In many regions, women engaged in informal employment are disproportionately represented among the most vulnerable groups in the informal economy. These groups include contributing family workers, home-based workers and domestic workers. People in these groups often face minimal or no protection against dismissal and have limited access to essential social protection, such as paid sick leave (ILO 2023b) (see box 3.15).

⁹ A transformative agenda for gender equality in the world of work aims to address the fundamental causes of gender inequality by challenging unequal power dynamics and transforming institutional norms and structures. It is grounded in international labour standards and frameworks such as the ILO Centenary Declaration for the Future of Work (2019a) and the 2021 Global Call to Action for a human-centred recovery from the COVID-19 crisis, which emphasize the recognition of the diverse contributions of women to the workforce and advocate the closure of persistent gender gaps (ILO 2022d).

► Box 3.15 Understanding the gender pay gap

ILO analysis emphasizes that the average gender pay gap cannot be explained in many countries by differences in education levels between women and men in the labour market (women tend to have higher levels of education on average than men), or other labour market characteristics. Instead, it is primarily due to three features of sex discrimination:

- the practice of paying women lower wages than men for work of equal value;
- the tendency for wages to be lower in feminized occupations relative to wages in male-dominated occupations (measured by the respective share of employment);
- the “motherhood pay gap”, namely the wage discrimination experienced by working mothers (compared to working fathers and working women without dependent children) caused by a variety of factors, including norms and human resource practices that apply stereotypes to women with dependent children (in pay decisions, as well as recruitment, promotion and redundancy decisions), which penalize the careers of mothers.

Other structural, cultural and legal factors that contribute to perpetuating the gender pay gap include high levels of sex segregation by sector and/or occupation, the unequal distribution of unpaid care work and domestic work in households, and inadequate equal pay legislation and family support policies.

Source: ILO, 2018, 2019c.

Women in many countries are also more likely than men to encounter substantial barriers to entering formal employment. In 2023, the global labour force participation rate for women was 48.7 per cent, which is significantly lower than the 73.0 per cent rate for men. This 24.3 percentage point gap implies that, for every economically inactive man, there are two women in a similar situation.

Particularly wide participation gaps of about 50 percentage points persist in North Africa, the Arab States and South Asia (ILO 2024e). Narrowing gender employment gaps has contributed to boosting economic growth, and these efforts are particularly important in times of the rapidly ageing and declining working-age populations in many countries (ILO 2017, 2018). Closing gender gaps in labour force participation and in working hours could further boost output growth, potentially increasing GDP per capita by 8.8 per cent by 2060 on average in OECD countries (Fluchtmann, Keese and Adema 2024).

Closing gender gaps in labour force participation and in working hours could further boost output growth.

► 3.4.2 The contribution of peak-level social dialogue

Through PLSD, employers’ and workers’ organizations can make notable contributions to addressing pay disparities, for example by ensuring that minimum wage levels are adequate and seeking to extend their coverage (ILO 2018). As women are over-represented among low-paid workers in all regions (including a higher share of women than men who are paid at or less than the level of the minimum wage) (ILO 2020a), PLSD in minimum wage policy can narrow pay gaps between men and women.

However, minimum wage policies should not perpetuate gender discrimination. This means ensuring that countries with industry or occupational minimum wages do not fix lower rates in sectors or occupations predominantly occupied by women, and that female-dominated sectors or occupations are not excluded from the legal coverage of minimum wages.

For example, domestic workers, who are primarily women, often lack minimum wage protection, as they are frequently excluded from coverage by labour laws. An estimated 26 million domestic workers globally (around one in three domestic workers) are not legally entitled to a minimum wage, despite residing in countries where such protection exists for other workers (ILO 2021b). Even in countries where the statutory minimum

wage is extended to provide protection to the domestic workforce, they may not receive equal treatment because, in many countries, a separate sub-minimum wage exists for domestic workers.

The ILO estimates that the minimum wage for 6.5 million domestic workers globally is lower than the minimum wage for all other workers. Moreover, because domestic work tends to be organized on an informal basis, there are major problems of wage exploitation caused by widespread non-compliance with minimum wage provisions (ILO 2021b). The prevalence of informality, coupled with the dispersed and isolated nature of domestic workers in private households, frequently undermines their ability to exercise the fundamental rights to organize and engage in collective bargaining (ILO 2021b). PLSD is therefore an essential mechanism for change and, as shown in box 3.16, is increasingly being used to enhance the pay and working conditions of domestic workers.

PLSD, in the form of sectoral collective bargaining, offers another effective tool to address gender-based pay inequalities, especially in the lower and middle segments of the wage spectrum (ILO 2018), for example by enshrining the principle of

▶ The minimum wage for 6.5 million domestic workers globally is lower than the minimum wage for all other workers.

equal pay for work of equal value for women and men in similar roles. For instance, the 2022 agreements signed in the United States soccer sector ensure economic parity for players in the women's and men's national teams (see box 3.17).

Sectoral agreements can also serve as conduits to advance a transformative agenda for gender equality in the world of work, for example by addressing the systemic undervaluation of work performed by women by tackling gender bias in wage setting and promoting wage transparency measures (Hayter and Bastida 2024; Rubery and Koukiadaki 2016).

▶ Box 3.16 Wage protection for domestic workers

In accordance with the Domestic Workers Convention, 2011 (No. 189), a domestic worker is any person engaged in domestic work within an employment relationship and on an occupational basis. These workers, whether directly employed by households or through service providers, undertake a range of tasks, including childcare, elder care, gardening, security, driving, cooking, cleaning and housekeeping duties.

The domestic work sector employs 75.6 million people, three in four of whom are women (76 per cent). It is a large source of employment for women worldwide, accounting for 4.5 per cent of women's employment globally. However, around eight in ten domestic workers are engaged in informal work, which is double the rate on average for other sectors. As a consequence, even though they provide key services, domestic workers often find it hard to access rights and protections, for example in relation to working hours, minimum wages and protection against violence and harassment (ILO 2024f).

Convention No. 189 calls for minimum wage coverage for all domestic workers. Nevertheless, an estimated 34.6 million domestic workers worldwide (45.8 per cent of the total) are either excluded from minimum wage protection or live in a country with no minimum wage. An additional 6.5 million (8.6 per cent of the total) live in countries where the statutory minimum wage for domestic workers is lower than for other workers (ILO 2021b).

In response to this glaring example of gender inequality, several countries have mobilized PLSD to extend minimum wage protection to domestic workers. In Argentina, the legislation on domestic work has facilitated the creation of a national tripartite commission responsible for determining wage rates and employment conditions. The commission concluded its first minimum wage agreement in 2015 (Pereyra 2018). In Italy, collective bargaining at the national level regulates the pay and working conditions of domestic workers (De Luca 2020).

► **Box 3.17 Equal pay for equal play in US soccer**

In 2022, the United States Soccer Federation (USSF), the United States Women's National Team Players Association (USWNTPA) and the United States National Soccer Team Players Association (USNSTPA) signed two historic sectoral collective bargaining agreements ensuring equal pay and improved working conditions for both the women's and men's national soccer teams. Central to these agreements is the principle of equal pay for work of equal value in guaranteeing identical compensation for players of all genders in all competitions, including FIFA World Cups. The agreements also establish a uniform commercial revenue-sharing mechanism for both teams, and include provisions to safeguard players' safety and health.¹

In particular, the agreement between the USSF and the USWNTPA formally recognizes the women's national team trade union as the "sole and exclusive collective bargaining representative" for all US women's national soccer team players (Article 1). The agreement also introduces comprehensive non-discrimination principles, ensuring that neither the USSF nor the USWNTPA discriminate against or in favour of any player based on, for example, religion, race, gender, gender identity, age, marital or family status, sexual orientation, veteran status or affiliation with a trade union (Article 6).²

These groundbreaking agreements mark a leap forward in achieving gender pay equity in professional soccer and are an inspiration for other sports federations worldwide.

¹ For further information, see <https://www.ussoccer.com/stories/2022/05/ussf-womens-and-mens-national-team-unions-agree-to-historic-collective-bargaining-agreements>.

² Agreement between USSF and USWNTPA.

For instance, sectoral collective agreements may include provisions for the implementation of objective gender-neutral job evaluation and classification methods, along with measures to identify and rectify gender pay disparities, including pay transparency tools and equal pay audits (ILO 2023b).

The 2022 collective agreement in the journalism and media sector in Togo offers an example of this mechanism. It contains a provision on employment equality, through which the parties commit to combating all forms of discrimination

in hiring journalists and other media professionals, as well as in employment contract practices. Discrimination, as defined in the agreement, encompasses any form of differentiation, exclusion or preference, including gender-based bias, that could undermine equal opportunities or treatment in employment or professional matters (ILO 2023b). Box 3.18 shows how tripartite PLSD in Spain has led to the design of a pay transparency tool to assist enterprises identify discriminatory pay practices at the company level and, ultimately, revalue women's jobs and skills in the labour market.

► **Box 3.18 Promoting transparency in pay systems through tripartite peak-level social dialogue: The job assessment tool in Spain**

In 2022, the Spanish Ministry of Labour and the Social Economy, in collaboration with the Ministry of Equality, issued an order for a job assessment tool¹ to assist enterprises comply with the equality and pay transparency requirements set out in Article 28 of the Workers' Statute and Article 4 of Royal Decree No. 902/2020 on Equal Pay.

The tool sets out a transparent and standardized process, free of charge, to assist enterprises formulate equality plans and conduct gender pay audits. Its primary goal is to identify any discriminatory pay practices between men and women employees in the company. The results can then be used as a basis for further consultation and negotiations on terms and conditions of work, including through collective bargaining.

Developed through tripartite PLSD, the tool was shaped with the participation of experts from the Women's Institute, which is affiliated with the Ministry of Equality.

¹ For further information, see https://www.mites.gob.es/en/portada/herramienta_valoracion_puesto/index.htm.

The negotiation or extension of sectoral agreements to encompass workers who are more susceptible to low wages can advance pay equity, especially in sectors or occupations predominantly occupied by women (Pillinger, Schmidt and Wintour 2016). The sectoral collective bargaining agreement in Portugal in the footwear sector, an industry where women are over-represented, is illustrative. The agreement, signed in 2017 and renegotiated in 2021, has reorganized the wage structure in the industry to ensure equal base wages across all professional roles related to production tasks and has succeeded in eradicating gender-based pay disparities (ILO 2023b).

However, the effectiveness of collective bargaining in closing gender pay gaps depends on the existing industrial relations framework at the national or sectoral level, including the extent of collective bargaining coverage (see Chapter 1). Research emphasizes that the predominant level of collective



Greater centralization of collective bargaining and stronger coordination between the levels correlate with smaller gender pay gaps.

bargaining and the degree of coordination between the different levels also influence gender pay gaps. In general, greater centralization of collective bargaining and stronger coordination between the levels correlate with smaller gender pay gaps (Sissoko 2011; Williamson and Baird 2014).

In summary, this chapter has highlighted the essential role of PLSD in combating labour income inequality. It has focused on two key forms of PLSD, minimum wage fixing involving social partners and sectoral collective bargaining, and has emphasized the added value of a combined and complementary approach. Examples illustrate how minimum wage policies interact positively with sectoral wage bargaining, as well as peak-level income policies that provide for both real wage gains and other non-wage benefits. Experience in high-, middle- and low-income countries shows how these institutional forms of PLSD contribute significantly to compressing

wage disparities and ensuring a more equitable distribution of productivity gains.

The chapter has also emphasized the vital contribution of PLSD institutions, harnessing the proactive, long-termist and inclusive agency of employers' and workers' organizations, to alleviating the impact of the cost-of-living crisis and narrowing gender pay gaps. International efforts to combat high labour income inequality urgently require new investment in PLSD to ensure a long-term and sustainable pathway for economic development and social justice for all workers.

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4

Chapter

Peak-level social dialogue for an effective and inclusive twin transition



Technological advances, climate change, demographic shifts and changing patterns of globalization are transforming societies, economies and workplaces. While these changes bring benefits, they can also lead to unemployment, underemployment, skills mismatches, inequalities and inefficiencies. The transitions driven by technology and environmental sustainability considerations impact jobs, skills demand and industries, and present unique risks and opportunities.

The “digital transition”, with rapid advances in digital connectivity and artificial intelligence (AI) is transforming workplaces, driving shifts in skills demand and creating new jobs while also displacing some roles, with the risk of exacerbating inequalities.

The “green transition” to low-carbon economies involves a shift towards sustainable business and employment practices and the development of green industries. It is pivotal in addressing environmental challenges and promoting sustainable economic growth, and is driving radical shifts in job structure to support green energy, technologies and industries.

Peak-level social dialogue (PLSD) is essential to navigate these challenges and to ensure an inclusive decision-making process. However, PLSD seems more pronounced in high-income countries, where commitment to the transitions is well integrated into policymaking, and where social dialogue is more institutionalized. This chapter presents research and examples that highlight the benefits of PLSD in creating policies for a just “twin transition”: generating societal consensus on the need for digital transformation and decarbonization; fostering transitions that are inclusive of disadvantaged groups; equipping the world of work with the right skills; seizing opportunities, while protecting workers and businesses from the negative impacts of economic restructuring; and shaping and implementing industrial policies centred on the twin transition.



Social dialogue nurtures society's capacities to solve problems that require collective solutions (Grimshaw 2023; Meardi, Gardawski and Molina 2015; Ostrom 1990; Vaughan-Whitehead, Ghellab and Muñoz de Bustillo Llorente 2021). In today's world of work, PLSD is facilitating the transitions resulting from digital transformations and environmental sustainability by boosting the inclusiveness and long-term effectiveness of policymaking. By bringing together diverse voices and perspectives, including groups traditionally excluded from policymaking, governments, workers and businesses can jointly navigate the uncertainties of the transition and ensure that the collective endeavour towards a sustainable future is inclusive and equitable.¹

For the digital transition, PLSD is central to navigating the implications for the world of work of fast-developing digital technologies, including AI, big data analytics, blockchain, cloud computing, mobile technology and robotics (Murgia 2024). Social dialogue enables workers, businesses and policymakers to collectively establish a framework for digital innovation by addressing concerns about its potential impact on the volume and quality of employment and thereby ensuring that the benefits and costs associated with technological advances are equitably distributed (Muñoz de Bustillo Llorente, forthcoming). Responding to employers' needs for new skills and the development of skill formation systems that can ensure workers' continued employability, especially for those most at risk of losing their jobs, constitutes an important transformative benefit of social dialogue responses (Li 2022).

For the transition to environmentally sustainable economies and societies, PLSD establishes a space for governments and the social partners to exchange perspectives, share knowledge and collectively address environmental issues (Galgóczy 2020; Newell et al. 2023; Sharpe and Martinez-Fernandez 2021). Through negotiation, consultation and the exchange of information, governments and the social partners can build consensus on policies that share in a just way the benefits and costs of transition; advocate responsible practices; and collaboratively identify sustainable long-term solutions. Capturing the needs and interests of all, including, for example, informal workers and indigenous and tribal peoples, is essential to ensuring a holistic approach that promotes inclusive economic development and social justice for all.

4.1

Peak-level social dialogue on digital and environmental issues: Room for improvement

An ILO global survey of some 500 collective bargaining agreements (enterprise and sectoral) conducted for the first edition of the *ILO Social Dialogue Report* revealed that – despite the importance of the twin transition – just over one third of agreements addressed issues related to the digital transition, and less than one quarter addressed the green transition (ILO 2022a, 89, 93).

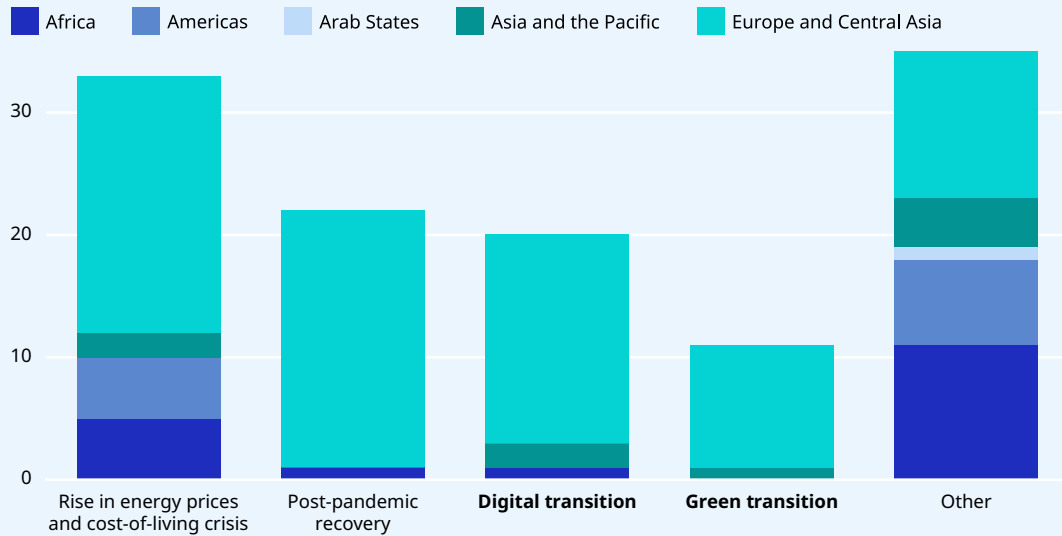
Research conducted for the present report shows similar trends in PLSD. On the one hand, an ILO review of 118 PLSD processes and outcomes between January 2022 and December 2023 (Guardiancich and Molina, forthcoming) shows that roughly a quarter – 31 processes and outcomes – touch upon themes relevant to the twin transition, the vast majority of which are in Europe (see figure 4.1).

On the other hand, analysis of data from the ILO 2023 survey of social partner perceptions of national social dialogue institutions (NSDIs) (“NSDI Survey”; Guardiancich, forthcoming; see also Appendix 7) shows that, of the 14 policy areas assessed, the issues of digital transformation and climate change ranked 8th and 11th, respectively, in the views of survey respondents that PLSD had dealt with the issue (see Appendix 4).² Further, while outcomes associated with other priorities, and particularly the cost-of-living crisis and the post-pandemic recovery, were viewed positively by three quarters or more of respondents, only around half had the same view of the twin transition (see figure 4.2).

¹ For a review of the different perspectives on the concept of just transition, see Wang and Lo, 2021.

² NSDI Survey question: “Based on your experience, has the NSDI dealt with (the impacts of) crises, or key national developments/priorities? Please answer yes or no to all options below.”

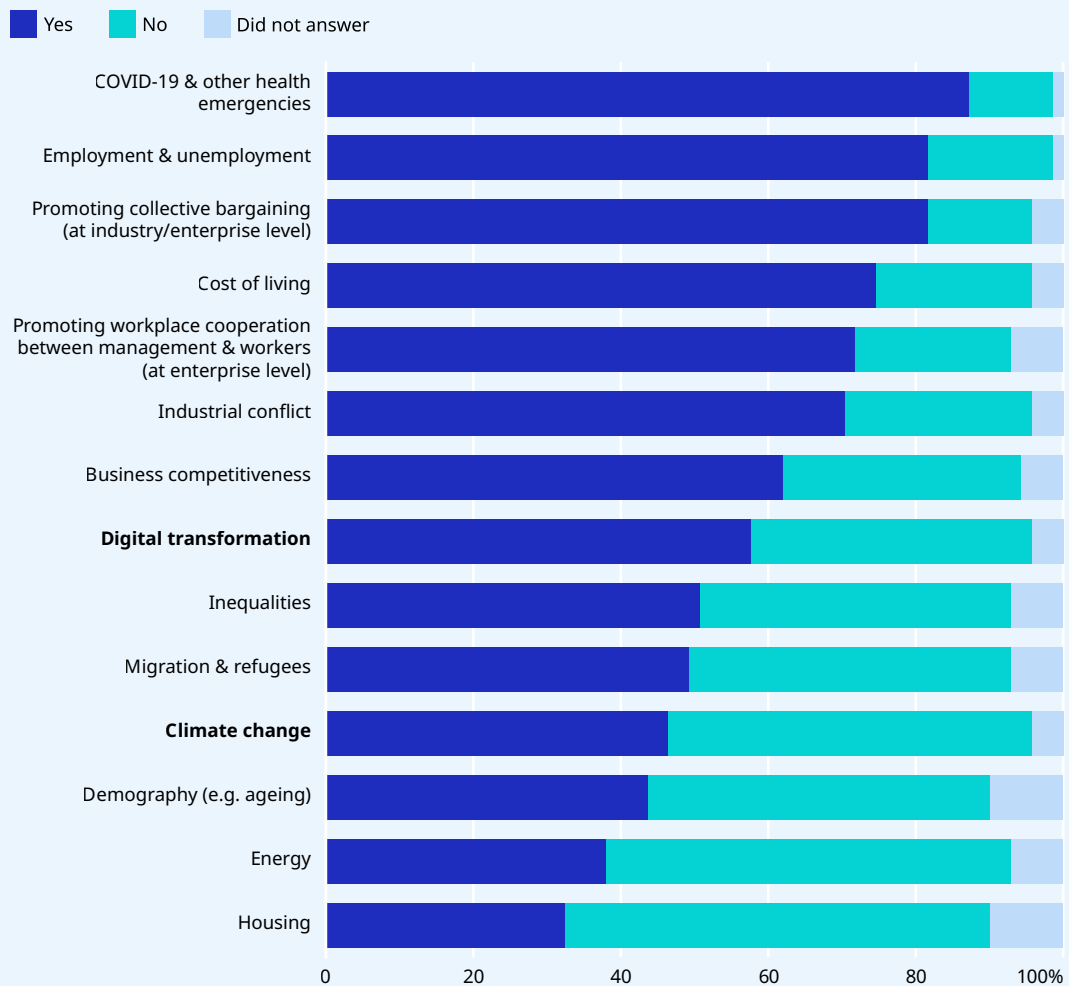
► **Figure 4.1 Post-pandemic peak-level social dialogue outcomes and processes by theme and region, January 2022 – September 2023**



Note: Of the 118 PLSD processes and outcomes observed in 42 countries between January 2022 and September 2023, 20 related to the digital transition and 11 to the green transition.

Source: Guardiancich and Molina, forthcoming; see also Appendix 4.

► **Figure 4.2 Content of national social dialogue institution outputs (percentage)**



Note: Based on 71 respondents involved in 42 NSDIs from 38 countries.

Source: NSDI Survey (Guardiancich, forthcoming); see also Appendix 7.

The NSDI Survey also showed that even in countries with well-rooted social dialogue traditions and operational NSDIs, it remains complicated to find common ground between employers and workers. For instance, in Belgium, organized labour emphasized the difficulty of reaching consensus on matters relating to climate change. In Italy, the themes of the future of work and the impact of AI are still a rarity on the NSDI agenda, according to respondents affiliated to a workers' organization. In Slovenia, climate change falls completely outside the NSDI remit. Insufficient institutional capacities and/or the absence of a mandate to deal with climate change in the NSDIs surveyed partly explain their limitations. For instance, respondents from Bangladesh pointed to the "lack of participation and expertise of actors other than employers' and workers' organizations in the NSDI" (Guardiancich, forthcoming), who could have brought a wider perspective on environmental protection issues.

Through social dialogue, choices about the purpose and design of technology, and relevant safeguards, can be made in ways that steer policies towards positive outcomes.

4.2

Peak-level social dialogue and the digital transition

Recognizing the transformative effects of digital technology on the world of work, the ILO Centenary Declaration for the Future of Work calls on Member States to harness (ILO 2019a, Part II(A)(ii)):

the fullest potential of technological progress and productivity growth, including through social dialogue, to achieve decent work and sustainable development, which ensure dignity, self-fulfilment and a just sharing of the benefits for all.

New digital technologies in the world of work have an actual or expected impact on the numbers employed, business models, working conditions, skills needs, the organization of production by new firms and industries and on increased digitalization in existing firms, including the "platformization" of work (Charles, Xia and Coutts 2022; Fernández-Macías et al. 2023). As the introduction of new digital technologies is relatively recent and their pace and intensity of adoption differ by sector and country, not all positive or negative effects can yet be fully foretold. Predictions are particularly uncertain for the impact of generative AI tools (Gmyrek, Berg and Bescond 2023; OECD 2023a). Yet, through social dialogue, choices about the purpose and design of technology, and relevant safeguards, can be made in ways that steer policies towards positive outcomes (ILO 2024a).

The digital transition increases the importance of the traditional agenda of PLSD, such as on pay, working conditions and skills systems. It also opens new perspectives for social dialogue, such as:

- ▶ understanding the transformative implications of digital technology;
- ▶ establishing safeguards for its use, for example in tele-, platform and AI work;
- ▶ adapting existing policies and exploring new safeguards for the creation of digital workplaces that benefit workers and employers (see table 4.1).

PLSD on the “future of work” in the last decade has laid the groundwork for the renewed agenda of social dialogue (see box 4.1).

PLSD on the digital transition is noticeable mostly in countries and industries with high digital technology penetration (see box 4.2). As analysed in the next three subsections, PLSD in these countries and industries plays different roles in addressing the multiple social, legal and economic challenges and opportunities related to three key aspects of the digital transition:

- ▶ platform work
- ▶ digitalization of traditional firms
- ▶ digital skills

▶ **Table 4.1 The issues for and roles of peak-level social dialogue in the digital transition**

| Challenge/opportunity | Social dialogue's role |
|---|--|
| Appreciation of the complex opportunities and challenges emerging with continuous technological innovation | Reaching consensus on the type and content of solutions to protect workers and businesses from the disruptions caused by technological evolution, while maximizing its benefits, such as increased productivity and work flexibility |
| Emergence of the platform economy | Adjusting or devising policies and the regulation of platform work and related aspects, such as remuneration |
| Increased connectivity irrespective of geographical distance (remote working/ telework), and the digitalization of firms (for example, use of digital devices and AI-powered technology) to manage and monitor work and production | Adjusting or devising policies (or self-regulation) to maximize its benefits and protect working conditions and workers' rights, for example for the management of telework protocols, including with regard to new technology, such as data-driven or AI-powered management |
| Increased demand for digital skills and literacy and for workforce adaptation through reskilling and upskilling to meet the needs of a technology-driven economy and to facilitate job transitions | Mapping digital skills needs that can anticipate and cope with industry and job profiles, and designing, implementing and monitoring relevant technical and vocational education and training systems and programmes |

▶ **Box 4.1 Peak-level social dialogue on future work: Laying the groundwork for a new social dialogue agenda**

Over the last decade, PLSD on “Industry 4.0” and the “Fourth Industrial Revolution”, for example in Germany and in France, has identified key principles that should define policy action by governments and the social partners to tackle technological change-related opportunities and challenges (Woźniak-Jęchorek et al. 2024).

