GLOBAL DEAL
TOGETHER FOR DECENT WORK AND INCLUSIVE GROWTH

SOCIAL
DIALOGUE
IN THE 2030
AGENDA

2030 AGENDA

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1. Introduction

Social dialogue – defined as all types of negotiations, consultations or exchange of information between, or among, representatives of governments, employers and workers and this at different levels of the economy – has faced major challenges over the last decades. These include growing global competition, technological and organisational changes as well as the emergence of new forms of work alongside digitalisation. In a majority of countries and across all geographical areas, social dialogue has suffered from declines in trade union membership, a more fragmented employer community and lower coverage of collective agreements.[1] While impacted by these developments, social dialogue remains a key instrument for achieving a broad range of societal goals; for example, in several OECD countries tri- and bipartite social agreements played an important role in softening some of the employment effects of the financial crisis. This brief provides evidence that more effective social dialogue could help to reduce inequalities, enhance the inclusiveness and performance of labour markets, and help countries to achieve their commitments under the 2030 Agenda at large. Adopted in 2015 by world leaders, the United Nations (UN) 2030 Agenda for Sustainable Development is based on 17 Sustainable Development Goals (SDGs) underpinned by 169 targets. Social dialogue is reflected in the SDGs that explicitly refer to labour rights (target 8.8), but it can also contribute to achieving economic and social prosperity across a larger range of SDG targets.

The Global Deal was established to promote social dialogue and social partnerships precisely because of their capacity to achieve such win-win-win outcomes, and at this time of the global COVID-19 crisis the need for such partnerships is stronger than ever before. Many of the commitments that Global Deal partners entered into when they joined the partnership included reference to promoting social dialogue in one form or another. As was highlighted at the Global Deal conference that took place on 4th February 2020, social dialogue is not always easy and often takes much effort and time. However, it is also an investment bringing substantial benefits. A climate of trust, built through social dialogue and tripartism, will be essential in the effective implementation of measures to address the COVID-19 outbreak and in order to attain the SDGs. The examples in this document of the role of social dialogue in relation to the 2030 Agenda vividly testify to this.

This brief builds on previous OECD work on the 2030 Agenda, social dialogue and collective bargaining (OECD, 2017[1]; OECD, 2018[2]; Global Deal, 2018[3]). Since the 2015 UN Summit at which the 2030 Agenda was adopted, the OECD has provided support to member countries in tailoring the SDG measurement framework to their own circumstances, identifying policy priorities and aligning their sectoral policies to achieve the SDG targets. The OECD has also examined the characteristics and implications of collective bargaining in OECD countries in several chapters of the *Employment Outlook*. Finally, the Secretariat completed in 2015 the G20 OECD Framework on Promoting Quality Jobs, which recognises the significant role that social partners can play in improving the different aspects of job quality. Assessing the importance of social dialogue for the SDGs is therefore in line with existing OECD work.

Overall, this brief underscores that social dialogue and the SDGs have complex two-way interactions. On the one hand, achieving some of the 2030 Agenda's targets, such as the full recognition and observance of labour rights and the rule of law, are *preconditions* for effective social dialogue. On the other hand, social dialogue can contribute to achieving many SDG targets relating to people, planet and prosperity (ILO-ITUC, 2017[4]). In particular, this brief highlights the following areas where social dialogue could be more effectively leveraged to make progress towards the SDGs:

- *Poverty and inequality.* There is evidence that social dialogue can help reduce poverty and income inequality, for example through collective agreements that pay special attention to the working conditions of disadvantaged groups and low-skill workers, and by helping to achieve a broader sharing of productivity and its gains by rebalancing bargaining positions.

- *Education and skills.* Some evidence supports the view that social dialogue can contribute to high-quality vocational education and training systems, and to the upskilling of the workforce

- *Health and quality of the working environment.* Occupational safety has been at the heart of social dialogue for several decades, as reflected by the negative cross-country relationship between fatal injuries at the workplace and the degree of coverage of collective agreements. Many studies have shown that there is also a positive correlation between health conditions, safe workplaces and labour productivity.

- *Productivity growth and employment.* There is growing evidence that forms of collective bargaining that emphasise wage co-ordination among sectors and firms can yield higher productivity and better employment outcomes, as compared to systems with no or uncoordinated collective bargaining.

- *Economic resilience.* Strong collective bargaining and/or tripartite social dialogue have increased countries' economic resilience in the aftermath of the financial crisis, among other, through short-term working schemes that reduced job losses and helped preserve firms' human capital.

