



# Part 4



## 4.2 Policy brief 3

### Developing a Strategic Policy Framework (SPF) using the 17 Sustainable Enterprises Policy Pillars

## SOCIAL DIALOGUE

- ❑ Social dialogue involves a process of consultation, negotiation and/or exchange of information between employers, workers, and/or their respective organizations. Social dialogue is therefore a part of a pluralist outlook on society.<sup>1</sup>
- ❑ Collective bargaining is one outcome that can emanate from social dialogue processes.<sup>2</sup>
- ❑ For bargaining processes to produce successful outcomes a number of variables need to be in place; these include: stronger industrial relations institutions, bargaining coordination, and non-adversarial relationships.
- ❑ There is no ideal bargaining model. The experience over the past two decades shows that there is no single combination of policies and institutions that achieve and maintain good labour market performance. A successful package needs to be coherent and embody a good overall incentive structure.<sup>3</sup>
- ❑ Consultations between government and EOs serve as an important means of ensuring that key industry priorities and business concerns are brought to the attention of government policy-makers. As a result, the private sector would need to be aware of forthcoming policy changes and thus be prepared for adjustments they may deem necessary.
- ❑ Social dialogue founded on the recognition that the social partners constitute an important building block in ensuring social stability and which is based on the recognition that employers and employees, as the principal providers of goods and services and wealth creators, represent two important interest groups in a market economy.
- ❑ Social dialogue is a means of managing, avoiding, or harmonizing conflicting interests between the social partners and important to socio-economic progress.
- ❑ By enabling workers to communicate their needs and concerns, social dialogue enables employers to enhance the understanding of their employees about enterprise needs and objectives as well as market conditions, and how they impact on both management and employees. They consequently help to forge a common approach to issues of common concern.

<sup>1</sup> International Organization of Employers (IOE): *Social Dialogue and Tripartism, Rationale and Meaning* (Background Paper), December 2003.

<sup>2</sup> The evidence concerning the impact of collective bargaining structures on aggregate employment and unemployment continues to be somewhat inconclusive (OECD: *Employment Outlook*, 2006).

<sup>3</sup> IOE: *Collective Bargaining Position Paper*, 2008.

- ❑ Collective bargaining can be a useful and empowering tool for engagement between employers and workers.
- ❑ The form social dialogue takes should suit the diversity of national circumstances and characteristics.
- ❑ Social dialogue is not in itself an outcome; it is a process to reach an outcome.
- ❑ Collective agreements of poor quality *can fail* to: deliver social or economic objectives, balance job creation with job protection, create trust and lead to a loss of confidence rather than building relationships that are needed for second and third generations of collective agreements to be entered into.
- ❑ A climate of dialogue and cooperation can help balance the different interests and priorities of employers and employees, ensuring not only social peace but also sustainable enterprise development. Full and genuine social dialogue – based on cooperation and not confrontation – can be one important tool in sustainability.