National tripartite dialogue organized in over 100 countries in the context of the ILO Future of Work Initiative (ILO 2017a, 61–64) further specified these principles and pointed to the importance of tripartite and bipartite social dialogue in:

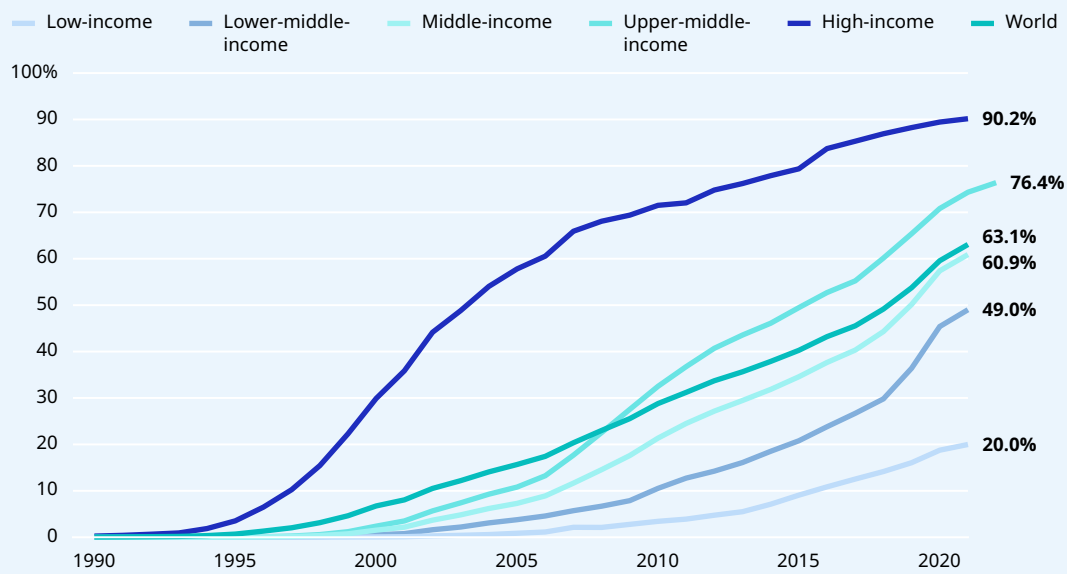
- ▶ facilitating transitions, and ensuring the equitable distribution of costs and benefits and social welfare support during transitions;
- ▶ exploring the evolution of the employer–employee relationship with a view to adopting new but flexible rules to protect workers;
- ▶ promoting new forms of organizing work in ways that prevent fundamental principles and rights at work from being undermined or circumvented;
- ▶ organizing and representing the self-employed, independent contractors and platform economy workers.

► Box 4.2 Trends in internet use and patterns in digital employment

Mapping the use of the internet as a simple proxy for digital penetration, figure B4.2.1 shows the rapid spread of the internet globally, alongside the still broad differences between regions by per capita income. Figure B4.2.2 shows employment distribution by digital intensity and by region.

Countries in Africa and in Asia and the Pacific have the highest shares of employment at the low digital intensity level and the lowest shares of employment at medium and high digital intensity levels. Employment at the high density level is highest in the Americas and Europe and Central Asia. Overall, low-income countries show growing, but still relatively low rates of digital adoption by enterprises. The impact of digital technologies on the world of work is therefore expected to be lower in those countries, although the introduction of new digital technologies in high-income countries may affect them (for example, by reshoring previously outsourced production).

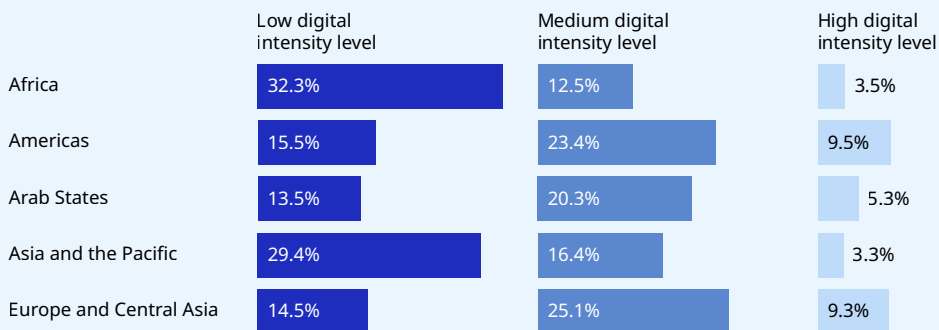
► Figure B4.2.1 Share of individuals using the internet by country income level, 1990–2022 (percentage)



Note: Data for 2022 only available for upper-middle-income countries.

Source: World Development Indicators database, World Bank.

► Figure B4.2.2 Employment distribution by digital intensity, by region (percentage)



Note: Unweighted averages based on latest available year for 113 countries. Digital employment is captured using the OECD index of digital intensity of economic activity, allowing for sectors to be categorized as having a low, medium or high digital intensity. The table excludes sectors T (“Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use”), U (“Activities of extraterritorial organizations and bodies”) and X (“Not elsewhere classified”), which have no digital intensity classification in the taxonomy.

Source: ILO calculations based on the ILO Harmonized Microdata Collection.

In countries where social dialogue actors and institutions are well embedded, PLSD helps in: adjusting or devising new policies and regulation or self-regulation on pay, benefits and working conditions; protecting workers' rights; and creating conditions for fair competition. Different types of digital technologies may call for different social dialogue responses (see table 4.2).

► 4.2.1 Responding to the opportunities and challenges of platform work

The most visible segment of the digital economy is the platform economy. Over the past decade, the role of PLSD in this area, including sectoral social dialogue, has been gradually expanding,

with the social partners recognizing both the opportunities for innovation (such as worker flexibility and accessibility to jobs; and cheaper goods and services) and the associated challenges (ILO 2021a, 2024b, 83–87). The role of social dialogue in devising policies on the platform economy is important in:

- affording workers labour and social protection;
- providing companies with legal certainty and fair competition with regard to the costs of the labour they employ;
- enhancing the capacity of governments for the proper application of labour, tax and social protection regulations (Aloisi and De Stefano 2022; ILO 2021a, 211–213).

► Table 4.2 How peak-level social dialogue can address the effects of digital technologies

| Type of digital technology | Key feature of digital technology | Role of PLSD |
|---|---|---|
| Digital applications | Connection of workers and clients/employers through platform work | <p>Devise policies to clarify/extend freedom of association and collective bargaining rights to platform workers</p> <p>Promote job security, occupational safety and health, social protection and minimum pay/benefits for workers in digital platforms</p> <p>Enhance the positive impacts deriving from platform work</p> <p>Promote fair competition</p> |
| Information and communications technology tools | Real-time communication, file sharing and execution of tasks, regardless of physical location (remote work) | <p>Explore new policies on working time arrangements, telework and remote work protocols</p> <p>Enable worker skills adaptation that benefits both enterprises and workers</p> |
| AI, including large language models | Algorithms to automate repetitive tasks, manage core business operations, including human resources, and generate human-like text | <p>Create dedicated policies and consultation bodies to keep pace with innovation and manage the impacts of AI-related technologies on workers (such as data collection, the use of machine learning, algorithmic management), jobs and incomes</p> <p>Ensure transparency and a “human-centred” approach to the use of AI</p> |
| Blockchain and internet of things | Use of sensors, beacons and wearable devices to facilitate data collection and exchange (blockchain) and supply chain monitoring (internet of things) | <p>Devise new policies that establish safeguards to protect workers' rights during the digital monitoring of work (workplace surveillance)</p> |

Two major obstacles may limit opportunities for social dialogue for platform workers. First, they lack a common workplace where they can organize more easily to defend their rights, join unions and be represented in social dialogue processes (Johnston and Land-Kazlauskas 2019). Second, as social dialogue in the form of collective bargaining may be interpreted as price fixing, some jurisdictions consider such agreements by workers classified as “independent contractors” to be anti-competitive, and they are therefore de jure excluded from collective bargaining (Countouris and De Stefano 2021). In this context, jurisdictions around the world have taken action to clarify the application of competition law, with varying outcomes.³

As the employment relationship remains fundamental to accessing labour rights and social dialogue in many jurisdictions, the identification of the employing organization and the nature of the dependence between the worker and the employer is critical. In the absence of consensus on whether to classify such workers as employees or self-employed workers, different approaches are being adopted at the national level, based on factual circumstances, regulatory frameworks and case law (ILO 2024b, 49–54).

In a few countries, PLSD has played a key role in addressing this question. In Singapore, following the recommendations of a national tripartite Advisory Committee on Platform Workers, platform workers are not classified as employees, based on the greater flexibility that they enjoy than employees (Singapore, Ministry of Manpower, NTUC and SNEF 2023). In contrast, in Spain, the “Rider’s Act”,⁴ the result of a tripartite agreement, recognizes food delivery riders working for digital platforms as employees. In Switzerland, the employment status of platform workers is to be addressed either through negotiations between the social partners or, in case of disagreement, through legal proceedings (Bonvin, Cianferoni and Perrig 2023).

In some countries, dedicated PLSD bodies are mandated to organize platform workers, facilitate

bipartite social dialogue and shape national policy and legislation to address broader issues of platform work, including platform workers’ pay, working time, social protection and health and safety (Hadwiger 2022; ILO 2021a, 2024b). For instance, permanent PLSD bodies have been established in France and the Republic of Korea to ensure the collective representation of platform (freelance) workers and to facilitate the conclusion of tripartite and bipartite agreements on pay, working conditions and social protection. In Brazil and Singapore, national tripartite committees have been mandated to shape national law on platform workers. In India (Rajasthan), a tripartite welfare board has been established to register platform workers and improve their access to social security (see box 4.3).

These bodies are adding impetus for platform workers to organize and participate in social dialogue, either directly through their own organizations, such as in Chile, Japan, Kenya and the Philippines; or indirectly by joining forces with other trade unions, for example in Germany, Italy and Spain, where trade unions are adjusting their statutes to allow them to represent self-employed workers and freelancers (ILO 2024b, 83–84). In parallel, employers and business membership organizations (EBMOs) are adjusting their services to reach out to businesses that are under-represented in social dialogue, particularly small and medium-sized enterprises (SMEs) and firms that rely heavily on digital technologies (ILO and IOE 2019). A growing number of platforms are also either becoming members of EBMOs or establishing their own business associations to represent their interests (ILO 2024b, 87).

In line with principles identified in PLSD processes, collective bargaining to regulate platform work is also emerging at the sectoral and enterprise levels, alongside workplace cooperation. As explained in the first edition of the ILO *Social Dialogue Report*, these initiatives range from national and sectoral tripartite and bipartite agreements to city-level initiatives (ILO 2022a, 89–93).

³ For instance, in the United States, new rules on the classification of workers (10 January 2024) have provided millions of people in the platform economy with the opportunity to move towards employee status, with associated benefits, including a minimum wage, overtime pay and the right to unemployment benefits (see [Final Rule: Employee or Independent Contractor Classification Under the Fair Labor Standards Act, RIN 1235-AA43](#)). In the United Kingdom, the courts have ruled against recognizing platform workers as being in an employee relationship and represented by trade unions in collective bargaining (see [Independent Workers Union of Great Britain \(Appellant\) v. Central Arbitration Committee and another \(Respondents\)](#)).

⁴ Spain, [Royal Legislative Decree No. 9/2021 of 11 May 2021](#), adopted by Act No. 12/21 of 28 September 2021.

► **Box 4.3 Examples of peak-level social dialogue bodies shaping regulations on platform work**

Brazil

In Brazil, in 2023, the Government set up a tripartite working group (the “Apps Working Group”, which also includes representatives of leading digital platforms) to discuss draft legislation on the working conditions on digital platforms and reach consensus on a set of proposals for the regulation of the provision of services, transport of goods, transport of people and other activities carried out through technological platforms. Proposals were submitted to the President before the law was presented to Parliament for adoption.¹

France

In France, in 2021, the Government established an authority on labour relations on employment platforms (Autorité des relations sociales des plateformes d’emploi – ARPE) to organize elections of workers’ representatives of ride-sharing platforms and improve their working conditions through social dialogue.² By 2023, negotiation in the ARPE had led to several bipartite agreements regulating the pay and working conditions of ride-sharing platform workers.

Republic of Korea

In the Republic of Korea, the Economic, Social and Labour Council established a committee in 2018 to address platform work issues, leading to three tripartite agreements (Kim 2021): the Basic Agreement on the Tripartite Perception of Digital Transformation and Policy Tasks (18 February 2020); the Tripartite Agreement on Revitalizing the IT and Software-related Platform Economy and Supporting Platform Workers (27 May 2020); and the bipartite Agreement on Addressing the Issue of Delivery Workers Not Covered by Workers’ Compensation Insurance (8 September 2020).

Singapore

In Singapore, a tripartite Advisory Committee on Platform Workers established in September 2021 was mandated to support platform workers and improve their social protection. The aims of the Committee include improving the adequacy of housing and pensions, financial protection in the event of work accidents and strengthened representation. The Committee has recommended that, in cases where companies exert a significant level of management control over platform workers, platforms should be required to provide them with basic services. Factors to be considered in assessing the degree of control include: the data-driven algorithmic matching of supply and demand for services; the effective setting or capping of prices and remuneration; and the control and direction of work performance. In November 2022, the Government accepted the Committee’s recommendations and undertook to adjust national legislation accordingly (Singapore, Ministry of Manpower 2022).

State of Rajasthan (India)

In the State of Rajasthan (India), the Platform Based Gig Workers (Registration and Welfare) Bill, of 24 July 2023, provides for the establishment of the Rajasthan Platform Based Gig Workers Welfare Board, mandated to: register gig workers and “aggregators” (owners and manufacturers of goods and services delivered through online platforms); set up a welfare fund for platform-based gig workers; and ensure that workers have access to social security benefits. The Welfare Board has 12 members, six from the Government and two representatives each of gig workers, aggregators and civil society.³

¹ Brazil, Decree No. 11.513/2023.

² France, Ordonnance no 2021-484 du 21 avril 2021 relative aux modalités de représentation des travailleurs indépendants recourant pour leur activité aux plateformes et aux conditions d’exercice de cette représentation.

³ India, The Rajasthan Platform Based Gig Workers (Registration and Welfare) Bill No. 30 of 2023.

PLSD interacts in different ways with collective bargaining agreements signed by some of the major platforms of the “new economy” (such as Amazon and Uber). For instance, the social partners may decide to extend coverage of existing sectoral agreements, such as those in the transport and logistics sector, to platform workers associated with these enterprises. This is the case in several European countries (see table 4.3).

In other countries, PLSD has triggered the signature of dedicated agreements between platforms and the representatives of platform workers, such as in France, where three agreements on ride-sharing workers signed in the Autorité des relations sociales des plateformes d’emploi (ARPE) in 2023 (see box 4.3) introduce a minimum net income per trip; a minimum hourly income; rules on the transparency of platform operations; and conditions for the suspension and de-activation of accounts.⁵ Similarly, in the Republic of Korea, tripartite consultations

between the Ministry of Labour and Employment, the Korea Integrated Logistics Association (and four logistics companies) and various trade unions led in 2021 to jointly agreed measures on preventing “overwork deaths” among parcel delivery drivers (Kim 2021).

In other instances, PLSD performs a more indirect, yet important, role in the conclusion of agreements between platforms and workers. For instance, in Colombia, following the mediation of the Ministry of Labour, a collective agreement was signed in September 2023 between the Union of Digital Platform Workers (Unión de Trabajadores de Plataformas Digitales), representing some 150,000 delivery and ride-sharing platform workers, and Rappi SAS, the owner of “Soy Rappi”, the most prominent digital platform in the country used by some 50,000 delivery riders. The agreement contains measures to protect the riders’ health and safety and offer them social security coverage (Colombia, Ministry of Labour 2023).

► **Table 4.3 Sectoral collective agreements shaping enterprise-level agreements on platform workers, selected European examples**

| Platform | Activity/sector | Location (year) | Type of initiative |
|-------------------------|------------------------------------|------------------------|---|
| Amazon Italia Logistics | E-commerce, logistics and delivery | Italy (2021) | Protocol agreement with several trade unions (Filt Cgil, FIT Cisl, UILT and unions of temporary workers) recognizing trade unions as the workers’ representatives and committing the company to comply with the pay and working conditions laid out in the National Collective Bargaining Agreement for Workers Employed in Freight Transport and Logistics Services (CCNL). The protocol also covers workers responsible for “last mile” delivery, often carried out by other companies and independent contractors. |
| Bzzt | Ride-hailing services | Sweden (2018) | Collective agreement with the Swedish Transport Workers’ Union providing their ride-hailing drivers with the same coverage as workers covered by the sectoral agreement for taxi-drivers. |
| Just Eat | Food delivery | Italy (Tuscany) (2021) | Collective agreement with three trade unions (CGIL, Cisl, UIL), granting all Just Eat riders in Tuscany with paid holidays, sick leave, social security and union representation. The agreement is based on the CCNL. |
| Just Eat | Food delivery | Spain (2021) | Collective agreement with the trade unions CCOO and UGT based on the Spanish hospitality sectoral collective agreement. The agreement covers some 2,000 workers considered to be employees and sets out, among others, information and consultation rights, including on the use of algorithms. |

⁵ See *Les accords du secteur des livreurs, 2023*, and *Accord du 19 septembre 2023 relatif à la transparence du fonctionnement des centrales de réservation de VTC et aux conditions de suspension et résiliation des services de mise en relation*.

► Table 4.3 (continued)

| | | | |
|----------------------|------------------------|-------------------|---|
| Nemling | E-commerce & delivery | Denmark (2023) | Collective agreement with the trade union 3F Transport (on behalf of delivery drivers) setting conditions that have parity with the terms of other unionized drivers in Denmark. Nemling can continue to engage drivers as subcontractors, but with the same levels of remuneration as employed drivers. |
| (Unspecified) | Logistics and delivery | Italy (2020) | Protocol between several employers' associations and trade unions, extending the applicability of the CCNL to all cyclists in the sector, including app-based delivery workers. |
| Voocali | Translation services | Denmark (2018) | Collective agreement with the sectoral trade union of clerical workers and workers in retail and related industries (HK), extending to Voocali freelancers and employees the sectoral collective agreement for salaried employees between HK and the Danish Chamber of Commerce (Dansk Erhverv). Clauses include a minimum hourly rate for all affiliated interpreters and guaranteed payments for assignments performed. |

Note: CCOO – Comisiones Sindical de Comisiones Obreras; CCNL – Contratto Collettivo Nazionale di Lavoro per i Lavoratori Addetti ai Servizi di Trasporto Merci e Logistica; Filt Cgil – Federazione Italiana Lavoratori Trasporti – Confederazione Generale Italiana del Lavoro; Fit Cisl – Federazione Italiana Trasporti – Confederazione Italiana Sindacati dei Lavoratori; HK – Handel og Kontor i Danmark; UGT – Unión General de Trabajadores; UIlt – Unione Italiana dei Lavoratori dei Trasporti – Unione Italiana del Lavoro.

Source: ILO based on; the [Eurofound Platform Economy Database](#); Bertolini and Dukes, 2021; Hadwiger, 2022; IOE, 2021; Jesnes, Ilsoe and Hotvedt, 2019; Madland, 2022; and Italy, [Protocollo attuativo dell'art 47bis ss. D.igs. 81/2015 CCNL Logistica, Trasporto Merci, Spedizione](#), 2 November 2020.

Social dialogue processes and agreements mostly concern location-based platforms on which tasks are performed at a specified physical location by individuals, such as ride-sharing and delivery workers. Inherently geographical, this type of platform work is better able to accommodate work organized *within* jurisdictions and social dialogue (Hadwiger 2022; ILO 2021a; Johnston 2020, 28).

In contrast, on web-based platforms, where tasks – gigs – are performed online and remotely from different jurisdictions, such as “crowd work” and digital freelance work, social dialogue is scarce. Their cross-border dynamics demand cross-border social dialogue or other global initiatives (Mexi and Papadakis 2023). One example is in Germany, at the initiative of the trade union IGMetall (see box 4.4).

► Box 4.4 The German Ombuds Office of the Crowdsourcing Code of Conduct

The German trade union IGMetall has set up the Ombuds Office of the Crowdsourcing Code of Conduct to resolve disputes between workers and platforms, irrespective of the worker's location. A number of platforms are signatories.

The Ombuds Office is composed of representatives of workers, trade unions, platforms, a crowdsourcing association and a neutral Chair. It has established a basic set of guidelines¹ with a view to promoting trust and cooperation between platforms, clients and crowdworkers, seeking compliance with the Code of Conduct and assisting in the resolution of disputes between workers and signatory platforms.

As of December 2022, a total of 146 cases had been submitted to the Ombuds Office by workers. Of these, some 60 were resolved through consensual/amicable means, or following decisions/resolutions issued by the Ombuds Office.

¹ See <https://ombudsstelle.crowdwork-igmetall.de/en/seite/rules>.

Source: ILO, 2021a, 247; and the annual reports of the Ombuds Office for 2017–22, available at <https://ombudsstelle.crowdwork-igmetall.de/en>.

► 4.2.2 Managing digitalization, remote work and AI and generative AI in traditional firms

Beyond the platform economy, PLSD is also important in promoting and regulating the digitalization of traditional firms and ensuring that it benefits both employers and workers. Digital technology encourages remote work, transforms how and where work is conducted and increases connectivity and collaboration, irrespective of geographical distance. If managed properly,

these changes can have positive consequences for productivity and working conditions (Charles, Xia and Coutts 2022; Choudhury, Foroughi and Larson 2021).

An agreement in Spain illustrates the role of sectoral PLSD in the comprehensive regulation of enterprise digitalization (see box 4.5). It also lays the groundwork for the expansion of collective bargaining on the regulation of digitalization in traditional firms, which has increased since the COVID-19 pandemic (see figure 4.3).

► Box 4.5 The Fifth Framework Agreement for Employment and Collective Bargaining in Spain

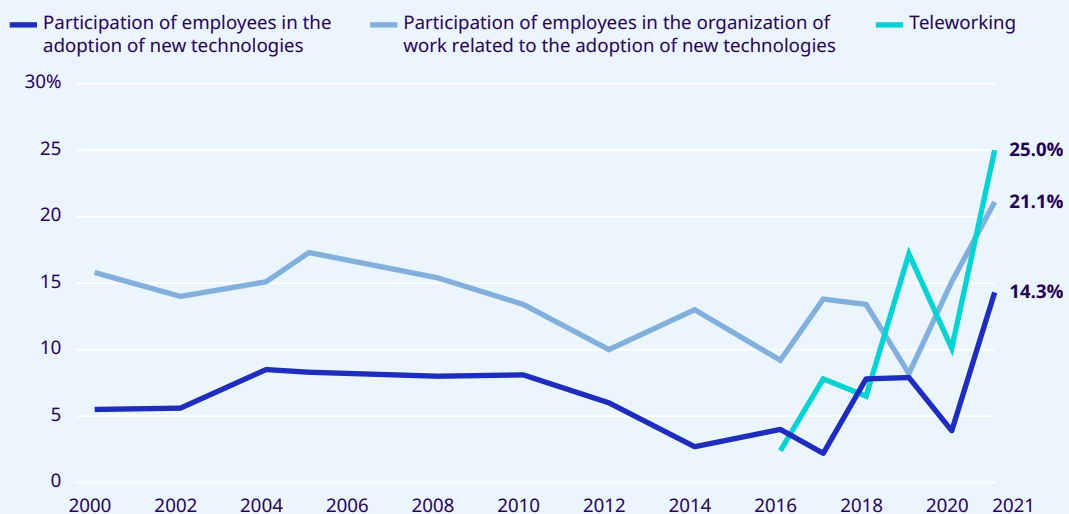
The Fifth Framework Agreement for Employment and Collective Bargaining was signed in May 2023 by two large Spanish employers' confederations (the Spanish Confederation of Employers' Organizations and the Spanish Confederation of Small and Medium-Sized Enterprises) and workers' confederations (the Trade Union Confederation of Workers' Commissions and the General Union of Workers).

The Agreement sets the framework for collective bargaining in 2023–25 on teleworking, the “right to disconnect” (that is, to switch off from work outside normal working hours) and the twin transition. It commits the social partners to promoting workplace digital transformation through a participatory process, and to developing concrete steps to inform workers' representatives of the impact of enterprise digital transformation on employment, working conditions and skills and training needs.

The Agreement encourages the use of collective agreements to define the types of jobs and tasks susceptible to telework, agree on minimum working time on site, compensate expenses incurred during telework, develop criteria to ensure the appropriate use of AI and promote the right of workers' representatives to be regularly informed about the use of AI.

Source: Spain, Resolución de 19 de mayo de 2023, de la Dirección General de Trabajo, por la que se registra y publica el V Acuerdo para el Empleo y la Negociación Colectiva.

► Figure 4.3 Proportion of workers covered by collective bargaining agreements with clauses on the adoption of new technologies, Spain, 2000–21 (percentage)



Note: The vertical axis shows the proportion of employees covered by collective agreements containing clauses on telework and workers' information and consultation rights on the adoption of new technologies.