- *Environment.* While evidence remains scarce, some studies suggest that social dialogue may provide a useful platform for easing the transition towards greener economies.

The brief is organised as follows. Section 1 introduces the SDGs while also describing some institutional characteristics of social dialogue. Section 2 presents some empirical evidence on the two-way synergistic relation between social dialogue and the 2030 Agenda Section 3 suggests ways in which social dialogue should change in the future in order to better contribute to countries' efforts to meet their commitments on the SDGs. While much of the evidence presented in the paper refers to OECD countries, efforts are made to provide a broader geographic perspective where data are available.

2. Defining the concepts

2.1. What are the Sustainable Development Goals?

Sustainable development is commonly defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations, 1987[5]). While this definition has been part of the policy lexicon for many years, and is still guiding many global initiatives, the concept of sustainable development has gone beyond this initial formulation to refer to the goal of reaching "socially inclusive and environmentally sustainable economic growth" (Sachs, 2015[6]).

In this perspective, world leaders adopted on 25 September 2015 the UN Resolution 70/1, "Transforming our World: the 2030 Agenda for Sustainable Development" (United Nations, 2015[7]) at the UN General Assembly in New York City. The Agenda, is defined as "a plan of action for people, planet and prosperity [which]… also seeks to strengthen universal peace in larger freedom".

The core of the Agenda is a set of 17 SDGs comprising 169 targets that draw on a large number of existing international agreements on development, environment and human rights (Figure 2.1). The goals are "integrated and indivisible, global in nature and universally applicable". The Agenda presents them as addressing the "5Ps": People (broadly corresponding to goals 1-5), Planet (goals 6, 12, 13, 14 and 15), Prosperity (goals 7-11), Peace (goal 16) and Partnerships (goal 17).

Figure 2.1. The Sustainable Development Goals

Source: (United Nations, 2019), Sustainable Development Goals Communications Materials, www.un.org/sustainabledevelopment/news/communications-material.

In order to evaluate the distance that OECD countries need to travel to meet SDG targets, (OECD, 2019[8]) used a dataset of 132 indicators covering 105 of the 169 targets, sourced from the UN Global Database and OECD databases.[2] While the dataset takes as its point of departure the indicators for global monitoring agreed by the international statistical community (the Inter-Agency and Expert Group on Sustainable Development Indicators), it also includes a limited number of well-established OECD indicators used as proxies to expand the coverage of SDG targets for those cases where no UN data currently exists. For the purpose of the present analysis, the database developed in (OECD, 2019[8]) is used together with the UN Global Database to cover non-member countries.

Box 2.1. The Sustainable Development Goals and the OECD

Since the adoption of the 2030 Agenda for Sustainable Development, the OECD has been working to help countries adopt and adapt the SDGs and its associated targets to their own needs and priorities.

The OECD is committed to be the "best supporting actor" in the UN-led global effort to achieve the SDGs. On one side, the OECD is actively contributing to the global monitoring framework, with many OECD indicators feeding the global list. One the other, the 2016 OECD Action Plan on the SDGs recognises the Organisation's role in supporting the

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efforts by Members and the international community to implement the 2030 Agenda and achieve its goals. The OECD Action Plan on SDGs aims to:

- Apply a SDG lens to all OECD's strategies and policy tools. OECD Committees are encouraged to identify opportunities to contribute to SDG implementation in their programmes of work. Mainstreaming the SDGs may also involve revisiting OECD thematic strategies (e.g. on innovation, skills, or green growth) from a new perspective.

- Leverage OECD data to track progress in the implementation of the SDGs. The OECD provides data for the UN-led Global Indicator Framework for the SDGs, In addition, it is helping developing countries address data gaps (in collaboration with PARIS21), has taken steps to extend a number of its data collections to developing countries – e.g. by broadening its Programme for International Student Assessment, (PISA), modernising its development finance statistics, and expanding its Revenue Statistics) – and has deployed efforts to measure policy and institutional coherence for development.

- Upgrade OECD support for integrated planning and policy-making at country level, and provide a space for governments to share their experiences on governing the SDGs. To that end, the OECD has leveraged the expertise gained through Multi-Dimensional Country Reviews, Policy Coherence for Development and other tools to help its Members address multi-dimensional issues and connect policies across the board.

- Reflect on the implications of the SDGs for OECD external relations. This includes engagement with UN entities on the 2030 Agenda to maximize synergies.

