

Debate 9 – SOCIAL DIALOGUE IN A CHANGING WORLD OF WORK

Coordination Stéphane Carcillo

Globalisation, demographic change and rapid technological innovation have spurred unprecedented economic growth. But the tide has not raised all boats. While these mega-trends are unlikely to significantly affect overall employment levels (at least in the short-run), they are nonetheless expected to result in an important reallocation of labour between firms, sectors and occupations as some jobs will be automated and offshored, while new ones will be created. The global financial crisis has further deepened the divide; job losses have been concentrated among the low skilled, and income inequality has increased in many countries or have remained at high levels affecting social cohesion. That in turn has fuelled social discontent and raised concerns about political stability. .

Social dialogue and sound industrial relations can contribute to restoring some balance. They can be a strong enabler of inclusive growth, namely economic growth that creates opportunity for all segments of the society. Collective bargaining systems, in particular, provided that they have a sufficiently wide coverage, are well coordinated and leave sufficient flexibility at the firm level, can play a central role for social dialogue efficiency and equity: collective bargaining, together with workers' voice, can enhance the situation of workers in terms of well-being and productivity, reduce both horizontal and vertical earnings inequalities and improve labour market functioning and resilience. Social partners can also play a key role in managing the transition to the future world of work and strengthening workers labour market adaptability. For instance, changing demands for products and services and changes in technologies are quickly affecting the skills needed in the labour market. Social partners can play a significant role to help anticipate skills needs, to ensure that workers get enough life-long training to adapt to these changes, and to provide active support to those displaced from their existing jobs to help them back into good jobs (like the Job security Councils in Sweden or Austria). They can also help small and medium enterprises reap the benefits of technological developments and globalisation, and support these firms supported when facing an ageing workforce. In Italy, for instance, unions in the metal sector traded in 2016 some wage moderation against a new provision at sector-level to ensure a minimum amount of employer-supported yearly training to *all* workers, irrespective of the company they work. At a more global level, social dialogue can contribute to poverty reduction and spread the benefits of globalisation, by highlighting good practices and strong business cases, such as Responsible Business Conduct (RBC) and its different components, including due diligence and social dialogue

Yet labour relations themselves are affected by the mega-trends as well as a series of policy reforms which have contributed to an increasing decentralisation of collective bargaining. At the time when cooperation between governments, employers and workers is more important than ever, membership to trade unions is declining in most of the advanced countries and remains very low in much of emerging and developing countries. The proportion of employees in the OECD who are union members has steadily declined, from 30% in 1985 to 16% in 2016.

Moreover, in several emerging economies large shares of the workforce are still in the informal economy. The share of employees whose job conditions and pay are regulated by collective bargaining varies greatly across sectors and countries, from less than 10% in Turkey to more than 90% in Sweden. Coverage of collective bargaining has also seen a marked decline in the OECD, from 45% in 1985 to 32% in 2016.

In some case, policy reforms have driven these declining trends, but technological and organisational changes, globalisation and the decline of manufacturing sector, as well as the expansion of flexible forms of work have also played their part. Unions and employers representatives are grappling with the

new reality of increasing fragmentation of production processes and the rise in non-standard forms of employment. In particular, the growth of the gig economy, new technologies and a demand from enterprises for more flexibility is encouraging trade unions in different countries to organise workers in the informal sector.

Even successful models of social dialogue face challenges and will need to adapt to the new world of work: “traditional” social partners have often been accused of protecting “insiders” at the expense of “outsiders”. While this may have been the case in some instances, several unions have made significant efforts to reach out to non-standard workers. Currently, one of the main challenges is how to include those in newer forms of work, such as dependent self-employed, freelancers and platform economy. Some promising initiatives exist, such as in Germany, where the metalworkers' union IG Metall managed to reach out to platform workers. In other countries, unions have set up specific branches for non-standard forms of work which also try to cover gig workers.

Besides, alternative labour movement exist are emerging, such as the worker centers in the United States, in the context of a significant decline of trade union density. These centers provide support and voice, notably to low-wage (primarily migrants) workers, but they are not defined as unions and do not bargain. Other new models have also emerged in a number of OECD countries such as co-operatives to organise self-employed workers and to provide a range of services to them. One example of this is Smart, a Belgian co-operative originally set up to support artists, but then extended to other atypical workers.

While such alternative movements are useful as supporting and enhancing working conditions of a wider number of workers, and typically those left behind by more traditional institutions, they cannot completely substitute for trade unions. In particular, such institutions do not have the ability to bargain collectively on behalf of their members.

Government intervention will be needed in the near future to put in place a favourable regulatory framework: legislators may typically have a role to play to adapt existing regulations to the changing nature of work. The definition/classification of “independent” workers may have important implications in terms of “right to collective bargaining”. More generally, it will be necessary to rethink the role of collective organisation and collective action in a world where the concepts of “employer”, “enterprise”, “employee”, “place of work” become increasingly blurred and where flexibility in working conditions is more and more valued by workers themselves. An increased involvement of social partners in skills adaptation could also be a revitalisation strategy for weak unions to attract new members, but also for more established unions to keep their root in the local community.