Source: Muñoz de Bustillo Llorente, forthcoming, based on Estadística de Convenios Colectivos de Trabajo, accessed 20 December 2023.

4.2.2.1 Telework and remote work

PLSD on digitalization often addresses telework and remote work, especially since the start of the COVID-19 pandemic, and specific laws have been drafted following tripartite consultation (see box 4.6). Collective bargaining and workplace cooperation can be a tool for further adapting PLSD agreements and top-down legislation, and tailoring them to specific sectors and enterprises.

These agreements and modes of cooperation require employers to provide workers with timely notification of technological change, establish workplace committees or similar bodies to ensure the smooth transition to new technologies, industry frameworks for training workers (for example, in digital skills), and, in some instances, the right to disconnect (ILO 2022a, 89–92).

4.2.2.2 Algorithmic management and AI large language models

As digitalization accelerates, companies are increasingly making use of digital tools to facilitate data collection and supply chain monitoring, and to collect and process information about workers for security, quality assurance and the organization and supervision of work by means of algorithmic technologies (Adams-Prassl et al. 2023). One related challenge is to reconcile the employer's interest in improving productivity and quality with workers' rights.

Enterprise-level collective bargaining and workplace cooperation are progressively emerging (Doellgast, Wagner and O'Brady 2023). However, social dialogue on these issues at higher levels, including collective bargaining, is rarer. For now, it is focused on protecting working conditions and labour rights, mainly at the sectoral level and usually in Western Europe. For instance, in Spain, an agreement in the banking sector includes provisions on (ILO 2022a, 92):

- ▶ workers' awareness of monitoring;
- ▶ the need to obtain their agreement before the installation of cameras, audio recording devices and GPS equipment;
- ▶ workers' access to the records generated;
- ▶ the protection of privacy and data;
- ▶ transparency in the design of algorithms;
- ▶ the safeguarding of the workers' rights to information.

Emerging research shows that recent advances in AI large language models,⁶ or generative AI, such as ChatGPT, offer an important opportunity for increased productivity (Brynjolfsson, Li and Raymond 2023). At the same time, they constitute a policy challenge in view of their impact on employment, job quality and incomes (Gmyrek, Berg and Bescond 2023; OECD 2023a), and there is an emerging "AI divide" which penalizes low- and medium-income countries (UN and ILO, 2024).

▶ Box 4.6 Managing remote work and telework arrangements through peak-level social dialogue

PLSD processes and outcomes have set or strengthened guidelines and protocols on digital transformation, notably since the onset of the COVID-19 crisis, to ensure business continuity.

In 2020–21, bipartite and tripartite PLSD on remote work resulted in "soft" (non-binding) outcomes, as seen in several joint opinion guidelines and road maps adopted, including by the Economic and Social Council in Bulgaria (14 September 2020), the Social and Economic Council in the Netherlands (19 October 2020) and the COVID-19 Economic Recovery Task Force "Rebuild Jamaica" (30 June 2020).

In some countries, such as Congo and the Russian Federation, laws on telework and flexible working arrangements have been developed following tripartite social dialogue processes and provide protection for teleworkers from dismissal, the possibility of regulating teleworking arrangements through collective bargaining, a right to disconnect, the provision by the employer of information and communications technology equipment, and/or adequate compensation for the use of private equipment during teleworking. In France, similar areas have been addressed in the first cross-sectoral agreement on teleworking (11 April 2023).

Other measures adopted by governments to support business continuity during lockdowns consisted of direct subsidies and economic incentives for investment in digital technology, e-commerce and innovation, some of which also had their origins in PLSD (ILO 2021a).

Source: ILO, 2021a; 2022a, 89–92.

⁶ A large language model is a deep learning algorithm that can perform a variety of natural language processing tasks. They are trained using massive datasets, enabling them to recognize, translate, predict or generate text or other content.

PLSD has only recently emerged in this context, often in response to the rapid advance in public exposure to AI tools and concerns about its impact on pay and income. For example, in the United States, in the media and culture sector, a groundbreaking agreement⁷ signed on 25 September 2023 between the Writers Guild of America, East, and the Writers Guild of America, West, and the Alliance of Motion Picture and Television Producers establishes safeguards for the use of generative AI for innovation, without eroding pay or cutting jobs (Hoffmaan 2023; UNI Global Union 2023). The agreement supports the use of generative AI for research and crafting script ideas, but not to replace writers or decrease their “residuals”⁸ from digital streaming media, which are a key source of income for writers. It also includes clauses on transparency in the use of generative AI, minimum staffing levels for TV productions, remuneration increases and new mechanisms to tackle the impact of streaming on the all-important residuals.⁹

Managing AI through PLSD is likely to become increasingly pressing in the next few years. Recent research suggests that around two in five jobs globally could be affected by the rise of AI, a trend that should be shaped through social dialogue to ensure that the benefits are maximized for current and future societies, without amplifying existing patterns of inequity and discrimination (Cazzaniga et al. 2024; Schor 2018). Social dialogue, supported by technical experts (such as developers and scientists), is thus imperative to ensure that generative AI is used in a way that augments, rather than replaces, human agents (Brynjolfsson, Li and Raymond 2023).

Given the speed of change in the area of AI, the capacity of social dialogue to devise solutions in a “rapid and customized fashion” is recognized as a credible alternative to prescriptive top-down legislation (Krämer and Cazes 2022). Policy attention through social dialogue is particularly necessary in countries which lack the requisite enabling conditions for enterprises and workers to

benefit from this new technology and transition, such as training and job-search systems, government funding, tax incentives and social protection (Lane and Saint-Martin 2021).

► 4.2.3 Skills for the digital era

In the shifting digital landscape, the importance of a well-designed and agile system of skills formation cannot be overstated (see, for example, Berg et al. 2023; Ciarli et al. 2021; Grimshaw and Miozzo 2021). Fast-evolving digital technologies are creating new demand for workers with the right skills as digital automation, AI and data analytics become far more prevalent. In turn, skills development that enables workers to adapt to changing job needs also stimulates business innovation, productivity and competitiveness.

Training and retraining demand different approaches (see table 4.4). Existing formal training programmes have to keep up with the demand for changing skills. Solutions need to be individualized and adapted to trends in technology-related job polarization. There should be a tight focus on the workers who are the most disadvantaged and in need of upskilling and reskilling, notably in medium-skilled occupations, while the growth of generative AI will also require special attention for highly educated professionals, who are likely to be heavily affected, both negatively and positively. Research points to continuing shortages of digitally skilled workers around the world and to skills mismatches, leading to unfilled jobs and lost productivity (Charles, Xia and Coutts 2022, 24–25).

► Managing AI through PLSD is likely to become increasingly pressing in the next few years.

⁷ Memorandum of Agreement for the 2023 WGA Theatrical and Television Basic Agreement, 25 September 2023.

⁸ Financial compensation known as “residuals” is provided to actors, film or television directors and other contributors to the production of TV shows and movies. These payments are made on the occasion of cable reruns, DVD releases or licensing to streaming media (Dalton and Associated Press 2023).

⁹ The need for governments, in cooperation with employers’ and workers’ organizations, to “recognize the importance of copyright and related rights in the art and entertainment sector, and therefore ensure that these rights are implemented in a way that effectively remunerates producers, performers, and authors through statutory remuneration, collective bargaining, other forms of negotiation, or a combination thereof” has recently been reaffirmed in the Conclusions of the Technical meeting on the future of work in the arts and entertainment sector, adopted on 17 February 2024 (ILO 2023a, para. 19j).

► Table 4.4 Involvement of employers and workers in skills policies for digital jobs

| Occupational changes | Implications for skills | The role of social dialogue | |
|--|--|---|--|
| | | Mutually beneficial objectives | Potential for cooperation versus conflict |
| <p>Reduced demand for jobs due to automation of core tasks</p> | <p>Obsolescence of technical skills</p> | <p>Package of adjustments, including voluntary redundancy compensation, training and redeployment to alternative job roles, and redesign of work organization to exploit automation while identifying new higher-value-added activities</p> | <p>How to identify incumbent workers for retraining and redeployment versus downsizing?</p> <p>How to balance general and organization-specific skills in reskilling programmes?</p> <p>Who should pay for new training programmes?</p> |
| <p>Changes in the bundle of tasks in established occupations</p> <p>Due to the adoption of technology, such as the growing use of smartphones by farmers, the digitization of patient files by medical practitioners, or the use of online legal services</p> | <p>Foundation skills (literacy and numeracy), core employability skills (such as communication) and the range of technical skills will need to be upgraded, and can be greatly leveraged by basic and transversal information and communications technology skills</p> | <p>Joint worker-employer engagement in the redesign of occupational tasks and responsibilities, working with the new routine task-replacing technologies, alongside any required training programmes</p> | <p>How to manage the engagement of incumbent workers with new task-replacing technologies?</p> <p>How to ensure the upgrading/sustaining of skills and the status of all affected occupations without reinforcing existing hierarchies?</p> <p>What count as core areas of expertise (to be defended) and what ought to be productively substituted by new digital technologies?</p> |
| <p>New jobs and tasks that generate relatively new occupational groups</p> <p>Roles heavily based on and enhanced by the use of technology, but also often needed in combination with traditional technical skills, such as AI and machine learning specialists in manufacturing</p> <p>Examples include: process automation experts, information and cybersecurity analysts, user experience and human-machine interaction designers, interactive designers, robotics engineers, blockchain specialists, and “cobot” (collaborative robots designed to work alongside humans) trainers</p> | <p>Requires advanced (specialist) digital skills to understand and leverage the latest emerging technologies. Complementary non-IT specialized skills in other domains are often required</p> | <p>Higher education and vocational education and training systems equipped to supply specialist skills, with employers committed to investing in reskilling employees</p> | <p>How to finance a state-of-the-art, accessible education system for the digital age?</p> <p>How to balance the cost and strategic incentives facing employers to source ready-made skills versus in-house development?</p> <p>How to ensure that individuals who invest in an occupational career enjoy security of jointly regulated skills development and remuneration?</p> |

PLSD has been used to overcome these challenges since the early stages of the digital transformation (Contreras Rodriguez 2021). For instance, in Canada, the Canadian Future Skills Council (2019–21), an ad hoc PLSD body, proposed the establishment of a digital skills recognition platform to map the skills acquired in technical and vocational education and training (TVET) programmes.¹⁰ A key indicator of success has been in closing the digital divide between large enterprises and SMEs (Future Skills Council 2020, 38–43). Similar endeavours, in Canada and elsewhere, have been undertaken in bipartite and tripartite sectoral skills and TVET councils as part of their overall mandate (see Chapter 2).

Sectoral collective bargaining agreements with clauses on reskilling and upskilling mainly concern sectors affected by rapid changes in technology and continuous enterprise restructuring, including mergers, causing widespread job losses, such as in telecommunications and banking.¹¹ For example, in Greece, a collective agreement covering 70 per cent of the workforce in the banking sector, the first of its kind, protects workers from restructuring and redundancies caused by technological change, notably through clauses on reskilling and upskilling to meet the sector's digitalization needs and to enhance employability (WageIndicator 2022).

Addressing digital skills needs through social dialogue is also a crucial entry point for the incorporation of work design decisions in the adoption of technology, giving careful thought to the principles of human-centred design (Adams and Wenckebach 2023). A participatory approach can generate positive impacts, not only in skills use, but also in improving the autonomy, performance and monitoring, well-being and safety of workers (Parker and Grote 2022). Recognizing this principle, in Germany, the latest revision of the law on workplace co-determination (Works Council Modernization Act) expands such rights in the use of AI that affect work procedures and operations (Adams and Wenckebach 2023).

Agreements in major tech companies are likely to shape future national policies. A recent illustration is the 2023 AFL-CIO–Microsoft agreement of 11 December 2023 in the United States. The agreement commits the company not only to providing information to workers on AI technology trends and incorporating their perspectives as it

develops AI, but also to influencing public policy towards supporting digital skills enhancement for workers in the high-tech industry (Microsoft News Center 2023).

► 4.2.4 Links between cross-border and national social dialogue

PLSD on the management of technological transitions is more prevalent in European countries than elsewhere, not only because of the high levels of digital penetration, but also because cross-border social dialogue within the European Union calls on Member States and the social partners to use social dialogue to regulate these transitions. For instance, the EU Framework Agreement on Telework has triggered social dialogue and agreements in several cases since 2002 and remains a key reference point for the regulation of telework in countries such as Austria, Denmark, Estonia and Spain (Miguel 2020).

Bipartite cooperation agreements and other joint outcomes agreed by the European sectoral social partners are performing a similar role in industries affected by technological change, such as telecommunications, metal and engineering and insurance. For instance, a 2023 joint statement by the EU telecom social partners on remote work (accompanied by joint guidelines) promotes social dialogue in EU Member States on remote working arrangements at the national, sectoral and enterprise levels, including on:

- the right to disconnect;
- safeguards against excessive surveillance (not directly linked to the employee's job);
- consultation rights on algorithmic decision-making/management;
- training and upskilling opportunities.¹²

Similarly, a 2024 joint declaration by the European social partners in the hospitality sector commits the social partners in EU Member States to use social dialogue and engage in collective bargaining to improve the access of workers to training, retraining and upskilling to tackle skills shortages, against the backdrop of the digital transition and climate change (EFFAT and HOTREC 2024). However, other regional integration areas are lagging behind.

¹⁰ See <https://www.canada.ca/en/employment-social-development/programs/future-skills/council.html>.

¹¹ Jaylexia Clarck, "Social Dialogue and the Future of Work in the Financial Sector", report commissioned by the ILO in November 2023.

¹² See [Joint Statement of the EU Telecom Social Partners on Remote Work and The EU Telecom Social Partners' Guidelines on Remote Work](#), 19 June 2023.

4.3

Peak-level social dialogue for a just transition in the context of climate action and environmental change

The 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) demonstrate the global consensus on transitioning to net-zero carbon energy and the decarbonization of economies, while boosting incomes, productivity and long-term inclusive economic growth (see Chapter 1). However, the impact of climate and environmental change can undermine progress towards the SDGs and further exacerbate existing inequalities.

PLSD is crucial in ensuring that the transition to a green economy is well managed and just.

In parallel, climate and environmental policies can have an impact on employment and labour markets. In addressing both risks and opportunities, positive labour market and social outcomes are not automatic and the role of PLSD is crucial in ensuring that the transition to a green economy is well managed and just.

The ILO Just Transition Guidelines (ILO 2015) for a just transition towards environmentally sustainable economies and societies for all provide a road map covering the main policy areas to be considered so that the transition to low-carbon economies can be managed while promoting decent work and social justice (see box 4.7). The focus is on social dialogue and policy coherence in the design and implementation of country-specific macroeconomic, industrial, labour and skills policies that help enterprises to prosper, generate decent jobs and protect vulnerable groups during the transition to a green low-carbon economy.

► Box 4.7 ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all: Action framework

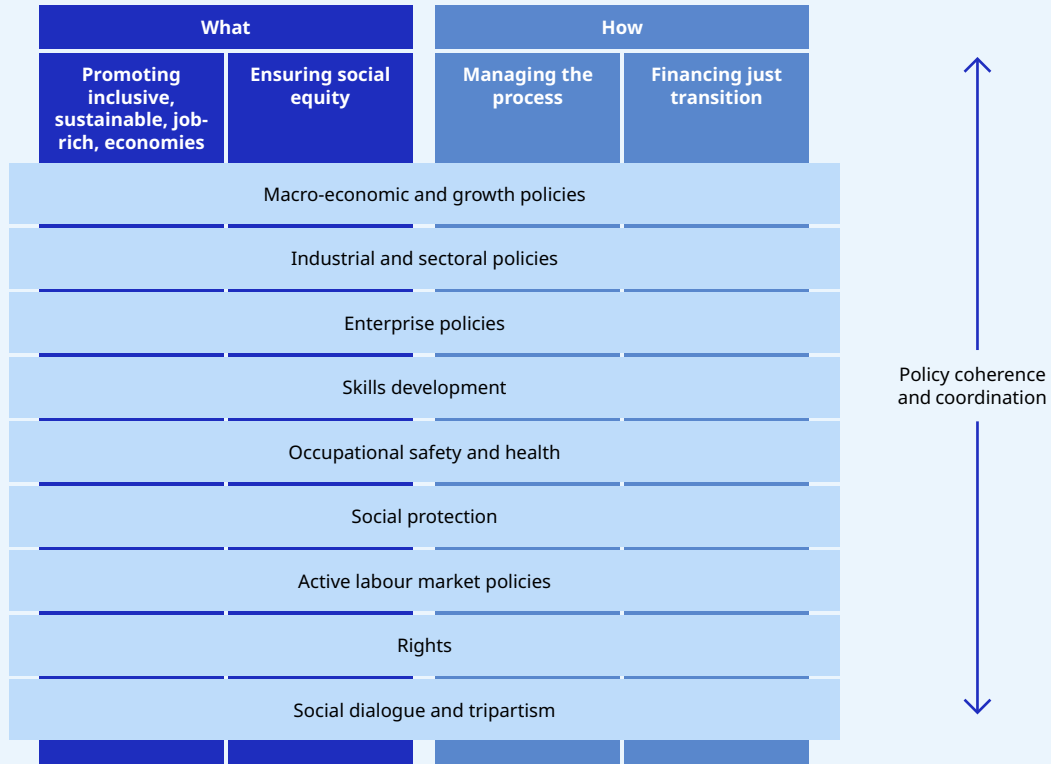
Aware that the transition to low-carbon (green) economies can take different shapes depending on the specific environmental, economic and social challenges and country contexts, since 2015, the ILO has been at the forefront of promoting the concept of a “just transition” in the context of the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change, which recalls “the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities”.

In this respect, the ILO Just Transition Guidelines (ILO 2015), endorsed by the Governing Body in 2015, are the key international reference outlining the principles and potential policy entry-points to promote a just transition (see figure B4.7). The Guidelines were developed by representatives of governments, and employers’ and workers’ organizations with expert input and advice. They enjoy broad support and endorsement across the world.

The 111th Session of the International Labour Conference in 2023 adopted Conclusions concerning a just transition towards environmentally sustainable economies and societies for all (ILO 2023b), which emphasize the need to advance a just transition to achieve social justice, eradicate poverty and support decent work. The Conclusions further endorse the 2015 Guidelines, which should serve as a basis for action and the central reference for policymaking.

► **Box 4.7 (continued)**

► **Figure B4.7 An action framework for a just transition**



Source: ILO, 2023c.

This section draws on empirical evidence of bipartite and tripartite PLSD processes and agreements across five interrelated themes as a basis for analysing the role of PLSD in driving and shaping the transformation. The selected themes include (see table 4.5):

- reducing carbon emissions in line with international commitments;
- reaching consensus on decarbonization;
- caring for the needs of workforce groups in disadvantaged situations;
- enhancing skills for a green economy;
- managing the growing problem of heat stress at work.

► **Table 4.5 Selected issues and expected roles of peak-level social dialogue in a just transition**

| Issue | The role of PLSD |
|--|---|
| International standards and commitments to a just transition | Proposing and overseeing implementation tailor-made to national circumstances |
| Resistance to phasing out unsustainable fossil fuel production and consumption modes | Raising awareness and uniting governments and the social partners on the need for decarbonization |
| Structural exclusion of large segments of workers and enterprises from policymaking | Fostering the green transition inclusive of women and vulnerable groups |
| Pressure for upskilling and reskilling to transition people out of fossil fuel industries | Devising joint solutions through skills for a just transition |
| Climate change impacts on workers and enterprises | Revisiting the social dialogue agenda to tackle specific aspects of climate change, such as heat stress |

► 4.3.1 Facilitating the implementation of international commitments for a just transition

The 2023 International Labour Conference Conclusions concerning a just transition towards environmentally sustainable economies and societies for all (ILO 2023b) reaffirm the significance of social dialogue and tripartite cooperation in shaping effective climate policies and facilitating a just transition.¹³ They also emphasize the importance of consulting the affected communities, including informal workers and businesses, among other stakeholders (ILO 2023b, para. 6):

Governments, employers and workers are critical agents of change and must urgently take concerted and coherent action based on effective social dialogue, and through reaffirming the ILO mandate and leadership on just transition in the multilateral system. Members should give special attention to respecting, promoting and realizing freedom of association and collective bargaining as enabling rights, which are vital for social dialogue. Consultations, exchange of information and other forms of dialogue between social partners and with governments are also important for a just transition.

PLSD also stands out as a governance tool to set frameworks for the implementation of many other international initiatives, such as nationally determined contributions (NDCs), through which countries report their efforts to cut carbon

emissions to the United Nations (see box 4.8). These international instruments and subsequent policy documents are foundational pillars for the management of the transition to environmentally sustainable economies through social dialogue.

Empirical evidence suggests that PLSD, notably in NSDIs, has not been exploited to its full potential in relation to green transition policies. The social partners are not systematically involved in policymaking for the transition to a sustainable economy and the development of coherent policies and national strategies to address the related obstacles, such as national mitigation and adaptation plans and decarbonization strategies (see, for instance, Papadakis and Cauqui 2023, 13–14).

However, notable examples of such action emerged during the COVID-19 crisis, reflecting both a reframing of social priorities as part of post-pandemic economic recovery plans and increased societal awareness of the impending dangers that climate change poses for the world of work (ILO 2021c; Molina 2022, 5). For instance, tripartite declarations on a just transition in Comoros and Senegal have resulted in a commitment by the signatories to private and public projects that prioritize investment in enhancing green skills, extending social protection and using social dialogue as part of their recovery plans.¹⁴

Box 4.9 summarizes the key findings of ILO surveys conducted between 2017 and 2023, illustrating a positive trend in PLSD experiences of the green transition, despite persistent gaps in effectiveness and inclusiveness.

► Box 4.8 The Paris Agreement, social dialogue and nationally determined contributions

The 2015 Paris Agreement is a legally binding international treaty on climate change, adopted by 196 Parties at the United Nations Climate Change Conference, and has been in force since November 2016. Its primary objective is to limit the global average temperature increase to well below 2°C above pre-industrial levels, with efforts to limit the increase to 1.5°C.

The Agreement requires countries to submit NDCs outlining their efforts to reduce greenhouse gas emissions and adapt to climate change impacts. NDCs contain domestic measures aimed at achieving the objectives of the contributions, including planned action to enhance resilience and adapt to climate change impacts.

Integral to implementation, NDC updates must involve public participation, including by the national social partners, local communities and indigenous peoples (Global Deal 2023a; ILO 2022b). The enhanced 2020 NDCs of Argentina, Costa Rica and Kenya are examples of commitments to inclusive social dialogue for the implementation of the Paris Agreement.¹

¹ See: Argentina, Ministry of the Environment and Sustainable Development (2020); Costa Rica, Ministry of the Environment and Energy (2020); and <https://unfccc.int/sites/default/files/NDC/2022-06/Kenya%27s%20First%20%20NDC%20%28updated%20version%29.pdf>.

¹³ The just transition means greening the economy in a way that is as fair and inclusive as possible to everyone concerned ... by creating decent work opportunities and leaving no one behind" (ILO 2023c, para. 28).

¹⁴ Comoros: Just Ecological Transition and the Blue Economy (18 February 2023). Senegal: Tripartite Declaration on Just Transition (27 November 2023).

► **Box 4.9 Research evidence on the evolving role of peak-level social dialogue in shaping climate change and just transition policies**

A 2017 ILO survey evaluated 45 NSDIs on their engagement in social dialogue and the future of work, with specific regard to climate change (ILO and AICESIS 2018). The findings indicate a generally low level of involvement in climate-related action, despite a trend towards increased engagement.

On a scale of 0 to 3, where 3 represents high engagement, the average score for climate-related actions by NSDIs was 0.96. Higher engagement was observed in collaboration with research institutes and initiatives (1.16), but lower scores in capacity-building (0.67) and the development of action plans (0.71). Half of NSDIs had not been involved in a comprehensive action plan for climate change. However, the Netherlands stood out for the comprehensive approach adopted, as exemplified by the 2013 Agreement on Energy for Sustainable Growth, which has led to multiple measures and national energy transition policies.

During the COVID-19 pandemic, another ILO survey examined 381 PLSD outcomes, such as joint statements and agreements, tackling the crisis and promoting recovery in over 100 countries. The survey showed that PLSD, including bipartite sectoral social dialogue, had shaped 22 outcomes on green policies, including comprehensive national recovery strategies. For example, in Barbados, the Employment and Sustainable Transformation Programme of 15 September 2020, a massive investment project for sustainable tourism, was designed with the social partners. It includes commitments to green the sector through water conservation and the increased use of renewable energy (ILO 2021c, 22).

The NSDI Survey conducted for the present report suggests that a just transition and related policies are among the topics dealt with by NSDIs (see section 4.1). On the downside, the Survey reveals that the mandates of NSDIs are not always directed to dealing proactively with a just transition and policies, albeit with exceptions, such as the economic, social and environmental councils in Algeria, Belgium, Côte d'Ivoire, New Zealand, Philippines and Uruguay (Guardiancich, forthcoming).

► **4.3.2 Uniting governments, businesses and workers around the need for decarbonization**

Green transition policies engender social tensions in view of the distributional consequences of phasing out dirty fossil fuel production and consumption modes, and the frequent attendant economic hardships. The articulation of compelling green transition policies has to rely on broad societal support, and a “new social contract”, addressing the real or perceived dichotomy between economic prosperity and environmental sustainability (Mazzucato 2022; Mazzucato and Silvers 2024). In turn, devising a new social contract implies redefining traditional partnerships between government, business and labour that are geared towards: investing in new skills and jobs; ensuring that productivity is matched by higher wages; and prioritizing policies for a fair distribution of the costs and benefits linked to the transition.