The OECD is an observer on the UN Inter-agency and Expert Group on SDG indicators and is represented at the UN High-Level Group for Partnership, Coordination and Capacity-Building. The OECD has been particularly active in supporting the development of a measurement framework to monitor the SDGs and to fill in statistical gaps.

2.2. The state of social dialogue at a global level

2.2.1. Social dialogue is multi-faceted

The International Labour Organization (ILO) defines social dialogue as a process including *"all types of negotiation, consultation or simply exchange of information between, or among, representatives of government, workers and employers, on issues of common interest relating to economic and social policy"*.

Social dialogue can take several forms (Global Deal, 2018, p. 18[3]):

- Tripartite social dialogue, involving government and representatives of employers and workers' organisations. It is a process of consultation, negotiation and/or joint decision-making that results in the formulation and adoption of social, economic and labour policies, laws and regulations as well as social pacts, joint opinions and policy positions.

- Collective bargaining includes "*all negotiations which take place between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more workers' organisations, on the other, for: i) determining working conditions and terms of employment; and/or ii) regulating relations between employers and workers; and/or iii) regulating relations between*

employers or their organisations and a workers' organisation or workers' organisations" (Collective Bargaining Convention, 1981, No.154). It results in the adoption of collective agreements.

- Workplace cooperation, which involves "*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 any other machinery concerned with the determination of terms and conditions of employment*" (Cooperation at the Level of the Undertaking Recommendation, 1952 No.94). Collective agreements may establish the framework for such consultation and cooperation.

- Bipartite dialogue, encompassing any form of consultation or negotiation or exchange of information between employers and/or employers' organisations and workers organisations, often practised through collective bargaining or workplace cooperation. It results in bipartite arrangements on different levels ranging from the company level to the international level (International Framework agreements).

These forms of social dialogue are not mutually exclusive. For instance, workplace cooperation can complement collective bargaining, rather than replacing it. Some studies have found that the combination of bargaining and workplace cooperation can lead to larger productivity outcomes as compared to those obtained with only cooperation or bargaining (Metcalf, 2002[9]; Ellguth, 2014[10]; Kriechel, 2014[11]; ILC, 2018[12]).

Collective bargaining aims to ensure adequate working conditions and terms of employment in firms covered by collective agreements, whereas tripartite social dialogue can address a broader set of issues and extend to government policies and general business practices whose effects impact the livelihoods and well-being of a large proportion of workers and their families, .

2.2.2. Collective bargaining systems as a form of social dialogue

Collective bargaining is a key form of social dialogue, which aims at negotiating workers' earnings, improving working conditions, preventing and managing conflicts and channelling workplace innovation. It has a protective function (i.e. providing adequate pay and working conditions), a conflict management function (i.e. providing a forum where conflicts can be discussed and solved), and a distributive function (i.e. sharing productivity gains, (Visser, 2016[13]; Hayter, 2011[14]). As it is based on a mandate, collective bargaining has institutional legitimacy, but its effectiveness relies on a number of enabling conditions such as a supportive legal and regulatory framework as well as independent and sufficiently representative social partners, mutual trust and administrative support.

Collective bargaining systems differ widely across countries. Trade union density[3] and the degree of coverage of collective bargaining agreements[4] along with characteristics such as the degree of coordination of collective bargaining, the degree of (de)centralisation and the extent to which a higher level agreement allows changes in working conditions to be negotiated at company level provide valuable information on the role of collective bargaining in labour market governance (ILO, 2016[15]). While trade union density is a good proxy for the degree to which workers are organized, it does not necessarily reflect the influence and power of unions. Indeed, coverage of collective agreements can be achieved in several different ways, for example by widespread membership of employer organisations or by legal extension to firms that are not a member of the employer organisation. Collective bargaining coverage can thus be more important than trade union density membership and have a more sizeable effect on workers conditions, the economy and society.

The International Trade Union Confederation (ITUC) estimates that 207 million workers are members of its trade unions affiliates. Trade union density, i.e. the share of employees who are member of a trade union, varies considerably throughout the world. It is highest in Europe, with rates of about 25% on average and peaks between 65% and 50% in the Nordic countries and Belgium , but is only 20% in Africa, where the long-term decline in public sector employment and large informal economies have undermined the organisational base of trade unions (Koçer and Hayter, 2011[16]). Union density remains low and close to 15% on average in Asia, the Americas and Oceania (see Figure 2.2 for country-level results).

On average, trade union density has fallen in all world regions over the last decades, due to factors that range from structural change (i.e. a shift from manufacturing to services, especially in industrialised countries and countries in East Asia), an increase in non-standard and contingent working arrangements (particularly in high-income countries, (Bryson, Ebbinghaus and Visser, 2011[17]; Freeman and Hilbrich, 2013[18]; Gumbrell-McCormick and Hyman, 2013[19]; Ackers, 2015[20])); global economic integration as well as increased competitive pressures on firms (Gumbrell-McCormick and Hyman, 2013[19]; Ackers, 2015[20]; Global Deal, 2018[3]). In some cases, these declines also reflect legal obstacles as well as government action directed at discouraging affiliation to trade unions (Devinatz, 2015[21]; Freeman and Hilbrich, 2013[18]).[5]

Likewise, employers' organisations have faced rising pressure from global competition, which has led some firms to opt-out of employers' associations or of collective agreements pertaining to the industry where they operate. Also, employers' associations have traditionally represented large firms in the industrial sectors, missing our large segments of the business community (small firms, services). Yet, employers' density in OECD countries, defined as the percentage of private sector employees working in companies that are a member of an employer organisation has, on average, changed little over the past two decades. It has fallen sharply in Portugal and Slovenia, but has increased significantly in Latvia, Czech Republic and Nordic countries, with stability prevailing in most other countries.

Cross-country comparisons of union density and the coverage of collective bargaining help identify four broad clusters of countries (Figure 2.2).

- The first group, characterised by the highest rates of coverage and unionisation, includes Nordic countries and Belgium.

- The second group which includes Continental Europe (including Austria, France, Germany, Italy, the Netherlands, Portugal, Spain) and the Southern Cone (Argentina, Brazil and Uruguay), is characterised by a degree of coverage that is higher than 50% and exceeds the rate of unionisation due to the application of *erga omnes* and the extension of collective agreements to non-unionised workforce (see (OECD, 2017[1]) for a discussion of the two concepts and (Hayter and Visser, 2018[22])).

- In the third group, union density or coverage are below 50% but still above 30%. This last group includes a diverse set of countries such as the Czech Republic, China, Ukraine or Romania.

- The final group includes most developing countries, English-speaking countries such as Canada, Ireland, New Zealand, United Kingdom and the United States and other Central and Eastern European countries. Both coverage as well as density in this group are below (and often much below) 30% and this is associated with the fact that collective bargaining in these countries is limited to the level of the company only (Global Deal, 2018[3]).