Realizing this objective remains difficult in

political and economic terms. While the negative socio-economic impacts of climate mitigation and adaptation policies are clear, the benefits of preventing environmental damage are more diffuse and delayed. Policymakers are prone to make concessions that can derail the environmental agenda, particularly when incomes are undermined and the risks are increased of deepening the fragmentation of labour markets and widening inequalities.¹⁵

► **Devising a new social contract implies redefining traditional partnerships between government, business and labour.**

¹⁵ For instance, in early 2024, protests by farmers in Europe against nitrogen restrictions, subsidy cuts and rising energy prices led the European Union to grant important concessions on its environmental agenda (Hancock and Bounds 2024).

For instance, recent research shows that increased environmental policy stringency has a sizeable negative effect on popular support for governments, particularly when inequality is high and social protection and active labour market policies for job reallocation are relatively low (Furceri, Ganslmeier and Ostry 2024). There is therefore a real urgency to develop appropriate social dialogue mechanisms that can adjust wages, expand social protection and vocational training, and address informality and precarious working conditions during the transition (OECD 2023b).

Some instances of PLSD illustrate its role in generating consensus among governments, the social partners and society at large on the need for decarbonization, and in establishing the road maps that are necessary to achieve consensus in ways that mitigate socio-economic impacts on workers and enterprises. This function is often performed by NSDIs (notably economic and social councils) through their dedicated studies, recommendations and other similar non-binding outputs. Globally, NSDIs in EU Member States are taking the lead in this respect (Eurofound 2023, 22–23; Molina 2022).¹⁶

Agreements following consultations and negotiations are rarer (see table 4.6). When they are concluded, they serve to compensate

employees with green transition policies and devise other adaptation measures. For example, a 2022 tripartite social pact on the energy transition in Poland sets out measures to mitigate the impact of the progressive closure of coal mines by 2049, including through the adjustment of the wages of the affected workers (see box 4.10). In the Republic of Korea, a 2021 national bipartite agreement on industrial transformation commits the social partners to tackling concerns associated with the promotion of green workplaces, minimum wages, skills enhancement and OSH.

ILO research shows that the translation of policies resulting from PLSD into specific measures that support businesses to change their production processes, reduce emissions and promote green workplaces, remains a challenge globally (ILO 2022d). This challenge can be addressed through a combination of macro- and micro-level enabling interventions, including (ILO 2022d, 20):

- ▶ industry-specific policies for green businesses and green skills development;
- ▶ measures to support resource efficiency and entrepreneurship;
- ▶ coordination between social dialogue processes on the just transition at the national, regional, local and enterprise levels.

▶ **Table 4.6 Selected agreements on the green transition concluded through sectoral social dialogue**

| Country (year) | Sector | Type/purpose of social dialogue | Parties | Process outcomes | Key clauses |
|----------------------------------|---|--|--|---|--|
| Argentina (2022–23) ¹ | Energy, gas, lithium and other sectors capable of generating green jobs (for example, recycling and repair) | Consultations on green transition strategies, climate change policy (NDCs), industrialization of hydrogen and job creation | Representatives of social partner organizations, private companies and civil society | Sector-specific labour adaptation plans Establishment of mechanisms to pursue plans at the national, provincial and enterprise levels Policy Inventory and Labour Diagnosis for a Just Transition | Incentives for green investments, innovation in environment-friendly activities Green employment indicators (National Green Employment Advisory Council) Active labour market policies for green jobs Coordination between the private sector and national and provincial authorities |

¹⁶ For instance, in Bulgaria, France, Greece, Ireland, Latvia, Malta, Netherlands and Spain.

► Table 4.6 (continued)

| | | | | | |
|---|-----------------|--|--|--|---|
| France (2019–23) ² | Pharmaceuticals | Negotiations on the ecological transition and sustainable mobility | LEEM (employers) and FCE CFDT FNP FO CMTE CFTC UFIC–UNSA (workers) | Sectoral agreement (annexed to the 2019 national collective agreement of the pharmaceutical industry) | 50% reduction in carbon emissions by 2050 based on social dialogue and collective agreements Companies with over 300 workers to establish environmental committees to study the impact of environmental decisions/strategies |
| Germany (2018–21) ³ | Coal | Consultations on growth, structural change and employment (Coal Commission) | DGB, IG BCE and other stakeholders (including regions heavily affected) | Final report on coal consensus with commitments to the transition to a carbon-neutral economy German Coal Phase-out Act (2021) incorporating the coal consensus commitments | Investing in vocational training, worker reskilling and upskilling, and shaping energy transition plans through collective bargaining agreements (such as on compensation for wage losses, and training and retraining) |
| Republic of Korea (2021–22) ⁴ | Metal | Negotiations on industrial transformation (digitalization, automation and decarbonization) | Korean Metal Workers' Union and Korean Metal Industry Employers' Association | Industry-level agreement and joint declaration, committing the parties to reduce carbon emissions and securing funds for it | 5.1% minimum wage increase from 2021, employment security guarantees, job training on new technologies, safeguarding of OSH and labour management body established to make industrial transformation plans |
| Switzerland (2022) ⁵ | Public sector | Negotiations on waste management | ASED and the Union of Swiss Cities | Sectoral agreement | Plans to implement CO ₂ capture and storage technologies in garbage disposal facilities |

¹ ILO, 2022c.² [Convention collective nationale de l'industrie pharmaceutique \(accord du 11 avril 2019\)](#).³ Brinkmeier, 2019; and Furnaro et al., 2021.⁴ Guardiancich and Molina, forthcoming.⁵ Government of Switzerland, 2022.

Note: ASED – Association suisse des exploitants d'installations de traitement des déchets; CFDT – Confédération française démocratique du travail; CFTC – Confédération française des travailleurs chrétiens; CMTE – Confédération maritime, transports et équipement; DGB – German Trade Union Confederation; FCE – Fédération chimie énergie; FNP – Fédération nationale des ports et docks; FO – Force ouvrière; IG BCE – Mining, Chemical and Energy Industrial Union; LEEM – Les entreprises du médicament; UFIC – Union des forces intermédiaires et cadres; UNSA – Union nationale des syndicats autonomes.

► **Box 4.10 The 2022 social pact on power plants in Poland**

The plans for the mid- and long-term energy transition in Poland present a serious threat to the national coal industry, including the displacement of workers. To assist them with financial support and new job opportunities, in late December 2022, the Minister of State Assets, trade unions from the energy and lignite sector and representatives of 30 companies from Polska Grupa Energetyczna, Enea, Energa and Tauron, signed a tripartite Social Agreement on the Transformation of the Energy and Lignite Sector.

This Agreement is a prerequisite for the establishment of the National Energy Security Agency (NABE), covering two thirds of the country's electricity production. The Agreement outlines benefits for employees of companies under the auspices of NABE, including a "consolidation award" of 8,000 zloty. NABE companies are invited to commit to annual salary increments based on collective bargaining agreements, while additional benefits, such as annual bonuses and special awards, will persist.

The Agreement includes protection measures for workers in coal mines undergoing liquidation. Departing employees will receive paid leave and severance pay. Pre-retirement age employees may take up to four years of mining and energy leave with benefits worth 80 per cent of their final salary. Others have the option to receive a one-time cash severance payment equivalent to 12 times their last salary. The number of affected workers may exceed 32,000.

Source: Eurofound, 2023, 24; and Guardiancich and Molina, forthcoming.

► **4.3.3 Fostering a just transition sensitive to the needs of women, informal workers and enterprises, and indigenous and tribal peoples**

The impact of climate and environmental change has an important gender dimension. Women, particularly in developing countries, make up a large share of the groups that are harmed by environmental degradation, climate change and inequalities in general. Women are at a greater risk than men of experiencing food insecurity, increased exposure to extreme weather events and displacement due to climate-related disasters. Earlier research showed that about 80 per cent of those displaced by climate events were women (UNDP 2016). Women are over-represented in occupations, sectors and workplaces that are highly exposed to informality (ILO 2023d, 51), including agriculture, where women are more likely than men to engage in unpaid, seasonal and part-time work (ILO 2022c, 36).

The prevalence of informality in the regions most severely affected by climate change is a matter of concern (Dodman et al. 2023). And, although men are more affected as a result of their involvement in pollution-intensive jobs, only 28 per cent of green jobs in OECD countries are occupied by women, meaning that they are less well placed than men to benefit from green transition opportunities (André et al. 2023, 10).

Women are at a greater risk than men of experiencing food insecurity, increased exposure to extreme weather events and displacement due to climate-related disasters.

This highlights the need for gender-sensitive policies to reorient productive activities as part of the transition process, including the greening of workplaces. PLSD is required for such policies, but examples are rare. Nevertheless, a recent peak-level (inter-occupational) bipartite agreement on the green transition and social dialogue in France illustrates the interaction between PLSD and social dialogue at the enterprise level, including through collective bargaining and workplace cooperation, notably in SMEs aiming to promote green workplaces (see box 4.11).

► **Box 4.11 Promoting the green transition through gender-sensitive social dialogue in France**

On 11 April 2023, a National Inter-occupational Agreement on the Green Transition and Social Dialogue (CFTC et al. 2023) was signed by representatives of French employers' and workers' organizations, including those representing SMEs. The agreement commits the parties to raise awareness of the green transition as a priority, and calls for social dialogue for that purpose. It indicates that clauses on the environmental impact of production will be included in agreements at all levels.

The agreement emphasizes the need to adopt a gender-sensitive approach to social dialogue. In the absence of a collective agreement in companies with union delegates, employers are required to initiate annual negotiations on remuneration, the effective duration and organization of working time and the distribution of the added value of the enterprise (for example, through profit-sharing or employee savings).

For companies with at least 50 employees on the same site, negotiations must focus on occupational equality between men and women, the quality of working life and measures to improve employee mobility, which may include initiatives to reduce mobility costs, promote environmentally friendly transport and cover expenses for electric or hybrid vehicles, carpooling, bicycles and public transport to improve commuting.

Source: CFTC et al., 2023.

Globally, the close interdependence between the massive informal economy and the environment underlines the need to include informal workers and enterprises in just transition policymaking (ILO 2022c), precisely because policies to address climate change may impose economic costs that disproportionately affect informal workers and business units, and which therefore require their involvement in the design of protective measures. This approach can also provide an opportunity to foster inclusive growth by promoting the transition to formality. However, targeted PLSD initiatives that address both formalization and the green transition are scarce, especially as

informality creates barriers to representation in mechanisms that are responsible for shaping the relevant public policies (such as subsidies to promote energy efficiency, green finance and training and skills development programmes; see ILO 2022d; Global Deal 2020; 2023a).

One experience that demonstrates synergy between the promotion of environmental sustainability and formalization is in Kenya (see box 4.12), and shows a major opportunity not only to revitalize social dialogue but also for unions to expand their membership base (Anyango et al. 2013).

► **Box 4.12 Mitigating the impact of the new bus system on informal transport workers in Nairobi**

In Kenya, the transport sector has been undergoing a fundamental shift that is expected to seriously affect workers in traditional transport. In 2019, the greener bus rapid transit (BRT) system was introduced in Nairobi. While the BRT has favourable effects on the environment and users, it has affected about half the workforce in the industry, amounting to some 70,000 people, mainly the privately owned "matatu" minivans.

Social dialogue, facilitated by the public authorities, between the Allied Workers Union, the Matatu Workers' Union and the Public Transport Operators Union resulted in the Nairobi Bus Rapid Transit: Labour Impact Assessment report. The report provides the basis for measures to protect the informal workers affected, including transparent contracting, retraining and redeploying workers at risk of losing their jobs, formalizing the matatu sector through licensing and registration, and integrating matatu drivers into the BRT system.

Source: Global Deal, 2023a.

Indigenous and tribal peoples are another large vulnerable population at risk of being affected by the green transition. The resources required for sustainable energy may threaten their livelihoods, perpetuate legacies of violence and exclusion, and generate perceptions of “green colonialism” (Monet 2023). For instance, projects for the mining of the minerals, such as nickel, lithium, cobalt and copper, needed in electric car batteries and for wind power, can affect the ecosystems of indigenous and tribal peoples, generate safety concerns and lead to forced migration.

International instruments point to the need for environmentally driven projects that acknowledge such impacts and include mitigation strategies (ILO 2019b). Research shows the crucial role that indigenous and tribal peoples play in informing environmental impact assessments, achieving sustainability, generating green jobs and enterprises, and developing innovative solutions to climate change rooted in traditional knowledge (ILO 2017b; IPCC 2019, 4; Lam et al. 2020). For instance, the use of “regenerative agriculture” practices by indigenous peoples can be a powerful means of combating climate change and the declining productivity caused by soil depletion.

The Indigenous and Tribal Peoples Convention, 1989 (No. 169), is the only ILO treaty open for ratification that comprehensively addresses the

In line with Convention No. 169, dedicated peak-level institutions have been established, particularly in Latin America.

rights of indigenous and tribal peoples, particularly by establishing consultation rights. In line with Convention No. 169, dedicated peak-level institutions have been established, particularly in Latin America, where the ratification rate of Convention No. 169 is higher than in other regions, for inclusive consultations on legislative or administrative measures and projects that affect indigenous and tribal peoples (see table 4.7). Based on the principles of Convention No. 169 and through these mechanisms, consensus has been achieved on environmental impact assessments, for example: in Argentina on the construction of a fibre-optic cable; in Chile on a photovoltaic electric project; and in Peru on environmental legislation, with the Framework Act on climate change (ILO 2022e; Peru, Defensoría del Pueblo 2017).

► **Table 4.7 Examples of consultative mechanisms on indigenous and tribal peoples’ affairs in Latin America**

| Country | Institution | Consultative mechanism |
|-----------|---|--|
| Argentina | National Institute for Indigenous Affairs | Consultative and Participatory Council of Indigenous Peoples |
| Chile | Ministry of Social Development and the Family (Vice-Ministry of Social Services, National Indigenous Development Cooperation) | Council of the National Indigenous Development Corporation |
| Colombia | Ministry of the Interior (Directorate of Indigenous, Rom and Minority Affairs) | Permanent Round Table for Conciliation with Indigenous Peoples and their Organizations |
| Mexico | National Institute of Indigenous Peoples | National Council of Indigenous Peoples of the National Institute of Indigenous Peoples |
| Paraguay | Paraguayan Indigenous Institute | Advisory board to the Paraguayan Indigenous Institute |
| Peru | Ministry of Culture (Vice-Ministry for Interculturality) | Working Group on Indigenous Policies |

► 4.3.4 Equipping the world of work with skills for the green transition

Paragraph 1 of the Human Resources Development Recommendation, 2004 (No. 195), states:

Members should, based on social dialogue, formulate, apply and review national human resources development, education, training and lifelong learning policies which are consistent with economic, fiscal and social policies

During the transition to an environmentally sustainable economy, jobs will be both lost and

created. However, a key concern is that job losses may occur immediately because of policy decisions, such as banning plastics or closing mines, while new jobs may appear more slowly, reflecting efforts to attract investors, create a favourable investment climate and encourage green investment (for example, Curtis, O’Kane and Park et al. 2024; Dordmond et al. 2021). Moreover, new employment is not necessarily created in the same geographical location where jobs are lost. Of course, the transition requires vast investment in reskilling and upskilling programmes, due in part to the breadth of the changes needed in skills levels, differences in approaches to training (see table 4.8) and active labour market policies (Botta 2019).

► Table 4.8 Developing skills for green jobs and a just transition

| Skills level | Nature of change | Typical skills response | Examples of occupations |
|----------------------------|---|--|--|
| Low-skilled occupations | Generic – for example, requiring increased environmental awareness or simple adaptation of work procedures | On-the-job learning or short reskilling and upskilling programmes | Changing occupational skills: ► refuse/waste collectors |
| Medium-skilled occupations | Some new green occupations Significant changes in technical skills and knowledge in some existing occupations | Short to longer upskilling and reskilling programmes TVET courses | New occupations: ► wind turbine operators ► solar panel installers Changing occupational skills: ► roofers ► technicians in heating, ventilation and air conditioning ► plumbers |
| High-skilled occupations | Locus of most new green occupations Significant changes in technical skills and knowledge in some existing occupations | University degrees Longer TVET upskilling programmes | New occupations: ► agricultural meteorologists ► climate change scientists ► energy auditors ► energy consultants ► carbon trading analysts Changing occupations: ► building facilities managers ► architects ► engineers |

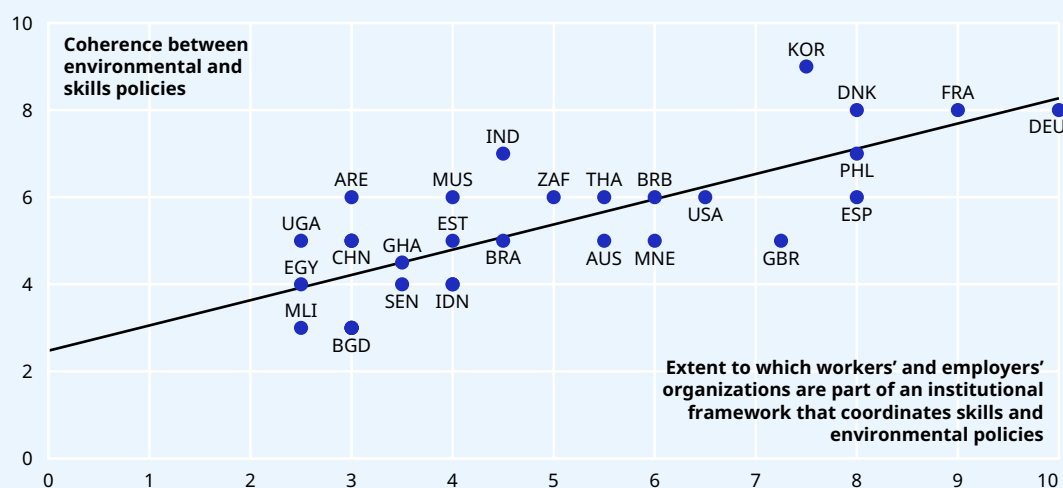
Using PLSD for the identification of current and future skills needs (skills anticipation), the development and delivery of TVET programmes, the management and financing of public and private skills training, and quality assurance of training, can have important positive effects on their overall performance (Global Deal 2023b). The involvement of the social partners in skills initiatives through social dialogue is key, for instance, to better informing national strategies for competitiveness and sustainability, such as industrial policy (see section 4.5), identifying skills gaps and aligning workforce development with the needs of sustainable enterprises, and ensuring that skills policies support both environmental goals and sustainable economic growth. ILO research shows that the greater the involvement of employers and workers in skills coordination, the greater the coherence between environmental and skills policies (figure 4.4).

Research also shows that, in many countries, employers' organizations are more frequently involved than workers' organizations in developing skills policies for green jobs (figure 4.5), depending on the varying institutional arrangements. In a few countries,

social partner organizations participate as members of economic and social councils and similar institutions and are consulted on general economic, educational and environmental issues, for example in Australia, Denmark, Germany, Mauritius, Montenegro and United Kingdom (ILO 2019d, 181). They are also involved in dedicated sectoral skills bodies, in mechanisms to anticipate skills needs, particularly at the TVET level, and in multi-stakeholder bodies for skills development (often government agencies), which also include public or private companies, training institutions and non-governmental organizations (see also Chapter 2). However, most of these councils and bodies have broad mandates, focusing not only on skills for green jobs and a just transition, but more broadly on:

- ▶ skills policy design, system strengthening, coordination and monitoring;
- ▶ the development and updating of occupational standards, training regulations and qualification frameworks;
- ▶ training and retraining programmes;
- ▶ joint research.

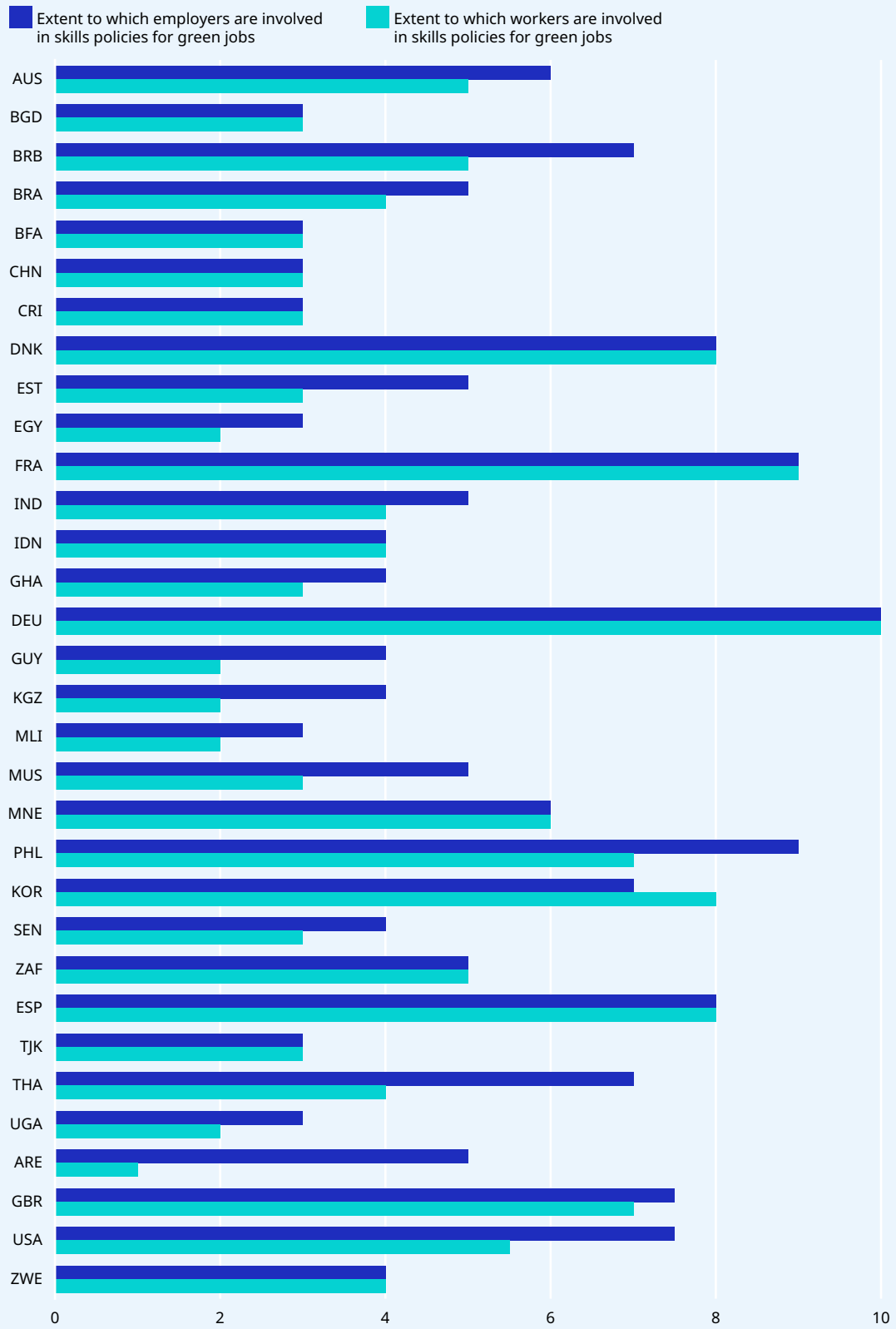
▶ **Figure 4.4 Involvement of employers and workers in skills policies and coherence between environmental and skills policies**



Note: (1) Criteria for coherence between skills and environmental policies include: coordination; responsiveness to industry and worker needs; good coverage and complementarity; active involvement of the social partners in decision-making; and policies well informed by research and labour market information and clearly linked to action, including finance, monitoring and evaluation mechanisms. (2) 1–10 point scale. Vertical axis: 10 = high coherence; 0 = no coherence. Horizontal axis: 10 = full involvement; 0 = no involvement. (3) Country codes: ARE = United Arab Emirates; AUS = Australia; BGD = Bangladesh; BRA = Brazil; BRB = Barbados; CHN = China; DEU = Germany; DNK = Denmark; EGY = Egypt; ESP = Spain; EST = Estonia; FRA = France; GBR = United Kingdom; IDN = Indonesia; IND = India; KOR = Republic of Korea; MLI = Mali; MNE = Montenegro; MUS = Mauritius; PHL = Philippines; SEN = Senegal; THA = Thailand; UGA = Uganda; USA = United States; ZAF = South Africa.

Source: ILO, 2019d, 37.

► **Figure 4.5 Involvement of employers and workers in skills policies for green jobs**



Note: (1) 1–10 point scale: 10 = full involvement; 0 = no involvement. (2) Country codes: ARE = United Arab Emirates; AUS = Australia; BFA = Burkina Faso; BGD = Bangladesh; BRA = Brazil; BRB = Barbados; CHN = China; CRI = Costa Rica; DEU = Germany; DNK = Denmark; EGY = Egypt; ESP = Spain; EST = Estonia; FRA = France; GBR = United Kingdom; GHA = Ghana; GUY = Guyana; IDN = Indonesia; IND = India; KGZ = Kyrgyzstan; KOR = Republic of Korea; MLI = Mali; MNE = Montenegro; MUS = Mauritius; PHL = Philippines; SEN = Senegal; THA = Thailand; TJK = Tajikistan; UGA = Uganda; USA = United States; ZAF = South Africa; ZWE = Zimbabwe.

Source: ILO, 2019d, 38.

Sectoral tripartite and bipartite social dialogue is useful in designing and implementing industry-specific training programmes through sectoral agreements, notably in sectors heavily affected by decarbonization, such as energy and oil. For example, in the United Kingdom, in 2022, workers and employers collaborated with the Government to develop an “energy skills passport” to assist offshore oil and gas workers acquire transferrable skills for the offshore renewables sector (ILO 2023c, 45).