Figure 2.2. Joint distribution of collective bargaining coverage and union density, latest year
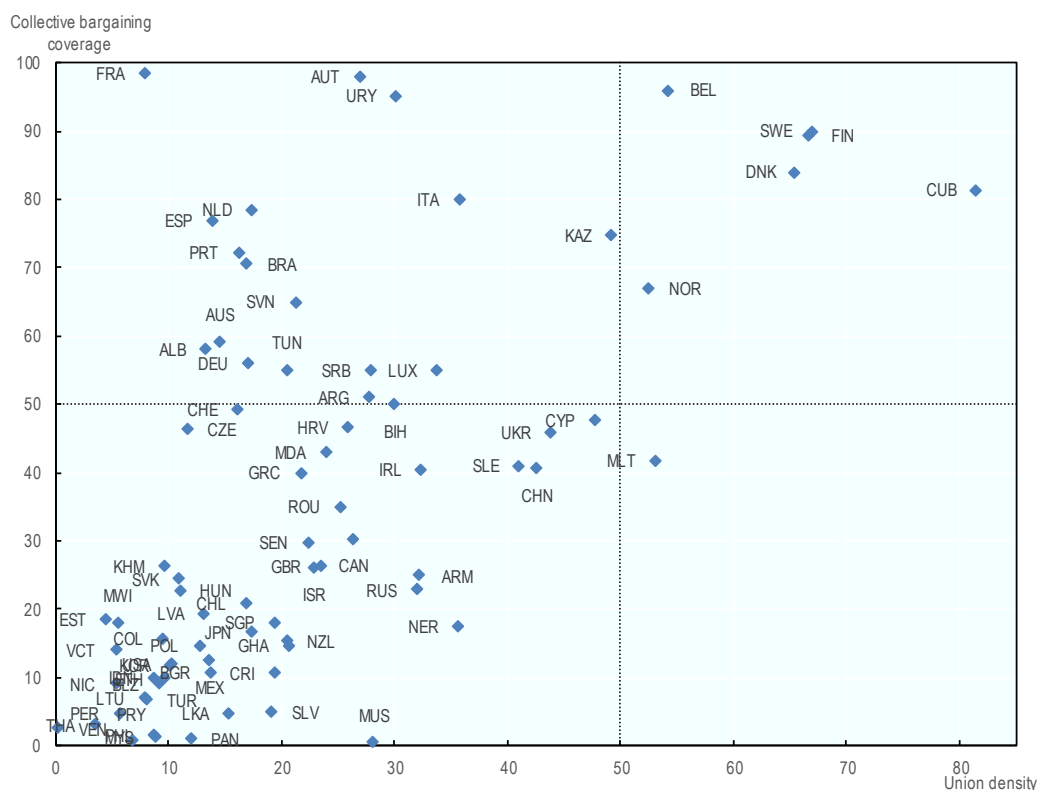
Note: The latest year refer to 2008 for Cuba, Indonesia, Niger, Sierra Leone, 2009 for Ireland, Saint Vincent and the Grenadines, 2010 for Mexico, Nicaragua, Serbia, 2011 for New Zealand, Tunisia, 2012 for Belize, Bosnia and Herzegovina, Cambodia, Israel, Kazakhstan, Latvia, Malta, Poland, Singapore, Venezuela 2013 for Albania, China, Ethiopia, Greece, Iceland, Malawi, Romania, Russian Federation, Slovenia, Uruguay, 2014 for Argentina, Brazil, Cyprus, Finland, France, Hungary, Luxembourg, Norway, Philippines, Switzerland, 2015 for Armenia, Belgium, Czech Republic, Denmark, Estonia, Italy, Korea, Lithuania, Paraguay, Portugal, Senegal, Slovakia, Spain, Sweden, Turkey, Ukraine, 2016 for Australia, Austria, Bulgaria, Canada, Chile, Colombia, Costa Rica, Croatia, El Salvador, Germany, Ghana, Japan, Malaysia, Mauritius, Netherlands, Panama, Peru, Republic of Moldova, South Africa, Sri Lanka, Thailand, the United Kingdom, the United States.
Source: ILOSTAT https://ilostat.ilo.org/topics/collective-bargaining/ and https://ilostat.ilo.org/topics/union-membership/and OECD Employment and Labour Market Statistics.

The degree of coverage of collective agreements and the unionisation rate are not sufficient statistics to understand the nature and performance of collective bargaining in various countries, which requires capturing other features of each country's institutional arrangements, legal frameworks and practices. One effort to capture these aspects, (OECD, 2017[1]) relied on a broader range of indicators to distinguish between five types of collective bargaining systems in OECD countries:

- *Predominantly centralised and co-ordinated systems,* as prevailing in Belgium and Finland, are characterised by sector-level agreements and strong wage co-ordination across sectors.

- *Organised decentralised and co-ordinated sector level systems,* as prevailing in Continental and Northern Europe, are similar to the previous type but leave significant room for lower-level agreements – either by limiting the role of extensions of collective agreements (which are rare and never automatic), or by providing a general framework that leaves the detail to be negotiated to the company level, or by allowing opt-outs for individual firms.

- *Predominantly centralised and weakly co-ordinated systems* are characterised by the importance of sector-level agreements that are often extended, and by the quasi-absence of wage co-ordination across sectors. They are observed, for example, in France, Italy, Spain and Portugal.

- *Largely decentralised systems*, as observed in Australia, Greece, Israel and Japan, dominated by firm-level bargaining, with some role left for sector-level bargaining and wage co-ordination.

- *Fully decentralised systems,* those where bargaining is essentially confined to the firm, with no room for wage co-ordination and government's influence. They prevail in several English-speaking and most Central and Eastern European countries.

This typology highlights the role of *wage co-ordination*, whose importance for several of the goals and targets of the 2030 Agenda is analysed in later sections of this brief. Wage co-ordination is stronger in systems with both high coverage and unionisation rates.

3. The two-way relationship between social dialogue and the 2030 Agenda

Social dialogue and the 2030 Agenda closely interact with each other in two ways (see Figure 3.1). First, several SDG targets, such as the full recognition and observance of labour rights (target 8.8) and rule of law (target 16.3), lay the foundations for effective social dialogue. Moreover, and importantly, social dialogue including collective bargaining aimed at influencing wages and non-wage working conditions (including training, employment protection, and health and safety provisions) can have a direct impact on some specific SDG targets. This Section describes the two-way relationships between social dialogue and the 2030 Agenda.

Figure 3.1. The relationships between Sustainable Development Goals and Social Dialogue
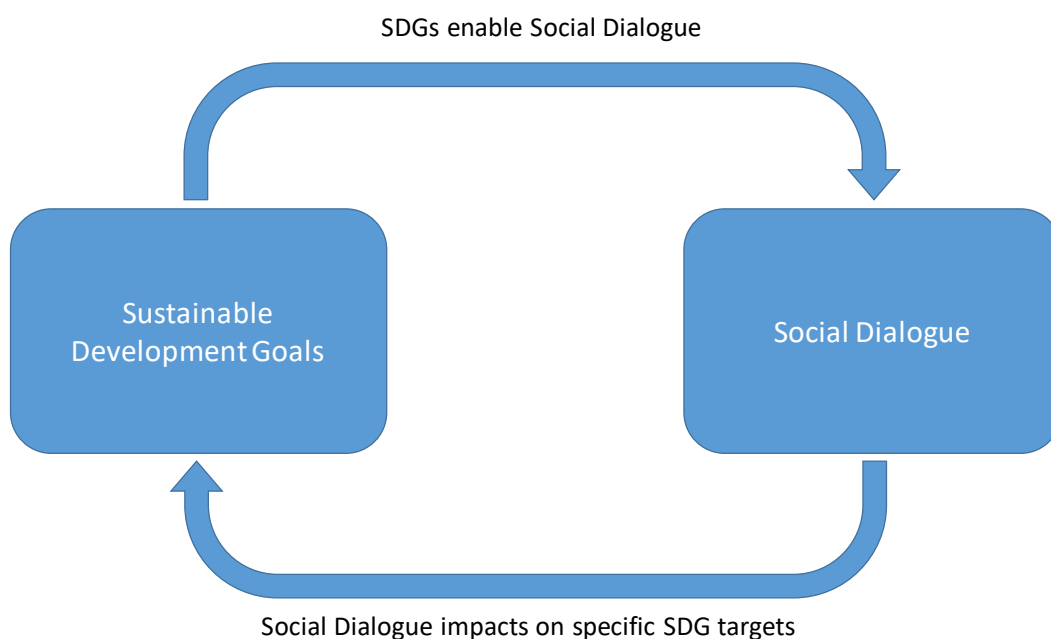
Source: OECD

3.1. How do the Sustainable Development Goals enable effective social dialogue?

While not mentioned explicitly in the 2030 Agenda, social dialogue lies at the heart of some SDG targets. As stressed by ILO, the 2030 Agenda calls for the full recognition and observance of labour rights (target 8.8) and the rule of law (target 16.3), for accountable institutions (target 16.6) and for responsive, inclusive, participatory and representative decision-making at all levels (target 16.7). More generally, peaceful (target 16.1) and inclusive societies (target 10.4) – societies where social partners play active roles in policy discussions and deliberations – are essential for social dialogue as they ensure public access to information and protection of fundamental freedoms.

Achieving some targets of the SDGs would help realising the potential of social dialogue. (Global Deal, 2017[23]; ILO, 2013[24]) These targets relate to the following four issues:
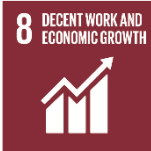
- Democratic guarantees and freedom of association.

- Technical capacity, knowledge and access to relevant information.

- Mutual trust between stakeholders engaged in social dialogue.

- Appropriate institutional support.

Table 3.1 lists the SDG targets that enable social dialogue while Box 2.1 describes OECD countries performance vis-à-vis these targets.

First, effective social dialogue is hampered by the absence of strong democratic foundations. Freedom of association and organisation are core labour rights enshrined in many national constitutions and supported by International Labour Standards, including Conventions, Recommendations and Protocols, in particular by 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).[6] These instruments have been widely ratified by, respectively, 155 and 167 ILO member states. SDG target 8.8 ("*protecting labour rights and promoting safe and secure working environments for all workers*") builds on these instruments. Yet, despite the importance of freedom of association and collective bargaining for labour market governance, data on 85 countries covering just over half of all countries with more than 60% of the world population suggests that around two-third of the global workforce remains outside the realm of collective bargaining (ILOSTAT, OECD Employment and Labour Market Statistics). More broadly, freedom of association requires a climate of respect for the rule of law (target 16.3), separation of powers, and the protection of human rights of all citizens (targets 10.3 and 16.b). It also requires an inclusive society (targets 10.2, 10.3 and 10.4) that is free from violence (targets 16.1 and 16.a).