In Italy, a bipartite collective agreement of 21 July 2022 in the same sector, covering 40,000 workers, recognizes that changes linked to the urgent energy transition will require the transformation of existing skills, and commits the parties to strengthening upskilling and retraining. It also establishes mechanisms to certify training and sets up labour management training committees to propose training initiatives designed specifically for older workers and women (Planet Labour 2022).

In Australia, a Clean Energy Workforce Reference Group, composed of businesses, unions, training institutions and skills-forecasting agencies, has been established in the Clean Energy Council, a peak body representing over 1,000 companies in the renewable energy sector, to address the serious shortage of green skills (Molina 2022, 11).

► 4.3.5 The impact of climate change on labour: Spotlight on heat stress

Heatwaves are becoming more frequent and intense, posing great risks to the health and safety of the workforce and affecting labour productivity (ILO 2024c). The year 2023 was the warmest since global records began in 1850 (WMO 2024).¹⁷ A natural reaction of the body to heat is to slow down, and ILO research shows that heat reduces labour productivity by 2.2 per cent a year (ILO 2019e).

In recent years, governments have increasingly recognized the challenges related to heat stress

► Sectoral tripartite and bipartite social dialogue is useful in designing and implementing industry-specific training programmes through sectoral agreements, notably in sectors heavily affected by decarbonization, such as energy and oil.

and have been progressively implementing and promoting adaptation measures through legislation and technical guidance and tools. Efforts have mainly focused on sectors such as agriculture and construction. However, as global warming becomes a major issue in relation to working conditions, responses are increasingly being adopted to cover many more types of workers (for example, pregnant or breastfeeding women, elderly workers and those with chronic health conditions) and sectors (such as transport¹⁸ and healthcare¹⁹).

Research commissioned for the present report shows that governments and the social partners in Costa Rica, France, Mexico and Spain are slowly placing heat stress on the OSH social dialogue agenda and in ad hoc initiatives to develop OSH policies and regulations at the national, local and enterprise levels, sometimes with tangible results, such as in Costa Rica (see box 4.13).²⁰ In Singapore, tripartite social dialogue in the Workplace Safety and Health Council fed into guidelines and other tools to understand and manage heat risks at

¹⁷ Using six leading international datasets to monitor global temperatures, the World Meteorological Organization announced in January 2024 that the annual average global temperature in 2023 had been $1.45 \pm 0.12^\circ\text{C}$ above pre-industrial levels (1850–1900). Global temperatures between June and December 2023 set new monthly records, with July and August 2023 the two hottest months on record (WMO 2024).

¹⁸ For instance, in the United States, the OSHA Outdoor WBGT Calculator has been developed specifically for industries with a widely distributed workforce, such as mail and package delivery (see <https://www.osha.gov/heat-exposure>). It estimates the wet bulb global temperature (a composite temperature measurement used to estimate the effect of temperature, humidity, wind speed and solar radiation on humans) from standard meteorological inputs and thus allows for remote risk assessment.

¹⁹ Activities predominantly include measures to prepare healthcare systems to address heat-related illnesses.

²⁰ François Eyraud, “Heat Stress and Social Dialogue in France: Study on the Contribution of Peak-Level Social Dialogue to Policies and Measures Regarding Adaptation to Heat Stress”, report commissioned by the ILO in December 2023; Laura Maffei, “Study on the Contribution of Peak-Level Social Dialogue to Policies and Measures Regarding Adaptation to Heat Stress: Spain, Costa Rica and Mexico”, report commissioned by the ILO in November 2023.

the company level.²¹ In Miami, United States, the social partners and the local government have established tripartite processes to share knowledge and design tools to advise employers and outdoor workers on heatwave protection.²²

Sectoral collective bargaining on heat stress focuses primarily on the management of working time and compensation measures in the sectors most affected, such as the construction, agriculture, forestry and fishing. In Germany, a 2023 collective agreement in the construction sector provides that hours not worked between April and November because of weather conditions, including extreme heat, can be made up during the following 40 working days with an additional payment of 12.5 per cent added to the regular compensation for the hours worked (Brinkmeier 2023). A collective agreement in Italy in the forestry and furniture industry concluded in June 2019 provides that workers seconded to carry out work in temperatures above 40°C will be paid a special allowance of 10 per cent of their basic salary.²³

Sectoral collective bargaining on heat stress focuses primarily on the management of working time and compensation measures in the sectors most affected, such as the construction, agriculture, forestry and fishing.

► **Box 4.13 Managing the impact of heat stress through peak-level social dialogue in Costa Rica**

Concerns about the spread of chronic kidney disease, which can be caused by exposure to high temperatures at work, prompted the tripartite Occupational Health Commission to agree in 2015 on a draft regulation for the prevention of heat stress and the protection of workers exposed to heat stress. The resulting law (Decree No. 39147 S-TSS) covers outdoor workers.

This PLSD body has also contributed to capacity-building for workers and employers and the provision of space for collective bargaining and workplace cooperation to prevent heat stress for outdoor workers. This has led to the agreement of prevention protocols and plans negotiated by employers and workers' representatives at the enterprise level. In the sugar cane sector, interviewees pointed to some good progress made through these agreements at the company level on the basis of the Decree, and particularly an observed decrease in the incidence of chronic kidney disease.

Following the successful PLSD on heat stress legislation, the Government and the social partners have developed and implemented awareness-rising campaigns, guidelines and training to strengthen the application of heat-related regulations. They have also taken steps to broaden the coverage of the Decree to all workers exposed to heat stress, including those working indoors. The action taken includes conducting research and generating data to enable the social partners to better assess the impact of measures adopted so far.

Source: Laura Maffei, "Study on the Contribution of Peak-Level Social Dialogue to Policies and Measures Regarding Adaptation to Heat Stress: Spain, Costa Rica and Mexico", report commissioned by the ILO in November 2023.

²¹ See <https://www.tal.sg/wshc/resources?keyword=heat%20stress>.

²² See <https://www.miamidade.gov/environment/library/2022-heat-action-plan.pdf>.

²³ Italy, *Accordo per il rinnovo del CCNL per i lavoratori della piccola e media industria del legno, del sughero, del mobile e dell'arredamento, e per le industrie boschive e forestali*, June 2019, art. 71.

4.4

Industrial policy and peak-level social dialogue: A linchpin of the twin transition

Industrial policy, which may be broadly defined as proactive and strategic efforts by governments to support specific industries or sectors, has re-emerged in recent years, especially in advanced economies, often under the impulse of national digital transformation and/or climate-related policies. For example, in the United States, the Creating Helpful Incentives to Produce Semiconductors and Science Act (CHIPS and Science Act, 9 August 2022) and the Inflation Reduction Act (2 February 2023) support, respectively, the manufacture of semiconductors and clean energy and transport. Similarly, the European Chips Act (8 February 2022) has been adopted in the EU to support its semiconductor industry, while the NextGenerationEU programme (signed on 14 December 2020) aims to direct growth through sustainable and inclusive climate and digitalization strategies so as to green the economies of Member States and reduce the digital divide (Mazzucato 2022).

Industrial policy has been part of the development toolkit for decades, particularly to promote diversification and structural transformation, but the need to rebuild following the confluence of crises, including the COVID-19 pandemic and the cost-of-living crisis, the urgency of the green transition and the importance of digital technologies in shaping future economic resilience and competitiveness, are the key drivers of modern industrial policy.

▶ The social partners have contributed to designing and implementing industrial policy, especially in countries with pre-existing social dialogue mechanisms.

A recent global review of industrial policy suggests that strategic competitiveness is the primary motivation, although climate change, supply chain resilience and geopolitical and national security also feature (Evenett et al. 2024). The same review finds wide differences between countries, with advanced economies more actively adopting new measures, typically through subsidies, and developing countries instead relying on trade restrictions on imports and exports.

Over the longer term, industrial policy has become less about top-down incentives and more about establishing sustained collaboration between public and private actors for economic and social goals (Aiginger and Rodrik 2020; Rodrik 2022). As industrial policy aims to guide the allocation of capital and labour towards certain objectives, its guidance can be best informed by those who are most likely to be affected (that is, employers and workers), who are well positioned to facilitate implementation and who can ensure buy-in for the policies (Campbell, forthcoming).

A global study (Campbell, forthcoming) and selected national studies of the role of the social partners in industrial policy conducted for the present report shows that the social partners are involved mainly in elaborating broad national development frameworks in NSDIIs (see table 4.9). In most of the countries analysed, the social partners have contributed to designing and implementing industrial policy, especially in countries with pre-existing social dialogue mechanisms, such as South Africa. However, workers' participation there appears less intensive than that of business, owing to gaps in trade union capacities to engage in technically complex debates on the twin transition (see box 4.14).

► Table 4.9 Industrial policy and the role of social dialogue, selected countries

| Country | Example of industrial policy | Aim of industrial policy | Examples of social dialogue on industrial policy |
|-------------------|---|---|--|
| Argentina | Argentina Productiva 2030 | Transform the country's productive framework to improve social, economic and environmental outcomes | Regulating imports of waste Identifying constraints to the circular economy Establishing a registry of the circular economy |
| Costa Rica | National Territorial Strategy for an Inclusive and Decarbonized Economy 2020–50 (EETID 2050) | 30-year plan to modernize economic activities through decentralization, digitalization and decarbonization | A bill is under consideration to establish an Economic and Social Advisory Council to strengthen social dialogue, including on industrial policy |
| Germany | Joint Task Force for the Improvement of the Regional Economic Structure (Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur) (2022) | Transform and reconvert production towards a climate-neutral and sustainable economy Promote regional value chains Promote employment creation and decent work | Sectoral collective bargaining and information, consultation and co-determination rights, including on industrial policy |
| Morocco | Industrial Acceleration Plan (2014–20) | Improve sectoral integration, multiply investments and ensure an increase in the value of the industrial sector through targeted strategic partnerships between industrial leaders and MSMEs Create half a million jobs Increase the share of industry in GDP from 14% to 23% | Article 13 of the 2011 Constitution calls for the promotion of collective bargaining, the strengthening of trade unions and the creation of “consultation bodies, with the aim of involving the various social actors in preparing, activating, implementing and evaluating public policies” |
| Republic of Korea | Regional Job Creation (2017–22) | Counter the decline in population and economic activity in regions and localities | Regional social dialogue initiatives The national bipartite agreement on industrial transformation includes clauses on greening workplaces |
| South Africa | Re-imagined industrial strategy and its sectoral “master plans” (2019–23) | Co-create industrial policy relying on action-oriented partnerships between the state, organized labour and the private sector to promote growth, jobs (particularly for youth), competitiveness and technology upgrading | Social dialogue in NEDLAC on a wide range of policies, including industrial policy Master plans (focused strategic documents designed through tripartite consultation) identify 3–4 specific actions to unlock growth and achieve other national objectives in industries of strategic importance |

► Table 4.9 (continued)

| | | | |
|---------------|------------------------------|---|--|
| United States | CHIPS and Science Act (2022) | Strengthen manufacturing, supply chains and national security, and invest in research and development, science and technology, and the workforce to maintain leadership in nanotechnology, clean energy, quantum computing and AI | The Act makes the disbursement of public funds conditional on the creation of public-private partnerships involving the social partners It authorizes US\$10 billion for investment in regional innovation and technology hubs across the country, bringing together state and local governments, institutes of higher education, labour unions, businesses and community-based organizations to create regional partnerships to develop technology, innovation and manufacturing sectors |
|---------------|------------------------------|---|--|

Source: Argentina: Joaquín Etoarena Hormaeche, "Just Transition Policies Designed and Implemented through Social Dialogue: The Case of Argentina", report commissioned by the ILO in January 2024; Costa Rica: Cheng, forthcoming; Germany: Voss, forthcoming; Morocco: Belghazi, forthcoming; Republic of Korea: Bae, forthcoming; South Africa: Godfrey, forthcoming.

► **Box 4.14 Peak-level social dialogue on industrial policy in South Africa**

In South Africa, the industrial policy, relaunched in early 2019, includes a specific reference to the utilization of master plans. Rather than pressuring partners into unrealistic commitments, master plans build relationships between the Government and industry stakeholders, establishing a common vision and platform for collaboration and course correction.

Field research conducted in 2023 for the present report shows that tripartite social dialogue is important for every stage of the master plan strategy: design, implementation, monitoring and evaluation. Master plans are premised on broad targets set in national economic development frameworks, such as the New Growth Path (2010), the National Development Plan (2012), the Re-imagined Industrial Strategy (2019) and the Economic Reconstruction and Recovery Plan (2020), designed through inclusive social dialogue, notably in NEDLAC.

PLSD has been the means through which master plans have been developed and implemented. For instance, the Automotive Master Plan 2018–35, which contains incentives to encourage the production of electric vehicles, hybrid vehicles and autonomous cars, was based on extensive tripartite consultation. However, in some cases, the trade unions have been brought in very late (such as in the Commercial Forestry Master Plan), or have even dropped out (such as in the Global Business Services Master Plan). Although businesses have generally appeared to have the capacity to participate in master plans, this has not always been the case for all government departments outside the Department of Trade, Industry and Competition, or for organized labour.

Source: Godfrey, forthcoming.

In the United States, where PLSD is relatively underdeveloped, the CHIPS and Science Act envisages social partner involvement, not only as an input in the design of industrial policy, but mainly for its implementation, because the disbursement of public subsidies is conditional on public-private partnerships involving the social partners. Conversely, not embedding

social dialogue in industrial policy may generate costly conflictual transitions, as in the case of the widespread strike by autoworkers affected by the transition strategy of the three biggest carmakers to electric vehicle production, as the Inflation Reduction Act does not formally require prior consultation with the concerned parties (see box 4.15).

► **Box 4.15 Agreement between the United Auto Workers union and automakers in the United States**

In November 2023, the United Auto Workers (UAW) union, representing some 150,000 autoworkers, concluded a multi-employer agreement with the three biggest American carmakers (Stellantis, General Motors and Ford), ending 40 days of widespread strikes in the United States. The agreement resulted in a 25 per cent pay increase over the following four and a half years, cost of living rises and increased unionization in the production of new electric vehicles and batteries (IndustriALL 2023).

The strike, which gained support from environmental groups and the public, occurred just over a year after the adoption of the Inflation Reduction Act. As the automakers were seeking tax credits and loans for non-unionized battery facilities with substandard wages, the UAW protested at the use of state subsidies for the Inflation Reduction Act decarbonization policy on the grounds that they were promoting low-wage jobs.

For some, this agreement challenges prevailing economic models of “shareholder capitalism”, which rely on a “false dilemma” between the threat of climate change and the needs of workers. It shows that industrial policy targeting the green transition can be a vehicle for stakeholder capitalism, leading to high quality unionized jobs and giving workers influence over economic concessions and business decision-making (Mazzucato and Silvers 2024).

This chapter has shown that PLSD offers an agile mechanism for problem-solving that can improve the ability of governments and the social partners to design and implement effective and inclusive long-term transitions, including those driven by digital transformation and environmental and climate action. Despite uneven progress around the world, PLSD offers the best avenue for managing the disruptive change of the twin transition while leaving no one behind.

In view of the multifaceted impact of these transitions on the world of work, PLSD offers an especially effective mechanism to manage the high uncertainties of current challenges and to design collective solutions in which risks and opportunities are shared equitably.

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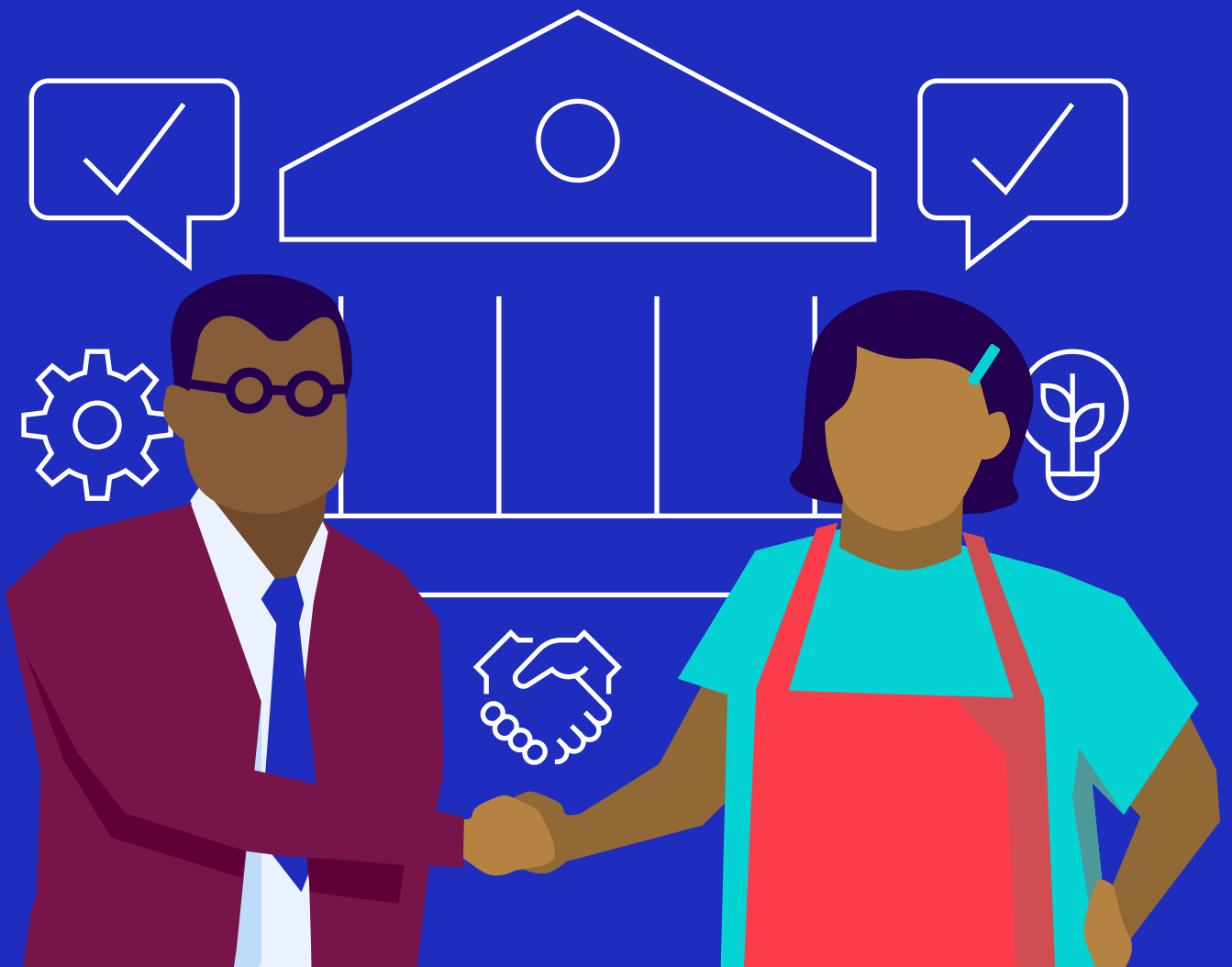
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5

Chapter

Peak-level social dialogue for social justice: Harnessing the opportunities



Making use of tailored strategies in specific economic policy settings, peak-level social dialogue (PLSD) can address the bias towards “short-termism” and the lack of inclusiveness in economic policymaking, thus fostering decent work and sustainable productivity growth, combating high labour income inequality and promoting just transitions.

This chapter shows that social dialogue is essential to repairing the “frayed social contract”, which is fundamental to the ILO’s objective of promoting social justice, as it services all three of the foundations for a renewed social contract identified in the United Nations Secretary-General’s report *Our Common Agenda* (UN 2021a): building trust between people and institutions; ensuring inclusion, protection and participation; and measuring and valuing what matters to people and the planet. A social contract is an unwritten pact that differs by place and time, and PLSD therefore offers a means through which a social contract can take specific form in any setting.

The urgent need to strengthen PLSD actors and institutions so that social dialogue can help in making these repairs and meeting these objectives cannot be overstated. The necessary action areas outlined in this chapter are interrelated and include: acknowledging the challenges faced by PLSD; promoting the rights of freedom of association and the effective recognition of the right to collective bargaining in law and practice; broadening the membership base of social partner organizations and enhancing their representativeness; equipping the social partners with the necessary expertise, resources and tools to participate meaningfully in PLSD processes; and systematically measuring the impact of PLSD in policymaking, including in relation to the Sustainable Development Goal (SDG) targets.



5.1

Peak-level social dialogue for inclusive and long-term economic development

► 5.1.1 The role of peak-level social dialogue in combating the forces of unsustainable development

The United Nations Secretary-General's report *Our Common Agenda* highlights the risks associated with unsustainable development patterns stemming from the short-termism and lack of inclusiveness of today's socio-economic policymaking (UN 2021, 14–15). These are in direct conflict with the principles and objectives of social dialogue (see Chapter 1). As social dialogue often involves multiple rounds of deliberation by the social partners before reaching a decision, it can be perceived, in contexts that are characterized by attention to short-term gains, as hindering the capacity of economies or enterprises to adjust swiftly to market demand – even in countries with a strong tradition of social dialogue (ILO 2019a).

However, the misguided logic behind this thinking was tested following the global financial crisis. In an effort to speed up labour market responses, many countries adopted structural adjustment reforms that marginalized the social partners and weakened worker protection (and the welfare state). Over time, these reforms exacerbated economic recession (Papadakis and Ghellab 2014). More generally, research shows that unilateral policies of fiscal consolidation to address high public debt often strongly inhibit social dialogue (see box 5.1), generating adverse feedback loops over the long term (see Chapter 1, figure 1.2).

► Risks associated with unsustainable development patterns are in direct conflict with the principles and objectives of social dialogue.

In practice, PLSD is a catalyst for long-term inclusive change and decent work for all. The real-world knowledge and expertise of the social partners enables them to contribute to shaping policies to promote full employment and sustainable enterprises, while balancing the need for effective worker protection, mitigating income inequality and ensuring adequate social protection coverage (see Chapters 2 and 3). The contribution of the social partners ensures that the right balance is found in pay adjustments, flexi-curity in employment protection laws (hiring and firing) and executive compensation, among other areas (Lazonick and Shin 2019).

Despite the different perspectives, and sometimes opposed interests, between employers, trade unions and governments, decision-making based on PLSD can mitigate and even reverse the harmful effects of short-termist and non-inclusive strategies on workers, employers, communities and the planet. For example, by coordinating resources across sectors, trade unions and employers' organizations can monitor outcomes in real time on whether or not workplaces are abiding by legal rules that respect product, process and labour standards (Outhwaite and Martin-Ortega 2019; Pike 2020). Such activities can offer lasting benefits for investors and managers seeking to retain dedicated staff (Rossi 2015) and enhance productivity and innovation (Eurofound and Cedefop 2021).

PLSD can also provide stability during periods of economic uncertainty. During the COVID-19 pandemic, many governments, even in countries with a limited tradition of social dialogue, swiftly recognized the benefits of empowering employers' and workers' organizations to co-create policy responses to safeguard incomes, jobs and ensure business continuity (Brandl 2023; ILO 2020a, 2021, 2022). Similarly, PLSD plays a key role in building long-term consensus and inclusive policy responses to manage the disruption and uncertainty generated by the twin transitions. For example, PLSD can reduce conflict by addressing the distributional consequences of the digital and

► **Box 5.1 Fiscal consolidation policies prompt States to adopt minimalist social dialogue**

Fiscal consolidation policies intended to address high levels of public debt have inhibited social dialogue in the past. Crises such as the 1997–98 Asian financial crisis, and the impact of the 2008 financial crisis on Ireland and southern Europe, have shown that austerity policies are often presented as non-negotiable, leading to a minimalist approach to social dialogue and democratic deliberation (Papadakis and Ghellab 2014, 4). Such policies have often led to reforms that have weakened collective bargaining structures, minimum wages and pensions, and employment protection laws, with a negative impact on sustainable growth, wage increases, job creation and prospects for social protection (Ghellab and Papadakis 2011, 81–92).

Post-pandemic shifts in policy priorities from economic stimulus to fiscal consolidation and debt reduction may already be crowding out social protection, health and education expenditure, especially in developing countries (UNDP 2023). Although countries are obliged to address unsustainable fiscal deficits, generated as a result of misconceptions in the design of financial markets, flawed governance and corruption, the brunt of their impact is often borne by workers, businesses and taxpayers.

The promotion of a sustainable recovery and the elimination of fiscal deficits is a society-wide project that requires broad consultation and careful preparation (Bourgon 2009; Hadzi-Vaskov, Pienknagura and Ricci 2021). There is therefore a need to strengthen the voice and rebalance the negotiating capacities of the social partners during fiscal consolidation and structural adjustment (Ghellab and Papadakis 2011). Social dialogue and tripartism at all levels must be given a more prominent role to avoid “unilateralism”, which risks reinforcing the lack of popular trust in national and international governance institutions, economic nationalism, populism and the de-globalization that largely began well before the pandemic (Papadakis 2021a).


As the IMF points out (Hadzi-Vaskov, Pienknagura and Ricci 2021):

Governments need to listen and respond, but also try to anticipate people’s needs with policies aimed at giving everyone a fair shot at prosperity. Boosting employment, containing the long-term impact of the crisis and protecting those who have been left behind must remain priorities. To ensure success and avoid strife ... reforms require a broad social dialogue on the role of the state and how to sustainably finance budget pressures. Otherwise, the economic costs of the pandemic will likely be compounded by those of the ensuing unrest.

green transitions, allow world of work actors to offer their expertise and solutions, and ultimately ensure that no one is left behind (see Chapter 4).

► **5.1.2 The role of peak-level social dialogue in mitigating the labour segmentation risks of long-term business concentration**

PLSD can operate very effectively in settings shaped by long-termist approaches to economic development. This is because PLSD fosters processes that generate mutual understanding and trust among stakeholders over the long term. This has major benefits for the economy and society. It means that the social partners can contribute knowledge and initiatives to raising productivity over the long term (see Chapters 2 and 4), by identifying areas of underused capacity (capital and labour), establishing a platform for “collaborative innovation” and ensuring a smooth transition to higher-productivity pathways (Lindsay et al. 2018; Rodgers 2002).