Secondly, social partners need to have the technical capacity to negotiate with the government and with each other on an equal footing. This requires access to technical resources, including reliable statistics (targets 17.18 and 17.19). More broadly, access to enabling technology can improve citizens "engagement and knowledge" (target 17.8).

Table 3.1. SDG targets that enable effective social dialogue

Goal	Target number	Target label
8 DECENT WORK AND ECONOMIC GROWTH	8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
10 REDUCED INEQUALITIES	10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
	10.3	Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
	10.4	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.1	Significantly reduce all forms of violence and related death rates everywhere
	16.3	Promote the rule of law at the national and international levels and ensure equal access to justice for all
	16.5	Substantially reduce corruption and bribery in all their forms
	16.6	Develop effective, accountable and transparent institutions at all levels
	16.7	Ensure responsive, inclusive, participatory and representative decision-making at all levels
	16.10	Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
	16.a	Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime
	16.b	Promote and enforce non-discriminatory laws and policies for sustainable development
17 PARTNERSHIPS FOR THE GOALS	17.8	Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology
	17.18	By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts
	17.19	By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries

Source: OECD.

Third, social partners and the government cannot build and maintain an effective dialogue without mutual trust. While there is no single recipe to build up trust, OECD studies have identified some key determinants of trust in one specific institution, namely the national government. These include integrity of high-level government officials' (target 16.5), government's reliability in case of crisis, openness to citizen's voice (targets 16.6 and 16.10) as well as responsiveness to citizen's concerns (target 16.7) (OECD, 2017[25]; Murtin et al., 2018[26]). In the context of social dialogue, trust should characterise the relation among all stakeholders, who have to demonstrate the qualities mentioned above (e.g. integrity and openness to their members' concerns). In addition, the following factors enhance trust (OECD, 2017[1]): (i) availability of institutions and structures where social partners can regularly meet and discuss to arrive at a common understanding (from workplaces level up to national level); (ii) access to accurate information by all sides, as mentioned above; (iii) mechanisms that ensure enforcement of collective agreements and other commitments (ILO-FAFO, 2019[27]); (iv) institutional stability to create shared and anchored expectations; (v) respect for autonomy of social partners; and (vi) avoidance of excessive mutual strife and competition between social partners themselves.

Finally, while some countries (such as Germany or Sweden) do not have any formal social dialogue institution such as, for example, a Social or Economic Council, such institutional

support can be helpful to establish effective social dialogue (target 16.7). The annual review of Employment and Social Developments in Europe (European Commission, 2016[28]) argues that public authorities have a role to update – where relevant - the legal framework to enhance the organisation and collective rights of specific categories workers, notably those in atypical forms of work and labour relations. While the capacity for social dialogue is primarily the responsibility of social partners, public authorities in some countries may also need to reinforce institutions supporting and facilitating social dialogue, in particular those dealing with conflict prevention, dispute settlement, or resolution mechanisms such as labour courts, mediation services, and other specialized judicial bodies.

**Box 3.1. Measuring OECD countries' distance from the SDG targets that enable successful social dialogue**

With eleven years left to achieve the goals of the 2030 Agenda, how close are OECD countries to reaching the SDG targets identified above as enablers of social dialogue? And to which extent is analysis constrained by indicators that still cannot be measured?

The *Measuring Distance to the SDG targets* report (OECD, 2019[8]) relies on a unique methodology to assess the distance that OECD countries will have to travel to meet the SDG targets. The approach takes as its point of departure the official list of indicators for global monitoring agreed by the IAEG, measuring them through data sourced from UN and OECD databases. The distance is expressed as the number of standard deviations between the target's value and a country's current position, with standard deviations computed across all values observed across OECD countries in the most recent year. The higher the score, the further the distance between the country's current position and the target's end-value. A distance equal to zero means that the country has already achieved the 2030 target.

Figure 3.2 shows that OECD countries' performance for 11 of the 15 targets identified in this paper as "enablers of social dialogue" can be measured through at least one indicator with an unambiguous normative direction.