 **PLSD plays a key role in building long-term consensus and inclusive policy responses to manage the disruption and uncertainty generated by the twin transitions.**

However, there is evidence in some countries and sectors that long-termist economic strategies are accompanied by limited attention to inclusiveness, which poses major challenges for effective PLSD. This is the case, for instance, of highly segmented monopsonistic labour markets, the new model of the digital platform economy (ILO 2022, 32; Rahman and Thelen 2019), and industries dominated by a few large “superstar firms” (Autor et al. 2020; see Chapter 4). Fragmentation

between winners and losers may become very wide when leading firms pursue long-term strategic success, but the benefits do not extend to large segments of the economy and population (Grimshaw, forthcoming).

For the workforce, further market concentration can reflect and reinforce wider structures of inequality in society, based on gender, class, sexual identity, ethnicity and disability, among others, which can potentially be magnified by the use of algorithmic AI-powered production and management tools.¹ Some workers may enjoy more secure employment, develop professional careers and enjoy access to quality education and healthcare services.

In contrast, others may move between forms of work that do not offer the same benefits of labour protection, such as online freelance jobs which span the boundaries of formal and informal work (Hammer and Fishwick 2020; Marsden 2011). These growing features of labour market segmentation require adaptation, especially as workers in specific occupational groups, including domestic workers and community and healthcare workers, and in specific sectors and work arrangements, such as platform workers and workers in temporary employment, are at a greater risk of exclusion from labour protection.

In such settings, the social partners need to negotiate better protection for their members, while also extending their reach to enterprises and workers on the margins of high-performing economic segments, such as personal services and low-tech manufacturing or platform workers with poor working conditions. For example, trade unions can mobilize on the margins of high-performing economic segments in response to demands from workers and communities that risk being left behind in the distribution of the fruits of the twin transition, as illustrated by the campaign against major US automakers transitioning to electric car production (see Chapter 4). Similarly,

PLSD is critical in ensuring decent social protection for all workers, irrespective of the type of work contract.

the social partners have in some circumstances made efforts to come together to improve working conditions for informal and domestic workers (see Chapter 3), for platform economy workers (Hadwiger 2022) or to launch campaigns to boost wages for low-paid business service workers, using innovative grass-roots dialogue forums to improve conditions (Tilly 2015).

► 5.1.3 The role of peak-level social dialogue in countering short-termism while embracing equality and inclusiveness

In other circumstances, PLSD operates in economic policy settings where there is a tension between a policy and business commitment to delivering greater equality and inclusiveness, on the one hand, and the need to overcome short-term economic constraints, on the other. Governments and enterprises often embed equality, diversity and inclusion practices in corporate strategies of “profit with purpose” and in public policy, even though short-term economic gains may frequently be their primary focus.

The inclusive character of this approach provides the social partners with a wealth of opportunities to build and reinforce equality in the world of work. PLSD is well suited to delivering this goal, for instance, by: addressing equal pay for work of equal value (see Chapter 3); and making labour protection and the sustainability of such protection more inclusive of disadvantaged groups, such as women, informal workers and enterprises (see Chapter 2) (ILO 2022, 96–100; see also Baird and Murray 2014; Besamusca and Tjeldens 2015).

One key example is the role of PLSD in ensuring that “work-from-anywhere” policies are designed around inclusive principles. The aims are to (Choudhury 2022; Chung et al. 2021):

- help workers maintain valuable community links, including social and organizational capital;
- balance the demands of work and home life, particularly for working parents;
- assist enterprises in capturing value from “virtual” geographical mobility.

However, the inclusive potential of remote working requires a complementary inclusive approach to social policy, and PLSD is critical in ensuring decent social protection for all workers, irrespective of the type of work contract (see Chapter 2), by insisting on the portability of

¹ On racial, gender and other biases generated by the use of algorithmic AI-powered recruitment and decision-making by big-tech firms, see Adams-Prassl, Binns and Kelly-Lyth (2022).

rights (such as pension entitlement, sickness and annual leave), protection against unfair dismissal, gender equality and job search and retraining programmes (Hansen and Leschke 2022).

Where a short-termist orientation characterizes economic development, the social partners are likely to find it more difficult to maintain an inclusive approach. Securing a long-term political commitment to inclusive social protection is difficult when all fiscal spending is scrutinized and measured against short-term considerations, which generates uncertainty in the social contract. Also, if labour regulations and employer practices encourage the inappropriate use of short-term contracts and insecure forms of informal work, the social partners will find it challenging to provide adequate support and protection, particularly in countries where social dialogue is underdeveloped.

For example, social dialogue may successfully develop new rules to combat gender-based sexual harassment at work, but women may be unwilling to report incidents if a culture of transparency and accountability has not been established and in circumstances where insecure work and high worker turnover are the norm (Oosterom, Namuggala and Nankindu 2023). Instead, what is required is complementary *long-termist* action by governments and the social partners to ensure that women and disadvantaged groups can access suitable grievance mechanisms where they can voice their needs and interests without fear of reprisal.

Another entry point for the promotion of pluralism while mitigating short-termism is through voluntary initiatives, such as corporate social responsibility and transnational company agreements, many of which make direct reference to the ILO's fundamental Conventions and the 2030 Agenda, and help to strengthen the rights of freedom of association and collective bargaining. Through these initiatives, workers' representatives and trade unions can engage with enterprises or employers' organizations, including at the sectoral level, to monitor and evaluate labour practices that go beyond the legal obligations of the corporation or its commitment to shareholders, including to improve working conditions and wages (ILO 2019b; IOE 2015; Rodriguez Gomez et al. 2020). The role of PLSD in giving effect to labour and sustainability in trade policies (see Chapter 2) is another promising avenue for the injection of pluralism into policymaking in the various country contexts and economic settings.

5.2

Devising a renewed social contract through peak-level social dialogue

In *Our Common Agenda* (UN 2021, 4), the United Nations Secretary-General writes:

Now is the time to renew the social contract between Governments and their people and within societies, so as to rebuild trust and embrace a comprehensive vision of human rights. People need to see results reflected in their daily lives. This must include the active and equal participation of women and girls, without whom no meaningful social contract is possible. It should also include updated governance arrangements to deliver better public goods and usher in a new era of universal social protection, health coverage, education, skills, decent work and housing, as well as universal access to the Internet by 2030 as a basic human right.

In recent years, a debate has arisen on the need to advance social justice through a renewed social contract (see box 5.2) in the United Nations system and beyond (ILO 2016a, 2023a; IOE 2023; ITUC 2021; Lagarde 2019; OECD 2023).

The call for a renewed social contract draws on several global initiatives that have pointed over the years to the need for an overhaul of the relationship between States, businesses and workers with the aim of addressing the global climate crisis, inequalities within and among countries and short-termist economic development (see figure 5.1). Common to all these initiatives is the call to empower marginalized voices and foster greater accountability through more inclusive and participatory approaches to social and economic governance at both the national and international levels (ILO 2024b, 7).

► **Box 5.2 The need for a renewed social contract to achieve social justice**

A social contract can be described as “an implicit arrangement that defines the relationship between the government and citizens ... or between different groups of the population” (ILO 2016a). It reflects:

- a common understanding about how a society is organized;
- the norms and rules that govern how collective institutions operate and how resources are distributed (including the determination of public goods) and the individual and collective responsibilities in that regard;
- the policies that are designed to achieve social justice.

Put differently, social contracts “determine what is to be provided within a society on a collective basis, how and by whom” (ILO 2024a, para. 1).

Scholars and international organizations agree that the post-Second World War social contract in many countries has become outdated in the context of globalization, technological change, widening socio-economic disparities and accumulated crises (ILO 2023a; Shafik 2021). Despite the huge progress achieved in past decades, as testified by increased life expectancy, reduced infant mortality and the lifting of millions out of poverty, there is popular disillusionment in countries and among population groups, as shown by

- the observed “growing disconnect” between people and the political and economic institutions that serve them, and declining trust in these institutions (UN 2021);
- persistent inequalities, widespread informal employment and poverty, exacerbated by factors such as automation and digitalization, which are placing pressure on labour/social protection systems (OECD 2023);
- demands for greater equity, diversity and environmental sustainability, calling for greater attention to people and the planet (UN 2021).

The United Nations Secretary-General has identified three foundations for a renewed social contract that respond to these challenges: building and strengthening democratic institutions; promoting inclusion, protection and participation; and valuing what matters to people and the planet.

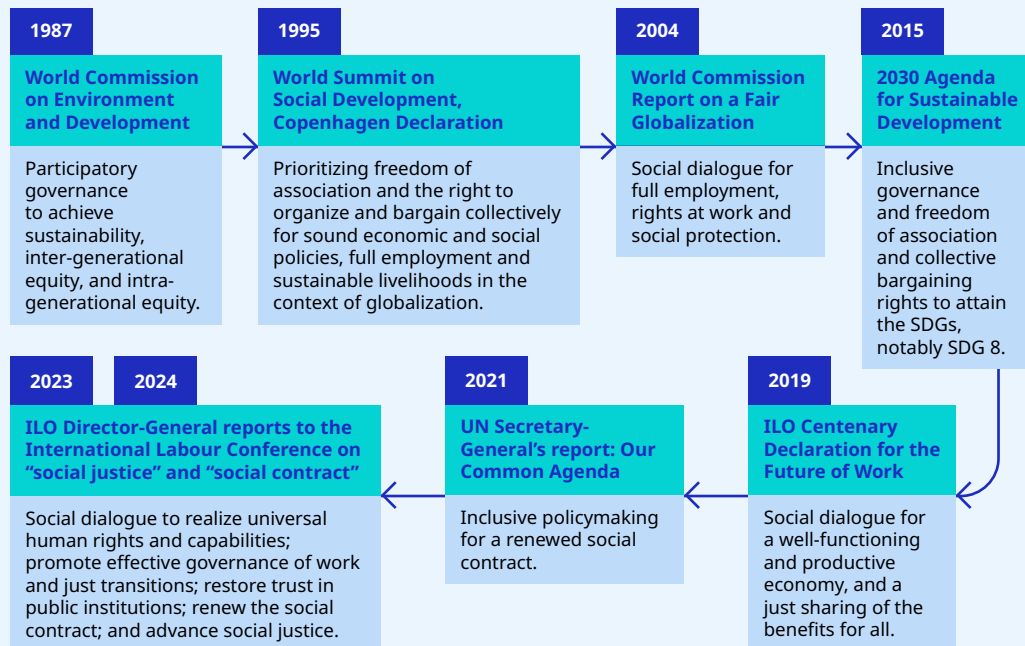
Building and further elaborating on these three foundations, the ILO Director-General has pointed to the key elements which should be part of a renewed social contract (ILO 2024a, paras 29–73):

- respect for human rights, including the fundamental principles and rights at work;
- inclusive and effective governance, through the entire cycle of decision-making;
- revitalizing the policies and strategies aimed at creating full, productive and freely chosen employment;
- internalizing the environmental dimension and the need for a just transition;
- delivering a fair share of the fruits of progress;
- ensuring adequate labour protection;
- advancing democracy at work;
- ensuring access to and the provision of essential services and universal access to social protection;
- grounding the social contract in international labour standards that are responsive to a changing world of work.

Renewing the social contract based on these elements is in turn key for achieving the four interdependent dimensions of the ILO’s social justice paradigm aimed at guaranteeing (ILO 2023a):

- (1) universal human rights and capabilities (including international labour standards);
- (2) equal access to opportunity (including to meaningful work and reward for contributions to society);
- (3) a fair distribution of outcomes (including a fair share of the benefits of economic growth);
- (4) a just transition (to maximize opportunities and minimize risks for people navigating technological, demographic and environmental transformations).

► **Figure 5.1 Global milestones towards a renewed social contract and their links to social dialogue**



Source: ILO 2004, 2019c, 2023, 2024; UN 2015, 2021; UN DESA 1994; and WCED 1987.

Efforts to reinvigorate the social contract will of course vary by country. And although a renewed social contract is likely to share universalist principles of equity, fairness and the right “balance of power” among stakeholders, it will not be uniform in character, reflecting the diversity of social, cultural, economic and political conditions worldwide. And this plays to one of PLSD’s strengths: it is a robust and inherently flexible and agile institutional mechanism that can guide and orient change for the renewal of the social contract (ILO 2024a).

One of PLSD’s strengths is its robust and inherently flexible and agile institutional mechanism that can guide and orient change for the renewal of the social contract.

The core principles of pluralist governance, participative representation, fundamental rights and freedoms, and accountability should characterize a modernized social contract, with PLSD at its core, and it should be aligned with global initiatives to advance social justice, as indicated above. At the same time, PLSD allows for local adaptability to country-specific challenges.

Indeed, when adequately protected, promoted and strengthened (see Chapter 1), from an ILO perspective, PLSD is a means of achieving all the key elements that should compose a renewed social contract (see box 5.2), thus enabling the three foundations for a renewed social contract identified by the United Nations Secretary-General, namely:

- (i) building and strengthening democratic institutions;
- (ii) promoting inclusion, protection and participation;
- (iii) valuing what matters to people and the planet more securely.

► 5.2.1 Building trust between people and institutions

In *Our Common Agenda* (UN 2021, 24), the United Nations Secretary-General writes:

People wish to be heard and to participate in the decisions that affect them. Institutions could establish better ways of listening to people whom they are meant to serve and taking their views into account, especially groups that are frequently overlooked, such as women, young people, minority groups or persons with disabilities.

Collective representation of workers and employers through social dialogue is a public good that lies at the heart of democracy (ILO 2019d). As this report has shown, the varied mechanisms of PLSD allow the social partners to take part in formulating and implementing economic, industrial and social policy at the national and sectoral levels, thereby complementing institutions of representative democracy, notably government and parliamentary processes of policymaking and law-making.

Based on information sharing, consultation and negotiation, social dialogue improves mutual understanding among the actors of the world of work, defuses resistance, and mitigates deadlocks and social unrest (Rodrik 1998). In this way, social dialogue can underpin popular feelings of trust and increase confidence in the wider institutions of economic and political democracy, which are key safeguards against rising populism, democratic deficits and corrupt practices in political and economic institutions (Nord et al. 2024; UN DESA 2021).

PLSD helps to strengthen social cohesion through the representation of a diversity of viewpoints in transparent modes of decision-making. It achieves this through its role in shaping and administering policies for full, productive and freely chosen employment and the extension of labour and social protection (see Chapter 2); by reducing labour income inequality and increasing opportunities to deliver a fair share of the fruits of progress (see Chapter 3); and by ensuring fairness during world of work transitions (see Chapter 4).

Moreover, where the social partners are seen as legitimate and capable representative actors, a climate of trust fosters long-term cooperation and consensus, including on economically sensitive matters, such as managing the cost-of-living crisis (see Chapter 3) and regulating the digital and green transitions in ways that prevent conflict-inducing disparities between winners and losers (see Chapter 4).

► PLSD helps to strengthen social cohesion through the representation of a diversity of viewpoints in transparent modes of decision-making.

► 5.2.2 Ensuring inclusion, protection and participation

In *Our Common Agenda* (UN 2021, 27), the United Nations Secretary-General writes:

A vibrant social contract guarantees the conditions for people to live a decent life, leaving no one behind and enabling all to participate in society, as promised in the 2030 Agenda. This means measures to address discrimination and to ensure that human rights are protected and people can meet their basic needs.

Inclusive PLSD improves the efficiency and legitimacy of processes and outcomes, such as social pacts aimed at promoting worker protection and enterprise sustainability (Avdagic, Rhodes and Visser 2011). This dual function is generally performed in two ways: first, by gathering information about the most equitable and efficient solutions to regulatory issues directly from the actors most affected by the issues; and second, by helping to build consensus on the design of policies and fostering a commitment to policy implementation (Baccaro and Galindo 2018).

The efficiency and legitimacy gains generated through PLSD lead to increased “ownership” of government policy and regulation by the parties concerned, which is a key ingredient for successful policy implementation (Guardiancich and Molina 2020; Papadakis 2021a, 43–67). While effectiveness and inclusiveness gaps are still observed in PLSD (see Chapter 1), efforts to close these gaps are being made, for example through the extension of representation by the social partners to workers and enterprises in the informal economy (see Chapter 2), women (see Chapters 1 to 4), youth (see Chapters 1 and 2) and indigenous and tribal peoples (see Chapter 4).


PLSD has the potential to deliver a fair distribution of the fruits of economic growth, thus combating high levels of labour income inequality, which are a major inhibitor of growth (see Chapter 3).

This requires multiple interconnected efforts to ensure that real wages keep up with average productivity growth through:

- ▶ sectoral wage bargaining linked with enterprise bargaining;
- ▶ regular and adequate minimum wage rises to distribute economic gains to the lowest paid and reduce the share of people living in poverty (ILO 2022; see Chapter 3);
- ▶ social transfer programmes to reduce income inequalities (Ghellab and Papadakis 2011) and, for example during the COVID-19 pandemic, to promote income protection and occupational safety and health (ILO 2020b);
- ▶ improved economic inclusion of women and gender-sensitive decision-making (see Chapters 1 and 2).

Moreover, with the right kinds of vertical coordination between the sectoral and enterprise levels, sectoral forms of social dialogue (notably sectoral collective bargaining) can contribute directly to enterprise productivity growth by injecting new production ideas, stabilizing staff turnover, improving lifelong learning and reskilling, and lifting wage prospects (see Chapters 1 and 2). Complementary macroeconomic policy, such as a commitment to full employment (see Chapter 2) and inclusive economic growth, underpins and reinforces the positive productivity effects of social dialogue.

Finally, the actors and institutions of social dialogue help to enforce fair labour practices and improve access to justice, thus assisting underdeveloped labour administration systems to fulfil their role (Heyes and Rychly 2021; ILO 2023b). In so doing, social dialogue actors and institutions “fortify democratic governance, building vigorous and resilient labour market institutions that contribute to long-term social and economic stability and peace” (ILO 1999, 38–39).

 **Inclusive PLSD improves the efficiency and legitimacy of processes and outcomes.**

▶ 5.2.3 Measuring and valuing what matters to people and the planet

In *Our Common Agenda* (UN 2021, 33), the United Nations Secretary-General writes:

Even with our planet undergoing rapid and dangerous change, economic models continue to assume endless expansion and growth and overlook the broader systems that sustain life and well-being. We need a pathway that protects people and the planet, allowing for sustainable development. This means broad shifts in what prosperity and progress mean, how to incentivize and measure them, and how to evaluate policies.

A renewed social contract entails redefining how countries and economic actors conceive and measure:

- ▶ economic development;
- ▶ the social goals of equality and inclusion;
- ▶ the environmental goals of sustainable consumption, production and the management of natural resources;
- ▶ a rights-based approach to ensuring social justice.

PLSD actors and institutions have been moving towards measuring and valuing what matters most for people and the planet for some time.

- ▶ The 17 SDGs of the 2030 Agenda adopted in 2015, underpinned by 169 targets and 232 indicators, were formulated through extensive consultation with governments, the social partners and other stakeholders from around the world.
- ▶ PLSD has also been key in facilitating the assessment of progress in achieving the SDGs. The evidence to date suggests that, despite persisting effectiveness and inclusiveness challenges,² the incidence of social dialogue during the planning and implementation of national SDG plans has slightly increased in recent years (Papadakis and Cauqui 2023, 13–14).
- ▶ Further, an ILO review for the present report of the 2022, 2023 and 2024 voluntary national reviews (VNRs), the national mechanism through which countries self-assess SDG-related actions, shows that some countries reserve an explicit role for social dialogue in promoting SDG-compliant policies (see box 5.3).

² Such as late consultation with social partners, short deadlines for providing inputs, or insufficient incorporation of social partner inputs, according to several annual national reviews by the International Trade Union Confederation: see <https://www.ituc-csi.org/2030Agenda>.

- ▶ Government-led processes to promote enterprise human rights “due diligence”³ have been relying on consultation with business representatives and trade unions to develop national policies and legislation to assess the actual and potential human rights impact of business activity, and integrate and act upon the findings, track responses and communicate how impacts are addressed (ILO 2019b).
- ▶ Relatedly, based on guidance from the United Nations Working Group on Business and Human Rights since 2014, numerous countries have been engaging in processes aimed at developing, updating and monitoring National Action Plans on Business and Human Rights, displaying varying degrees of involvement by representatives of employers’ and workers’ organizations.⁴

▶ **Box 5.3 Voluntary national reviews pointing to the role of social dialogue in promoting policies relevant to the SDGs, 2022–24**

An ILO desk review of 119 VNRs between 2022 and 2024 shows that several countries explicitly point to the use of PLSD to address policy areas in line with SDG 8, and other goals, including:

- ▶ tackling child labour (Congo, 2024; Democratic Republic of the Congo, 2023);
- ▶ managing labour disputes (Suriname, 2022);
- ▶ promoting job creation (Nepal, 2024);
- ▶ improving skills and employability and enhancing training opportunities (Belgium, 2023; Brunei Darussalam, 2023; Croatia, 2023);
- ▶ enhancing occupational health and safety (Congo, 2024; Democratic Republic of the Congo, 2023; Lao People’s Democratic Republic, 2024; Rwanda, 2023);
- ▶ adopting Decent Work Country Programmes (Nepal, 2024; Suriname, 2022; Uzbekistan, 2023; Zimbabwe, 2024);
- ▶ adopting new legislation on parental leave and benefits (Greece, 2022);
- ▶ strengthening or establishing new social dialogue processes and mechanisms (Fiji, 2023; Suriname, 2022);
- ▶ promoting social inclusion and reducing poverty (Portugal, 2023);
- ▶ ending workplace discrimination and promoting women’s employment (Singapore, 2023);
- ▶ reforming labour legislation and setting the minimum wage (Latvia, 2022);
- ▶ enhancing the protection of precarious workers and the self-employed (Rwanda, 2023);
- ▶ developing frameworks and policies for a just transition and decarbonization (Iceland, 2024; Ireland, 2023; Lithuania, 2023; Nepal, 2024; Spain, 2024).

Source: See <https://hlpf.un.org/countries>.

³ Based on the UN Guiding Principles on Business and Human Rights (UN 2011), the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), the OECD Guidelines for Multinational Enterprises and regional standards, such the [Directive \(EU\) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence](#).

⁴ National Action Plans (NAPs) are defined as “an evolving policy strategy developed by a State to protect against adverse human rights impacts by business enterprises in conformity with the UN Guiding Principles on Business and Human Rights” (UNWG 2016). By 2024, the following countries had adopted NAPs: Belgium (2017); Chile (2017); Colombia (2015); Czechia (2017); Denmark (2014); Finland (2014); France (2017); Germany (2016); Ireland (2017); Italy (2016); Japan (2020); Kenya (2019); Lithuania (2015); Luxembourg (2020); Netherlands (2022); Norway (2015); Poland (2017); Slovenia (2018); Spain (2017); Sweden (2015); Switzerland (2020); Thailand (2019); Uganda (2021); United Kingdom (2016); United States (2016). See <https://www.ohchr.org/en/special-procedures/wg-business/national-action-plans-business-and-human-rights>.

5.3

Strengthening peak-level social dialogue institutions and the capacity of the social partners: Policy pointers

PLSD actors and mechanisms have to overcome numerous obstacles to better serve social justice and repair the frayed social contract. The ILO has systematically flagged key interrelated challenges, many of which have been documented throughout this report, as well as appropriate action to address them (see table 5.1).

► **Protecting, promoting and realising the enabling rights of freedom of association and the effective recognition of the right to collective bargaining** for all workers is paramount for the social partners and PLSD institutions to operate effectively (see Chapter 1). As consistently advocated by the ILO, action to promote the ratification and effective application of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), and the ability of employers' and workers' organizations to freely advocate their members' interests and rights must become a core priority at the national and international levels (ILO 2018). Opening space for autonomous social dialogue, including bipartite PLSD between the social partners, can be a key safeguard against a shrinking space for democracy, open discourse and dissent.

- **Ensuring sufficient funding and capacity-building to support PLSD actors and institutions** is a necessary complement to upholding these rights (see also ILO 2022, 184–185). This involves, among other actions, recognizing the critical role of labour administrations and the social partners in the governance of the world of work and endowing them with knowledge and skills to champion the rights and interests of workers and employers. A step in this direction would be to equip them with IT literacy courses, technical and legal expertise and analytical tools to facilitate negotiation and consensus building on technical issues, such as those focused on employment policy and social protection (see Chapter 2), minimum wage setting (see Chapter 3) and policies for just digital and green transitions, including industrial policies, which are progressively re-emerging (see Chapter 4).
- Due consideration should be given to **addressing power imbalances between the actors engaged in PLSD**, the social partners and governments. Addressing such imbalances means improving equal representation and strengthening the weakest parties in social dialogue. It also means **promoting policy coherence** at both the **national level**, through a “whole-of-government” approach (see Chapter 2) and the good faith implementation of PLSD outcomes supported by enforcement mechanisms, including dispute resolution mechanisms that are accessible, affordable, fair and transparent (see Chapter 1); and at the **international level**, notably by ensuring that the policies promoted by regional integration arrangements (such as the EU and the Southern African Development Community), intergovernmental groupings (such as the G7, G20 and the BRICS Group) and international financial institutions (such as the IMF) open rather than restrict space for PLSD at the country level.

► **PLSD actors and mechanisms have to overcome numerous obstacles to better serve social justice and repair the frayed social contract.**

► Table 5.1 Challenges and risks hindering peak-level social dialogue and the action required

| Area | Challenges | Risks | Action required |
|---|--|---|--|
| Legal frameworks | Weak or inadequate legal frameworks, especially on freedom of association and collective bargaining rights, obstructing social partner participation | Hindering the effectiveness of social dialogue actors and institutions Lacking consideration of diverse needs and perspectives of all the parties involved | Proactive policy and legal action to promote freedom of association and the effective recognition of the right to collective bargaining, in both law and practice |
| Capacities | Insufficient funding for social dialogue institutions Lack of technical and human resource capacity of the social partners | Hindering the effectiveness of social dialogue actors and institutions | Strengthening the mandates and capacities of social dialogue actors and institutions to address technically complex matters, crises and transitions, and effectively shape the relevant policies |
| Power dynamics | Power imbalances between employers and workers Disconnect between different government ministries Lack of follow-up of social dialogue outcomes | Impeding genuine social dialogue Compromising the ability to reach consensus and to follow-up on outcomes Undermining trust between the parties and in institutions | Enhanced support for the weakest parties in social dialogue, including safeguards for equal representation A “whole-of-government” approach promoting policy coherence Reliable enforcement mechanisms |
| Internationalization of economic and political decision-making | Regional integration arrangements, intergovernmental groupings and international financial institutions prioritizing political targets over macroeconomic, employment and social targets | Restricting space for social dialogue and the implementation of social dialogue outcomes decided at the country level | Coordinated action and cooperation leading to policy coherence at the national, global and regional levels, and opening space for country-level social dialogue |
| Representation and inclusiveness | Weak representation of women and vulnerable groups, such as informal workers and enterprises, and youth | Making it difficult for the social partners to address a multitude of concerns through social dialogue | Improved integration of under-represented groups in PLSD, including through the promotion of freedom of association and collective bargaining rights, and tightened alliance-building with civil society organizations |
| Solidarity and cooperation | Social partner fragmentation due to divisions along political, ethnic and cultural lines | Hindering solidarity and cooperation between different groups, and deepening societal divides | Bolstered education and awareness-raising campaigns to promote solidarity and cooperation Clear procedures for defining representativeness |
| Monitoring | Weak monitoring of and reporting on social dialogue processes and outcomes | Undermining compliance and trust in social dialogue | Evidence-based assessments of the functioning and influence of PLSD |

Source: ILO.

- ▶ The social partners also need to **extend their membership base and outreach to groups that are often under-represented in social dialogue**, and particularly: youth; informal and rural workers and business units; micro, small and medium-sized enterprises; workers in diverse forms of employment and diverse contractual arrangements; and even the unemployed. This is a key ingredient of ensuring the inclusiveness of PLSD and of promoting societal trust in it (see Chapter 1). This extension and outreach necessitate freedom of association and collective bargaining rights being guaranteed for all workers in both law and practice, and could also involve alliance-building between the social partners and civil society organizations (CSOs) representing these groups (ILO 2013). However, when establishing these alliances, prior consultation of the social partners is required to avoid the risk of watering down PLSD (see box 5.4).
- ▶ Strengthening the capacities of the social partners also means **avoiding their fragmentation**,⁵ which could dilute their voice in PLSD. Particularly in conditions of very low unionization rates, the proliferation of organizations “competing for members, influence and attention” may have “debilitating effects” on union power and prospects for renewal (Visser 2019, 57). Preventing such fragmentation without compromising freedom of association and the principles of pluralism (see Chapter 1) is a delicate exercise that needs to rely on institutional incentives to build consensus among organizations. One such incentive is to establish or strengthen legally protected procedures to define social partner “representativeness” in line with best international practice and the observations of the ILO supervisory bodies (see Chapter 1, box 1.6), bearing in mind the fine balance that needs to exist between the role of the state, on the one hand, and the autonomy of the social partners, on the other (ILO 2022, 54–55).

▶ **Box 5.4 Opening peak-level social dialogue to civil society**

Opening PLSD to CSOs, such as non-governmental organizations, is a long-standing practice in several countries, particularly in economic and social councils and similar institutions mandated to address a wide array of topics, in addition to strictly “world of work” topics, such as environmental action.

However, research shows that the expansion of CSO involvement in policymaking, referred to as “multi-stakeholder consultations”, “participatory governance”, “tripartism-plus” or “civil dialogue”, which are terms that are often used interchangeably, does not come without risks for social dialogue (Baccaro and Papadakis 2009).

Multi-stakeholder consultations may, for example, hide unrepresentative mechanisms that can undermine the purpose of social dialogue and the bargaining power of the social partners. Moreover, they do not follow the same “inter-actor” rules as social dialogue, relying on deliberation, with the actors being invited to deliberate, but not to negotiate or consult with a view to achieving concrete and often binding outcomes. Formal processes, especially CSOs that lack clear mandates and constituencies, risk being co-opted by more powerful actors and providing legitimacy for agendas decided upon by an “elite” (Papadakis 2021a).

The Resolution concerning tripartism and social dialogue (ILO 2002), adopted by the International Labour Conference at its 90th Session in 2002, recognizes that the social partners are open to dialogue and to work with CSOs when they “share the same values and objectives and pursue them in a constructive manner”. The Resolution (ILO 2002) emphasizes the importance of prior consultation with the social partners and of respecting the “respective roles and responsibilities of others, particularly concerning questions of representation”.

⁵ Where organizations only promote the interests of their own members, without due consideration of those of other organizations or of society as a whole.

► Finally, **systematic and critical assessment of the role and impact of PLSD** in decision-making is important to overcome the associated challenges. Such assessments are rare at the national and international levels due to the lack of robust data collected systematically by labour administrations, the social partners and international organizations (see box 5.5). Such data can provide insights that enable stakeholders to assess impact, identify trends, target audiences more effectively, enhance engagement, optimize communication strategies and evaluate progress or otherwise. It can also feed into assessments of the links between PLSD, economic development and labour market performance through quantitative research, including regression analysis.

► PLSD is a proven catalyst for renewing the social contract in a manner that advances decent work, combats high inequality and delivers the twin transitions fairly.

► **Box 5.5 The need to assess the role and effectiveness of peak-level social dialogue**

Measuring the impact of PLSD institutions in socio-economic governance is important to improve their effectiveness, and that of the social partners operating in them. However, such assessments are infrequent. As indicated in a 2016 ILO review that examined the impact of the ILO Declaration on Social Justice for a Fair Globalization (ILO 2008) in terms of promoting the integrated pursuit of its four strategic objectives, “[w]hile progress has been made in the fields of employment and social protection, many countries still fall short in the production of basic data on rights and social dialogue” (ILO 2016b, para. 52).

Further, the 2030 Agenda has no indicator to measure the involvement of the national social partners and the quality of PLSD in SDG processes, beyond SDG indicator 8.8.2,¹ which measures the status of freedom of association and collective bargaining around the world (see Chapter 1 and Appendix 3).

Two possible responses are to conduct recurrent “self-assessments” of PLSD institutions based on ILO methodologies, such as the ILO self-assessment method for social dialogue institutions (SAM-SDI; see Appendix 9), or to create a global indicator to measure the effectiveness and inclusiveness of PLSD, for instance in relation to SDGs 8² or 16³. This indicator could also evaluate the existing links between the two SDGs (ITUC 2021).

The possible development of a new statistical standard on industrial relations indicators, decided at the 21st International Conference of Labour Statisticians in late 2023, may provide renewed impetus in collecting more and better data on PLSD (ILO 2024c).

¹ Indicator 8.8.2: “Level of national compliance with labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status”.

² SDG 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

³ SDG 16: “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”.

In an ever-changing world of work marked by unequal power dynamics, short-termist economic policymaking and competing interests, PLSD is a proven catalyst to navigating the world's complexity and to finding solutions, including for renewing the social contract in a manner that advances decent work, combats high inequality and delivers the twin transitions fairly.

When anchored in effective institutions and inclusive representation, social dialogue promotes fairness, balance and social justice, while accommodating diverse policy settings and national and cultural differences. By advancing democratic participation in the world of work, PLSD fosters a broader and more stable culture of democracy and

civic engagement, which is a necessary complement to institutions of representative democracy, notably governmental and parliamentary processes of policy- and law-making.

Yet, the effectiveness and legitimacy of PLSD hinge on the voices and interests to which it is exposed, and therefore action to address inclusiveness gaps runs alongside addressing deficits in freedom of association and the effective recognition of the right to collective bargaining; devising collaborative approaches to amplify the voices of weaker and marginalized groups in social dialogue; establishing legal and policy frameworks and incentives conducive to such improvements; and systematically assessing PLSD performance.

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▶ Appendices

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Appendix 1. The ILO supervisory bodies on the preconditions for effective consultations

When examining the laws and practices of Member States, the ILO supervisory bodies, and particularly the Committee of Experts on the Application of Conventions and Recommendations (CEACR), the Conference Committee on the Application of Standards (CAS) and the Committee on Freedom of Association (CFA), identify challenges in the application of international labour standards and request legislative amendments or modifications of practice. The social partners must be engaged in consultations in these cases.

The foundation for effective consultations consists of strong and independent employers' and workers' organizations.

This requires a legislative framework that incorporates the principles of freedom of association and the effective recognition of the right to collective bargaining as enabling conditions for social dialogue and tripartism. Only once these are rooted in national law and practice can consultations be effective and meaningful.

As a foundational principle, to ensure that consultations are characterized as "effective", the most representative organizations of employers and workers should be consulted.

Governments have to establish objective and transparent criteria for the appointment of the social partners' representatives to national

and international tripartite bodies, including the International Labour Conference. The ILO supervisory bodies have noted challenges with respect to the determination of the representativeness of employers' and workers' organizations,¹ the representativeness threshold,² interference by the governments when nominating employers' representatives on public bodies,³ employers' representatives to tripartite bodies not being freely chosen,⁴ the time for authorities to recognize the representativeness of trade unions,⁵ the criteria to determine representativeness⁶ and the collective bargaining rights of minority trade unions.⁷

Moreover, to ensure effective consultation, the right to organize and bargain collectively must be extended to all groups of workers irrespective of their employment status.

The CEACR regularly examines the coverage of freedom of association and collective bargaining rights in relation to different categories of workers, including domestic workers,⁸ temporary agency workers,⁹ workers in the platform economy,¹⁰ film and television workers¹¹ and executive employees.¹² Nevertheless, the CEACR maintains the position that, in the event of a dispute regarding employment status, it is for the courts or other dispute resolution bodies to determine whether or not an employment relationship exists.

¹ See: CEACR direct requests concerning Conventions No. 98 (Bosnia and Herzegovina, 2020; Côte d'Ivoire, 2019; Suriname, 2022) and No. 144 (Central African Republic, 2020; Cook Islands, 2022); CEACR observations concerning Conventions No. 87 (Belarus, 2022), No. 98 (Chile, 2020; Portugal, 2022; Serbia, 2022) and No. 144 (Costa Rica, 2019; Madagascar, 2018); and CFA Case No. 3363 (Guatemala, 2023).

² See CEACR observations concerning Convention No. 98 (Hungary, 2022; Jamaica, 2022; Malawi, 2021) and CAS individual case concerning Convention No. 98 (Hungary, 2022).

³ See CEACR observation concerning Convention No. 87 (El Salvador, 2018).

⁴ See CEACR observation concerning Convention No. 87 (Netherlands (Sint Maarten), 2023).

⁵ See CEACR direct request concerning Convention No. 98 (Croatia, 2020).

⁶ See CEACR direct requests concerning Convention No. 98 (Gabon, 2017; Guinea, 2022), CEACR observation concerning Convention No. 98 (Ghana, 2021) and CAS individual case concerning Convention No. 98 (North Macedonia, 2023).

⁷ See CEACR observations concerning Convention No. 98 (Ecuador, 2022; Liberia, 2021).

⁸ See, for example, CEACR observations concerning Convention No. 98 (Jordan, 2022; Trinidad and Tobago, 2022).

⁹ See, for example, CEACR observation concerning Convention No. 98 (Sweden, 2022).

¹⁰ See, for example, CEACR observation concerning Convention No. 98 (Greece, 2021) and CEACR direct request concerning Convention No. 98 (United Kingdom, 2022).

¹¹ See, for example, CEACR observation concerning Convention No. 98 (New Zealand, 2021).

¹² See, for example, CEACR direct request concerning Convention No. 98 (Singapore, 2022).

Member States also have to ensure that the national labour administration service, or any other competent authority, assumes responsibility for the administrative support and training required to operationalize tripartite consultation on matters related to international labour standards (as required by Article 4 of the Tripartite Consultation (International Labour Standards) Convention, 1978 (No. 144)).

This requires the appropriate arrangements to be made between the competent authority and the representative organizations for the financing of any necessary training of participants in these procedures.

Effective social dialogue consultations should be undertaken by governments before policy decisions are taken or laws enacted.

This principle is well recognized in the Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113). The CEACR has recently recalled that social dialogue is embedded in practically all ILO Conventions and Recommendations and in the Decent Work Agenda, while noting that such instruments cannot become fully operational without effective social dialogue, as many provisions in the Conventions explicitly require consultations with the social partners to ensure their implementation.¹³

In order to be “effective”, consultations on matters related to international labour standards have to take place before final decisions are taken, irrespective of the nature or form of the

procedures adopted. The important factor is that the persons consulted should be able to put forward their opinions before the government takes its final decision. The effectiveness of consultations thus presupposes in practice that employers’ and workers’ representatives have all the necessary information far enough in advance to formulate their own opinions.¹⁴ It is often difficult in practice to draw a distinction between consultation and negotiation, main because consultations often quickly become a process of reciprocal concessions that shares all the fundamental aspects of negotiation.¹⁵

To ensure the holding of effective consultations, the CEACR may request governments to provide information on the manner in which account is taken of the opinions and experience of the social partners in tripartite bodies, and to provide concrete examples.¹⁶ Effective consultations are also synonymous with full consultations,¹⁷ inclusive consultations,¹⁸ efficient tripartite consultations,¹⁹ and full and frank consultations.²⁰ Consultations need to be held at regular intervals,²¹ fixed by agreement.²²

The practice of effective consultation also requires attention to timing.

With reference to employment policies, the ILO supervisory bodies recommend that consultations should take place at different stages, including at the design, development, implementation, monitoring and review stages of employment policies and measures.

¹³ Chapter 2 of ILO, *Labour Administration in a Changing World of Work*, ILC112/III(B), 2024.

¹⁴ Paragraph 31 of ILO, *General Survey concerning the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144) and the Tripartite Consultation (Activities of the International Labour Organisation) Recommendation, 1976 (No. 152)*, 2000. See also CEACR observation concerning Convention No. 144 (Chile, 2020) and CEACR direct requests concerning Convention No. 144 (Comoros, 2020; Mexico, 2020; Nicaragua, 2018; Panama, 2017).

¹⁵ ILC112/III(B), Chapter 2.

¹⁶ See CEACR direct request concerning Convention No. 122 (Iraq, 2022).

¹⁷ See CAS individual cases concerning Convention No. 122 (Cameroon, 2023; Costa Rica, 2023) and CEACR direct request concerning Convention No. 98 (Canada, 2020).

¹⁸ See CEACR direct request concerning Convention No. 122 (Burkina Faso, 2022) and CEACR observation concerning Convention No. 122 (Canada, 2022).

¹⁹ See CAS individual case concerning Convention No. 144 (Serbia, 2018).

²⁰ See CFA Case No. 3411 (India, 2022).

²¹ See CEACR direct requests concerning Convention No. 144 (Central African Republic, 2020; Yemen, 2018).

²² See Article 5(2) of Convention No. 144 and CEACR observation concerning Convention No. 144 (Chad, 2020).

Appendix 2. Recent comments by ILO supervisory bodies concerning impediments to freedom of association, collective bargaining and tripartite consultations

The ILO supervisory bodies have underlined the interdependence between civil liberties and the rights of trade unions and employers' associations, emphasizing that truly free and independent employers' and workers' organizations can only develop in a climate free from violence, pressure and threats of any kind against the leaders and members of such organizations. This implies that governments must take measures in law and practice to ensure that trade union rights can be exercised in an environment in which basic human rights are respected.¹

In essence, it is critical that the rights conferred upon employers' and workers' organizations are based on respect for the civil liberties which have been enunciated, in particular, in the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights. The absence of these civil liberties removes all meaning from the concept of trade union rights.²

The ILO supervisory bodies have also emphasized the importance that they attach to the promotion of dialogue and consultation and have reminded governments that it is important for employers' and workers' organizations to enjoy the right to freedom of association, without which there can be no effective system of tripartite consultation.³

In recent years, the ILO supervisory bodies have noted a series of obstacles to the effective

exercise of the right to freedom of association and collective bargaining and to effective tripartite consultation. In some instances, the supervisory bodies have noted the *lack of adequate legislation* to guarantee the right to freedom of association and assembly and protection against anti-union discrimination,⁴ or legislation that fails to allow for freedom of association and collective bargaining.⁵ For example, in one of its comments, the Committee of Experts on the Application of Conventions and Recommendations (CEACR) noted that a requirement in the labour code for workers' organizations to renew their executive boards every 12 months constitutes a major obstacle to their participation in tripartite organizations in the country.⁶

The supervisory bodies have also highlighted the need to amend different legal provisions that are not in conformity with the Right to Organise and Collective Bargaining Convention, 1949 (No. 98),⁷ and have observed that there is inadequate protection against anti-union discrimination,⁸ as well as failure to ensure the independence of workers' organizations⁹. In other cases, the supervisory bodies have observed: the conclusion of agreements with non-unionized workers;¹⁰ the suspension of the activities of employers' and workers' organizations;¹¹ and trade union monopoly.¹²

¹ CEACR observation concerning Convention No. 98 (Iraq, 2022) and CFA Case No. 3405 (Myanmar, 2022). See also: Report of the Commission of Inquiry established in accordance with article 26 of the ILO Constitution concerning the non-observance by Myanmar of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Forced Labour Convention, 1930 (No. 29), *Towards Freedom and Dignity in Myanmar*, 2023; and CAS individual case concerning Convention No. 87 (Myanmar, 2022).

² CFA Case No. 3412 (Sri Lanka, 2022), para. 303.

³ See, for example, CEACR observation concerning Convention No. 144 (Nigeria, 2022).

⁴ See, for instance, CEACR observation concerning Convention No. 98 (Maldives, 2021) and CFA Case No. 3076 (Maldives, 2022), para. 567.

⁵ See, for instance, CAS individual case concerning Convention No. 87 (Ecuador, 2022), CEACR observations concerning Convention No. 98 (Sao Tome and Principe, 2021; Solomon Islands, 2022).

⁶ CEACR observation concerning Convention No. 144 (El Salvador, 2022).

⁷ See, for instance, CEACR observation concerning Convention No. 98 (Paraguay, 2022) and CEACR direct request concerning Convention No. 98 (Vanuatu, 2018).

⁸ See, for instance, CEACR observations concerning Convention No. 98 (Cambodia, 2020; Dominican Republic, 2020; Honduras, 2021; Malaysia, 2022; Switzerland, 2022) and CEACR direct request concerning Convention No. 98 (Libya, 2021).

⁹ See, for instance, CFA Case No. 3404 (Serbia, 2022), CEACR observation concerning Convention No. 122 (Bolivarian Republic of Venezuela, 2022) and CEACR direct request concerning Convention No. 98 (Viet Nam, 2022).

¹⁰ See, for example, CEACR observations concerning Convention No. 98 (Costa Rica, 2020; Romania, 2022) and CAS individual case concerning Convention No. 98 (Romania, 2021).

¹¹ CEACR observation concerning Convention No. 98 (Sudan, 2022).

¹² See, for example, CEACR observation concerning Convention No. 98 (Uzbekistan, 2022).

Appendix 3. Methodology of data collection and analysis of SDG indicator 8.8.2: Level of national compliance with labour rights (freedom of association and collective bargaining) based on ILO textual sources and national legislation

The indicator measures the level of national compliance with freedom of association and the effective recognition of the right to collective bargaining for all ILO Member States based on six ILO supervisory body textual sources and also on national legislation for Member States that have not ratified either or both of the fundamental ILO Conventions the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

The ILO textual sources used are:

- ▶ Reports of the Committee of Experts on the Application of Conventions and Recommendations (CEACR);
- ▶ Reports of the Conference Committee on the Application of Standards (CAS);
- ▶ Country Baselines under the ILO Declaration Annual Review (for countries that have not ratified either or both ILO Conventions Nos 87 and 98);
- ▶ Representations under article 24 of the ILO Constitution;
- ▶ Complaints under article 26 of the ILO Constitution;
- ▶ Report of the Committee on Freedom of Association (CFA).

The indicator is based on the coding of the above textual sources against a detailed list of evaluation criteria, with the coding then being converted into the indicator. Each evaluation criteria represents a type of non-compliance with Conventions Nos 87 and 98, as derived directly from the ILO Constitution, Conventions Nos 87 and 98 themselves and the related body of comments of the ILO supervisory bodies.

The indicator has a range from 0 to 10, with 0 being the best possible score (indicating high levels of compliance with freedom of association and collective bargaining rights) and 10 the worst (indicating low levels of compliance with freedom of association and collective bargaining rights).

Since the adoption of the 2018 resolution concerning the methodology of the SDG indicator 8.8.2 on labour rights¹ by the International Conference of Labour Statisticians (ICLS), which confirmed the ILO as the custodian agency, the indicator has been reported annually to the United Nations Statistics Division as an input to the Sustainable Development Goals Report.

At the time of the drafting of this report, data have been made available and reported for the years 2015–22 covering all ILO Member States.

Based on consultations with the tripartite constituents, the following texts are prominently presented in the reporting of SDG indicator 8.8.2:

¹ ILO, Resolution concerning the methodology of the SDG indicator 8.8.2 on labour rights, [ICLS/20/2018/Resolution II](#), 2018.

Chapeau text:

“SDG indicator 8.8.2 seeks to measure the level of national compliance with fundamental labour rights (freedom of association and collective bargaining). It is based on six International Labour Organization (ILO) supervisory body textual sources and also on national legislation. National law is not enacted for the purpose of generating a statistical indicator of compliance with fundamental rights, nor were any of the ILO textual sources created for this purpose. Indicator 8.8.2 is compiled from these sources and its use does not constitute a waiver of the respective ILO constituents’ divergent points of view on the sources’ conclusions.” (ICLS 2018 resolution, 17)

Explanatory text:

“SDG indicator 8.8.2 is not intended as a tool to compare compliance among ILO Member States. It should specifically be noted that reporting obligations of an ILO Member State to the ILO’s supervisory system and thus ILO textual sources are different for ratifying and non-ratifying ILO Member States.” (ICLS 2018 resolution, 18)

Footnote:

The indicator is reported for countries where the score should be treated with care due to the possibility of insufficient information in the textual sources. In such cases, the following note is added to the score: *“The score should be treated with care due to the possibility of insufficient information in the textual sources, based on comparison with an externally produced indicator (see Metadata, point 4.f.)”*.² (ICLS 2018 resolution, amendment, 8)

² For the Metadata, see <https://unstats.un.org/sdgs/metadata/files/Metadata-08-08-02.pdf>.

Appendix 4. Review of post-pandemic peak-level social dialogue processes and outcomes (January 2022 – September 2023): Methodological note

Between June and October 2023, the ILO conducted a review of post-pandemic peak-level social dialogue (PLSD) processes and outcomes during the period January 2022 to September 2023. ¹ This review builds upon previous ILO analyses demonstrating the pivotal role of PLSD in responding to the COVID-19 crisis. ²

For the review, a dataset was compiled to document PLSD processes and outcomes across five categories, as set out in table A4.1. Category A (**Rise in energy prices and cost-of-living crisis**) encompassed three subcategories: income maintenance (including social transfers and minimum income schemes, among others); energy price caps; and wage increases and incomes policies. Category B (**Post-pandemic**

recovery) included four subcategories: stimulating the economy and employment; supporting enterprises; protecting workers; and reorientation of businesses. Category C (**Digital transition**) consisted of three subcategories: reskilling; regulation (including policies related to platform work, AI and the use of algorithms in the workplace); and supporting enterprises. Category D (**Green transition**) covered four subcategories: development of sustainable energy sources and industries; closure of brown plants and energies; reskilling; and greening workplaces. Finally, category E captured miscellaneous initiatives that did not fit into the other categories, such as social policies, education reforms and other labour market regulations.

► Table A4.1 Dataset categories

| A: Rise in energy prices and cost-of-living crisis | B: Post-pandemic recovery | C: Digital transition | D: Green transition | E: Other |
|--|--|----------------------------|--|----------|
| A1: Income maintenance | B1: Stimulating the economy & employment | C1: Reskilling | D1: Development of sustainable energy sources/industries | |
| A2: Energy price caps | B2: Supporting enterprises | C2: Regulation | D2: Closure of brown plants/energies | |
| A3: Wage increases & incomes policies | B3: Protecting workers | C3: Supporting enterprises | D3: Reskilling | |
| | B4: Reorientation of businesses | | D4: Greening workplaces | |

¹ Instances of PLSD processes and outcomes that occurred in late 2021 have been added, whenever they were not included in the previous ILO analyses.

² ILO, "Peak-Level Social Dialogue as a Governance Tool during the COVID-19 Pandemic: Global and Regional Trends and Policy Issues", ILO Research Brief, October 2020; ILO, "Social Dialogue One Year after the Outbreak of the Covid-19 Pandemic: Spotlight on Outcomes", ILO Research Brief, June 2021.

Data were collected from multiple sources, including:

- ▶ **Mind RH** (<https://www.mind.eu.com>): Mind RH provides information on global developments in labour law, industrial relations, human resource management and digital and organizational transformation at the workplace. It publishes regular articles on initiatives by public authorities and social partners on diverse topics.
- ▶ **EU PolicyWatch** (<https://www.eurofound.europa.eu/en/resources/eu-policywatch>): This Eurofound database maps measures introduced to cushion the social and economic effects of the COVID-19 crisis on businesses, workers and citizens, as well as the role played by the social partners in the design and implementation of these measures. As of 2022, the database has been expanded to capture: emergency policies adopted in response to the war in Ukraine; measures to cushion the impact of inflation; policies supporting digital and green transitions; and support measures provided to companies that need to undergo restructuring.
- ▶ **Industrial Relations Share** (<https://www.irshare.eu/>): This website captures information on labour law and industrial relations developments in Europe and the world.
- ▶ **News repositories of the International Organisation of Employers** (<https://www.ioe-emp.org/news>) and the International Trade Union Confederation (<https://www.ituc-csi.org/documents>).

The information collected from these repositories and websites has not been altered and may contain reporting errors. Where possible, primary sources resulting from PLSD processes and outcomes have been used to verify information

and reduce the risk of inaccurate “proxy” reporting. Expert insights from ILO field staff have also supplemented these data. In addition, other reports and official documents have been consulted for verification purposes.

It is possible that not all the PLSD processes and outcomes that occurred during the period under consideration are included in this review due to under-reporting (especially in relation to sectoral social dialogue processes and outcomes), and/or reporting in languages other than English. Additionally, due to the diverse social dialogue and industrial relations landscapes globally, and the varying reporting methodologies among sources, comparisons of data across countries and territories may not be feasible. It is likely that instances of PLSD in Europe are over-represented in this review.

The dataset does not assess specific characteristics of social dialogue institutions, the autonomy of employers’ and workers’ organizations, or the legal and political challenges that the social partners may be facing. The collected information served to construct a dataset based on a simple coding, which aimed to capture elements related to: general information (country/region/date/period covered); social dialogue process (tripartite/bipartite/other and within/outside an institution); social dialogue outcome (title/type/scope/coverage) and typology (based on the dataset categories indicated in table A4.1).

A total of 105 instances of PLSD (including outcomes and processes) across 42 countries were coded, resulting in 118 instances, as some addressed multiple policy areas. Instances in which social dialogue processes led to outcomes were counted only once.

Appendix 5. Trade union density and collective bargaining coverage rate: Methodological note

Under ILOSTAT, the trade union density rate indicates the share of employees who are members of a trade union:

$$\text{Trade union density rate} = \frac{\text{Number of employees who are members of a trade union}}{\text{Total number of employees}} \times 100$$

A more comprehensive method of computation is to use “all employed persons”, covering both dependent and independent workers, as the reference group. However, membership in trade unions has historically, for a variety of reasons, prevailed more among dependent workers holding jobs as employees. While the computation of both measures is important for a better understanding of trade union density rates around the world, for comparability purposes, the scope of trade union density statistics in ILOSTAT covers employees only (excluding independent workers and dependent workers other than employees), unless otherwise stated in the notes.

At the time of the drafting of this report, data on the trade union density rate were available for 139 countries. To produce indicators related to trade union membership, data were collected from two sources: household or labour force surveys; and administrative data of trade unions.¹ The production of the indicator was based on ILO data compilation efforts (including the annual ILOSTAT questionnaire and the running of several special enquiries by national experts in selected countries), with contributions from Professor Jelle Visser (University of Amsterdam).

Under ILOSTAT, the collective bargaining coverage rate conveys the share of employees whose working conditions are determined by one

or more collective bargaining agreements (CBAs) currently in force (including extension provisions and agreements concluding in previous years):

$$\text{Collective bargaining coverage rate} = \frac{\text{Number of employees whose working conditions are determined by a CBA}}{\text{Total number of employees}} \times 100$$

Similarly to the trade union density rate, the collective bargaining coverage rate can be calculated as the share of all employed persons whose working conditions are determined by a collective agreement currently in force. However, for comparability purposes, and also considering that collective bargaining might not be applicable or available to independent workers and non-employee dependent workers in some countries, under ILOSTAT, collective bargaining coverage statistics cover employees only (excluding independent workers and dependent workers other than employees), unless otherwise stated in the notes.

At the time of the drafting of this report, data on the collective bargaining coverage rate were available for 99 countries. To produce indicators of the collective bargaining coverage rate, data were collected from three sources: administrative registers; labour force and other household surveys; and establishment surveys. The data collection was carried out by the ILO through three primary channels: the annual ILOSTAT questionnaire; microdata from labour force and other household surveys; and special enquiries in selected countries conducted by national experts.

For more information on the data and related methodologies, see <https://ilostat.ilo.org/topics/industrial-relations/>.

¹ For Japan, the data were taken from a trade union survey.

Appendix 6. The ILO national social dialogue institutions database: Methodological note

The ILO national social dialogue institutions (NSDI) database (hereinafter, the database) compiles information on the legal and administrative arrangements of NSDIs worldwide. This enables comprehensive comparisons of NSDIs both globally and regionally.

To build the database, the ILO designed a questionnaire in close collaboration with the Bureau for Employers' Activities (ACT/EMP) and the Bureau for Workers' Activities (ACTRAV) to gather information on the existence of NSDIs, as well as their legal and administrative arrangements, including composition, mandate, structure and key achievements. ILO experts then conducted desk research to pre-fill the questionnaire with information on NSDIs in all ILO Member States.

Data were sourced from multiple public platforms, including the websites of NSDIs, labour ministries and employers' and workers' organizations. The pre-filled questionnaire was submitted to the ILO network of social dialogue specialists in ILO field offices for verification and completion. During this stage, ILO specialists confirmed and/or completed the information through exchanges with relevant stakeholders, including NSDI secretariats, labour ministries and social partner representatives. The responses were collected, analysed, summarized and recorded in an internal database.

The database was last updated in May 2024. It is possible that it may not include some recent developments, particularly if there have been recent changes in legislation or practices concerning the mandate and operations of NSDIs.

Appendix 7. Survey on the perceptions of social partner organizations on the effectiveness and inclusiveness of national social dialogue institutions: Methodological note

The survey on the perceptions of social partner organizations on the effectiveness and inclusiveness of national social dialogue institutions (NSDIs) (hereinafter, the survey) was designed to gather inputs, perceptions and assessments from national employers' and workers' organizations that are members of NSDIs (such as economic and social councils, national councils for social dialogue, labour advisory boards and wage boards) regarding the inclusiveness and effectiveness of these institutions in generating consensus and outcomes (such as joint guidelines, proposals and statements, tripartite/bipartite agreements and social pacts, both cross-sectoral and sectoral) that influence and/or help to shape inclusive and sustainable policies, laws and reforms.

The survey was prepared during the first half of 2023 and was mainly based on the ILO self-assessment method for social dialogue institutions (SAM-SDI).¹ Its main objectives were to identify both good practices and shortcomings that will help to generate proposals and policy recommendations to enhance the effectiveness and inclusiveness of NSDIs.

The survey consisted of multiple-choice and open-ended questions, and was divided into four parts:

- ▶ Part I focused on general information regarding the affiliation of respondents and asked the respondent to select an NSDI of their choice (one in which they participate, or one with which they are most familiar).
- ▶ Part II aimed to collect information on the inclusiveness of the selected NSDI, broadly defined as the extent to which the composition of the NSDI is representative of the labour market actors and society at large.
- ▶ Part III dealt with the effectiveness of the NSDI, notably its policy cycle (process, outcomes and follow-up of outcomes). The objective was to highlight concrete real-world examples of (recent) outputs of NSDIs (such as joint guidelines, recommendations, statements, agreements and social pacts).
- ▶ Part IV allowed the respondent to provide any other general comment or recommendation on ways to improve the inclusiveness and effectiveness of the selected NSDI.

The survey was administered via SurveyMonkey and was available in six languages: Arabic, English, French, Portuguese, Russian and Spanish. Employers' and workers' organizations in 44 countries were invited to respond between 25 September to 17 November 2023. Countries were selected in close coordination with the ILO Bureau for Employers' Activities (ACT/EMP) and the Bureau for Workers' Activities (ACTRAV), with priority being given to those with operational NSDIs. The survey was disseminated by ACT/EMP and ACTRAV to relevant employers' and workers' organizations in the target countries through their ILO field specialists.

▶ The respondents

A total of 71 employers' and workers' organizations responded to the survey (see table A7.1), who were familiar with the operations of 42 different NSDIs. Respondents from the Plurinational State of Bolivia and Estonia stated that these countries do not have an NSDI.

Among the respondents:

- ▶ A total of 30 were representatives of employers' organizations and 41 of workers' organizations.
- ▶ They were based in 38 different countries: 9 in Africa, 7 in the Americas, 3 in the Arab States, 9 in Asia and the Pacific and 10 in Europe and Central Asia.
- ▶ In 18 countries, only one response was received: Algeria, Plurinational State of Bolivia, Georgia, Guatemala, Honduras, Jamaica, Jordan, Lebanon, Morocco, New Zealand, North Macedonia, Oman, Pakistan, Philippines, Senegal, Sri Lanka, Uruguay and Uzbekistan.

¹ For more information on the ILO SAM-SDI, see Appendix 9.

- ▶ In 20 countries, more than one response was received:
 - For four countries, responses came from workers' organizations only: France, Italy, Portugal and South Africa.
 - For three countries, responses came from multiple employers' and workers' organizations: Belgium, Cameroon and Côte d'Ivoire.
 - For 16 countries, responses came from both employers' and workers' organizations:
 - For 14 countries, responses came from both social partners on a single identifiable NSDI: Bangladesh, Belgium, Belize, Cameroon, Chad, Colombia, Côte d'Ivoire, Ghana, Japan, Mozambique, Republic of Korea, Republic of Moldova, Singapore and Slovenia.
 - For two countries among the ones mentioned above, responses also referred to other NSDIs: Belgium and Cameroon.
 - For two countries, responses came from both social partners, but on different NSDIs: Estonia and Germany.
- From the pool of 16 countries with responses from both social partners on a single identifiable NSDI, six representative case studies were chosen for their particularly rich and informative responses:
- ▶ National Tripartite Consultative Council (NTCC) in Bangladesh;
 - ▶ National Labour Council (Conseil National du Travail-Nationale Arbeidsraad – CNT-NAR) in Belgium;
 - ▶ Standing Committee for Dialogue on Wage and Labour Policies (Comisión Permanente de Concertación de Políticas Salariales y Laborales – CPCPSL) in Colombia;
 - ▶ National Social Dialogue Council (Conseil National du Dialogue Social de Côte d'Ivoire – CNDI CI);
 - ▶ Labor Policy Council (LPC) in Japan;
 - ▶ Economic and Social Council (Ekonomsko-socialni svet – ESS) in Slovenia.

▶ Table A7.1 The respondents

| Region (responses) | Country | Social partner name | Social partner acronym | Type | NSDI name | NSDI acronym |
|---|----------|--|------------------------|-----------|--|--------------|
| Africa (25 responses; from 9 countries; covering 11 NSDIs) | Algeria | Confédération Générale des Entreprises Algériennes | CGEA | Employers | Conseil National Economique, Social et Environnemental | CNESE |
| | Cameroon | Confédération syndicale Entente nationale des travailleurs du Cameroun | Entente | Workers | Comité de Concertation et de Suivi du Dialogue Social | CCSDS |
| | Cameroon | Union générale des travailleurs du Cameroun | UGTC | Workers | Comité de Concertation et de Suivi du Dialogue Social | CCSDS |
| | Cameroon | Union des Syndicats Libres du Cameroun | USLC | Workers | Commission Nationale Consultative du Travail | CNCT |
| | Cameroon | Centrale syndicale du secteur public | CSP | Workers | Comité de Concertation et de Suivi du Dialogue Social | CCSDS |
| | Cameroon | Groupement Inter-Patronal du Cameroun | GICAM | Employers | Comité de Concertation et de Suivi du Dialogue Social | CCSDS |

► Table A7.1 (continued)

| | | | | | | |
|--|---------------|---|-----------|-----------|---|---------|
| Africa (25 responses; from 9 countries; covering 11 NSDI's) | Cameroon | Confédération Camerounaise du Travail | CCT | Workers | Comité de Concertation et de Suivi du Dialogue Social | CCSDS |
| | Cameroon | Confédération des syndicats autonomes du Cameroun | CSAC | Workers | Comité de Concertation et de Suivi du Dialogue Social | CCSDS |
| | Chad | Conseil National du Patronat Tchadien | CNPT | Employers | Conseil Economique Social et Culturel | CESC |
| | Chad | Union des Syndicats du Tchad | UST | Workers | Cadre National du Dialogue Social | CNDS |
| | Côte d'Ivoire | Fédération des Syndicats Autonomes de Côte d'Ivoire | FESACI-CG | Workers | Conseil National du Dialogue Social de Côte d'Ivoire | CNDS CI |
| | Côte d'Ivoire | Centrale Syndicale Humanisme | CSH | Workers | Conseil National du Dialogue Social de Côte d'Ivoire | CNDS CI |
| | Côte d'Ivoire | Confédération ivoirienne des syndicats libres Dignité | Dignité | Workers | Conseil National du Dialogue Social de Côte d'Ivoire | CNDS CI |
| | Côte d'Ivoire | Union Générale des Travailleurs de Côte d'Ivoire | UGTCI | Workers | Conseil National du Dialogue Social de Côte d'Ivoire | CNDS CI |
| | Côte d'Ivoire | Confédération Générale des Entreprises de Côte d'Ivoire | CGECI | Employers | Conseil National du Dialogue Social de Côte d'Ivoire | CNDS CI |
| | Côte d'Ivoire | Union Nationale des Travailleurs de Côte d'Ivoire | UNATR-CI | Workers | Conseil National du Dialogue Social de Côte d'Ivoire | CNDS CI |
| | Ghana | Ghana Employers' Association | GEA | Employers | National Tripartite Committee | NTC |
| | Ghana | Trades Union Congress of Ghana | TUC | Workers | National Tripartite Committee | NTC |
| | Morocco | Confédération Générale des Entreprises du Maroc | CGEM | Employers | (Did not indicate the name of the NSDI) | - |
| | Mozambique | Confederação das Associações Económicas de Moçambique | CTA | Employers | Comissão Consultiva do Trabalho | CCT |

► Table A7.1 (continued)

| | | | | | | |
|---|----------------------------------|---|--------------|-----------------------------|---|--------|
| Africa (25 responses; from 9 countries; covering 11 NSDI's) | Mozambique | Organização dos Trabalhadores de Moçambique | OTM | Workers | Comissão Consultiva do Trabalho | CCT |
| | Senegal | Conseil National du Patronat du Sénégal | CNP | Employers | Haut Conseil du Dialogue Social | HCDS |
| | South Africa | Congress of South African Trade Unions | COSATU | Workers | National Economic Development and Labour Council | NEDLAC |
| | South Africa | Federation of Unions of South Africa | FEDUSA | Workers | National Economic Development and Labour Council | NEDLAC |
| | South Africa | National Council of Trade Unions | NACTU | Workers | National Economic Development and Labour Council | NEDLAC |
| Americas (9 responses; from 7 countries; covering 5 NSDI's) | Belize | National Trade Union Congress of Belize | NTUCB | Workers | National Advisory Board | – |
| | Belize | Belize Chamber of Commerce and Industry | BCCI | Employers | National Advisory Board | – |
| | Bolivia (Plurinational State of) | Confederación de Empresarios Privados de Bolivia | CEPB | Employers | (Stated that the country does not have an NSDI) | – |
| | Colombia | Asociación Nacional de Empresarios de Colombia | ANDI | Employers | Comisión Permanente de Concertación de Políticas Salariales y Laborales | CPCPSL |
| | Colombia | Confederación General del Trabajo | CGT Colombia | Workers | Comisión Permanente de Concertación de Políticas Salariales y Laborales | CPCPSL |
| | Guatemala | Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras | CACIF | Employers | Comisión Nacional Tripartita de Relaciones Laborales y Libertad Sindical (de Guatemala) | – |
| | Honduras | Consejo Hondureño de la Empresa Privada | COHEP | Employers | Consejo Económico y Social | CES |
| | Jamaica | Jamaica Employers' Federation | JEF | Employers | (Did not indicate the name of the NSDI) | – |
| Uruguay | Cámara de Industrias del Uruguay | CIU | Employers | Consejo Superior Tripartito | CST | |

► Table A7.1 (continued)

| | | | | | | |
|---|----------------------|--|-----------|-----------|--|-----------|
| Arab States (3 responses; from 3 countries; covering 3 NSDIs) | Jordan | General Federation of Jordanian Trade Unions | GFJTU | Workers | Economic and Social Council (of Jordan) | ESC |
| | Lebanon | Association of Lebanese Industrialists | ALI | Employers | Economic and Social Council (of Lebanon) | CES |
| | Oman | General Federation of Oman Workers | GFOU | Workers | Joint Dialogue Committee between the Production Parties | - |
| Asia and the Pacific (13 responses; from 9 countries; covering 9 NSDIs) | Bangladesh | Jatyia Sramik Jote | - | Workers | National Tripartite Consultative Council | NTCC |
| | Bangladesh | Bangladesh Employers' Federation | BEF | Employers | National Tripartite Consultative Council | NTCC |
| | Japan | Japanese Trade Union Confederation | RENGO | Workers | Labor Policy Council | LPC |
| | Japan | Japan Business Federation | Keidanren | Employers | Labor Policy Council | LPC |
| | New Zealand | New Zealand Council of Trade Unions | NZCTU | Workers | Future of Work Tripartite Forum | The Forum |
| | Pakistan | Employers' Federation of Pakistan | EFP | Employers | Federal Tripartite Labour Committee | - |
| | Philippines | Employers Confederation of the Philippines | ECOP | Employers | National Tripartite Industrial Peace Council | NTIPC |
| | Republic of Korea | Korea Enterprises Federation | KEF | Employers | Economic, Social & Labor Council | ESLC |
| | Republic of Korea | Federation of Korean Trade Unions | FKTU | Workers | Economic, Social & Labor Council | ESLC |
| | Singapore | Singapore National Employers Federation | SNEF | Employers | National Wages Council | NWC |
| | Singapore | National Trades Union Congress | NTUC | Workers | National Wages Council | NWC |
| | Sri Lanka | Employers' Federation of Ceylon | EFC | Employers | National Labour Advisory Council | NLAC |
| | Uzbekistan | Federation of Trade Unions of Uzbekistan | FTUU | Workers | Republican Tripartite Commission on Social and Labour Issues | RTC |

► Table A7.1 (continued)

| | | | | | | |
|---|--|--|-------------|--|---|------------------------|
| Europe and Central Asia (21 responses; from 10 countries; covering 14 NSDI's) | Belgium | Centrale générale des syndicats libéraux de Belgique | CGSLB-ACLVB | Workers | Conseil Supérieur pour la Prévention et la Protection au Travail | Conseil Supérieur |
| | Belgium | Fédération Générale du Travail de Belgique | FGTB | Workers | Conseil Central de l'Économie | CCE |
| | Belgium | Confederation of Christian Trade Unions of Belgium | ACV-CSC | Workers | National Labour Council | CNT-NAR |
| | Belgium | Federation of Belgian Enterprises | VBO-FEB | Employers | National Labour Council | CNT-NAR |
| | Estonia | Estonian Employers' Confederation | - | Employers | Estonian Unemployment Insurance Fund | Eesti Töötukassa |
| | Estonia | Estonian Trade Union Confederation | EAKL | Workers | (Stated that the country does not have an NSDI) | - |
| | France | Confédération Française Démocratique du Travail | CFDT | Workers | Commission nationale de la négociation collective, de l'emploi et de la formation professionnelle | CNNCEFP |
| | France | Force Ouvrière | FO | Workers | Commission nationale de la négociation collective, de l'emploi et de la formation professionnelle | CNNCEFP |
| | Georgia | Georgian Employers' Association | GEA | Employers | Tripartite Social Partnership Commission | TSPC |
| | Germany | Bundesvereinigung der Deutschen Arbeitgeberverbände | BDA | Employers | Minimum Wage Commission | Mindestlohn-kommission |
| Germany | German Trade Union Confederation | DGB | Workers | Bargaining Committee | Tarifausschuss | |
| Italy | Confederazione Italiana Sindacati Lavoratori | CISL | Workers | Consiglio Nazionale dell'Economia e del Lavoro | CNEL | |

► Table A7.1 (continued)

| | | | | | | |
|--|---------------------|--|---------|-----------|---|-------|
| Europe and Central Asia (21 responses; from 10 countries; covering 14 NSDI's) | Italy | Confederazione Generale Italiana del Lavoro | CGIL | Workers | Consiglio Nazionale dell'Economia e del Lavoro | CNEL |
| | Italy | Unione Italiana del Lavoro | UIL | Workers | Consiglio Nazionale dell'Economia e del Lavoro | CNEL |
| | North Macedonia | Organization of Employers of Macedonia | ORM | Employers | Economic and Social Council (of North Macedonia) | ESS |
| | Portugal | General Confederation of Portuguese Workers | CGTP-IN | Workers | Conselho Económico e Social | CES |
| | Portugal | União Geral de Trabalhadores | UGT | Workers | Comissão Permanente de Concertação Social | CPCS |
| | Republic of Moldova | National Confederation of Employers of the Republic of Moldova | CNPM | Employers | National Commission for Consultations and Collective Bargaining | CNCNC |
| | Republic of Moldova | National Trade Union Confederation of Moldova | CNSM | Workers | National Commission for Consultations and Collective Bargaining | CNCNC |
| | Slovenia | Association of Employers of Slovenia | ZDS | Employers | Ekonomsko-socialni svet | ESS |
| | Slovenia | Association of Free Trade Unions of Slovenia | ZSSS | Workers | Ekonomsko-socialni svet | ESS |

Appendix 8: Global review of the role of peak-level social dialogue in shaping labour law reforms: Methodological note

The review of the links between labour law reforms and social dialogue was based on data provided by ILO field specialists in selected countries based in ILO offices in Africa, the Americas, the Arab States, Asia and the Pacific, and Europe and Central Asia, in partnership with specialists based at ILO headquarters. Target countries were those that had reformed their labour laws in the five years prior to the completion of the questionnaire, namely, between 2019 and 2023. Questionnaires were aimed at addressing two categories of questions: (i) how social dialogue has contributed to labour law reforms; and (ii) how legislative and regulatory frameworks have resulted in new/updated legal/institutional changes for national social dialogue, including collective bargaining.

In addition to the research carried out by the ILO field specialist, specialists at ILO headquarters provided information on the labour reforms implemented or envisaged in countries for which technical support was provided, or where the reform processes came to the attention of the office in some other way. In that sense, research carried out at the headquarters draws on data from advisory services provided by the Labour Law and Reform Unit to 96 Member States between 2019 and 2023 in the context of their labour law reform processes. The information provided by the Member States to the ILO supervisory bodies also served as a source of information.

To assess the role that social dialogue has played in labour law reform processes, the analysis sought to determine, whenever information was available, whether the proposals emanating from employers and workers during the consultation process were reflected in the final text of the revised labour law as approved by the government/parliament. Other elements considered included: (i) the key subject matters addressed by the labour law reforms; (ii) whether peak-level employers' and workers' organizations were consulted or simply informed during the reform process; (iii) how consultations were carried out, when applicable; and (iv) what might have determined the success or failure of social dialogue in terms of shaping labour law reforms. In addition, respondents were asked to indicate whether labour reforms resulted in legal and institutional changes related to social dialogue frameworks, including collective bargaining institutions and mechanisms in any way.

Questionnaires were completed for 19 Member States: Bangladesh, Colombia, Eswatini, Georgia, India, Indonesia, Jordan, Lesotho, Malaysia, Mexico, Mozambique, Oman, Panama, Republic of Korea, Republic of Moldova, South Africa, Sri Lanka, Ukraine and Viet Nam. Information on 11 further Member States, namely, Belize, Brazil, Chile, Egypt, Kyrgyzstan, North Macedonia, Peru, Portugal, Romania, Suriname and Uruguay, was provided by headquarters specialists.

Appendix 9. The ILO self-assessment method for social dialogue institutions (SAM-SDI): An overview


The SAM-SDI is a tool placed at the disposal of ILO Member States that wish to strengthen the influence and impact of their national social dialogue institutions in policymaking in social, economic and labour areas. The ultimate objective of SAM-SDI is to promote more socially just and economically sustainable policy outcomes by enhancing the input, throughput and output legitimacy of social dialogue.

The SAM-SDI contains an introductory section explaining the background, rationale and conceptual framework of the method, and a

comprehensive six-step self-assessment that guides the social dialogue institution in the identification of ways to improve its effectiveness and inclusiveness. Based on the identified strengths and weaknesses of the institution, an action plan is then established and validated to improve its features and operations.

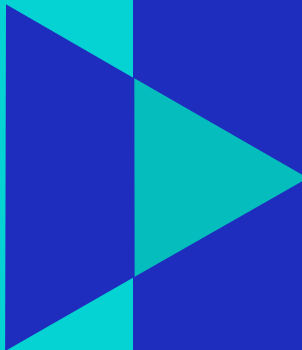
Since 2021, the SAM-SDI has been used, with ILO support, in several ILO Member States. The tool is flexible and can be adapted to the needs of institutions with differing composition, size, resource availability and mandate, as required.¹

¹ For more information and resources, see ILO, *A Self-Assessment Method for Social Dialogue Institutions (SAM-SDI)*, 2021.



Advancing social justice, promoting decent work

The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.



This second edition of the ILO *Social Dialogue Report* focuses on peak-level social dialogue (PLSD) as a crucial tool for advancing decent work, ensuring a fair labour income distribution, addressing the challenges of the digital and green transitions and delivering a renewed social contract for peace and prosperity.

PLSD involves processes that bring together representatives of governments, employers' and business membership organizations and workers' organizations (known as the social partners) at the national and sectoral levels. These processes are designed to facilitate negotiation, consultation and information exchange on issues relating to labour, economic and social policy. PLSD includes bipartite processes – where only the social partners engage, notably for reaching collective agreements – as well as tripartite processes, which also involve government representatives.

By showcasing country examples and good practices from around the world, this report illustrates how PLSD can serve as a powerful catalyst for navigating complexity, identifying balanced and sustainable solutions, addressing social and economic injustice and promoting democracy in the world of work – and in society at large.

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