Based on the available data, most OECD countries already reached target 16.10 on public access to information and fundamental freedoms, as well as targets 17.18 and 17.19 on enhancing capacity-building. Conversely, OECD countries are, on average, still far away from targets 10.2 on inclusion, 16.1 on violence, 16.7 on participatory and representative decision-making processes, and 16a on institutions. Distances from these targets vary significantly across OECD countries, especially for targets 10.2 on inclusion, 16.5 on corruption and bribery, and 16.A on institutions.

Figure 3.2. Distribution of OECD countries' distance from SDG targets that may be considered as enablers of successful social dialogue
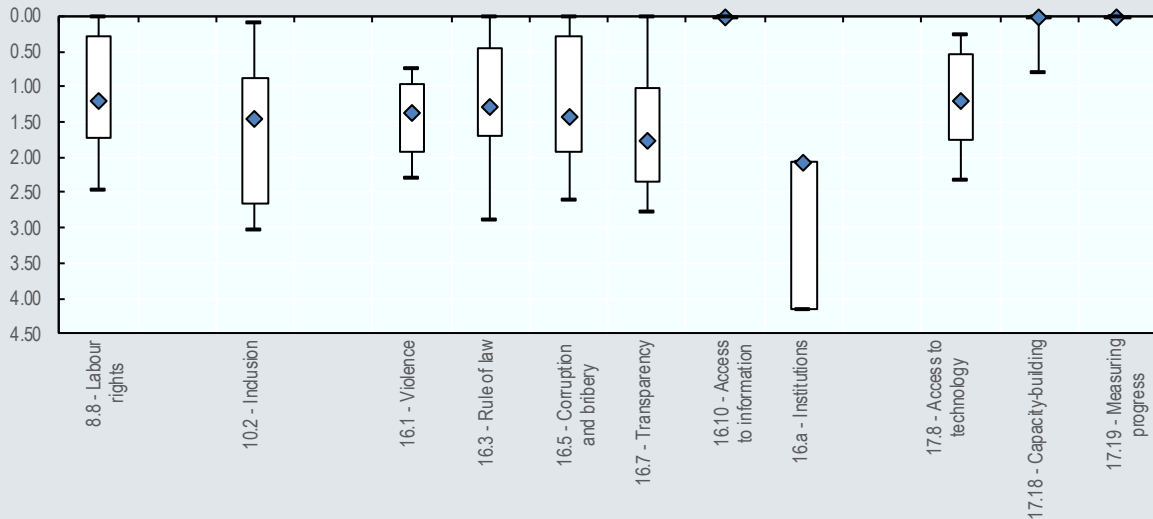
Note: SDG targets can be multidimensional. In some cases, available indicators only reflect one aspect of the related target. See (OECD, 2019[8]) (p. 45 to 54) for more details.

The chart shows the distribution of OECD countries' distances from the SDG targets that may be considered as preconditions for effective social dialogue. Distances are measured in standardised units, ranging from 0 indicating that the 2030 level has already been attained, to 4.5 as most OECD countries have already reached this distance. Diamonds refer to the OEDC median distance; the box boundaries indicate the first and third quartiles of the distribution of distances among OECD countries; whiskers indicate the 10th and 90th percentile of the country distribution.

Source: OECD (2019), *Measuring Distance to the SDG Targets 2019: An Assessment of Where OECD Countries Stand*, OECD Publishing, Paris, https://doi.org/10.1787/a8caf3fa-en.

3.2. How can social dialogue help to achieve the Sustainable Development Goals?

The following analysis highlights some mechanisms through which social dialogue can contribute to attaining goals for 3 of the 5Ps, namely People (broadly corresponding to goals 1-5), Planet (goals 6, 12, 13, 14 and 15) and Prosperity (goals 7-11). [7]

3.2.1. People

#### Goal 1: End poverty in all its forms everywhere

National tripartite dialogue involves high-level policy-makers and the leadership of workers' and employers' organisations. They typically discuss economic and social policies and objectives, such as labour market reforms, employment and productivity growth, inequality and poverty reduction, social security policy as well as pension reform. Goal 1 on poverty reduction can thus be directly impacted by social dialogue focussing on these types of country-level policies. The finding that tax and benefits systems seem to be more progressive in the presence of high trade union density (Jaumotte and Buitron, 2015[29]) could be driven by the fact that strong trade unions are more likely to enforce and engage in tripartite agreements covering such tax and benefit policies.

Recent empirical analyses ((Jaumotte and Buitron, 2015[29]; OECD, 2018[2]; Hayter, 2015[30]) show that collective bargaining strengthens the bargaining power of low and middle-wage workers, which should reduce poverty levels. As an illustration, Figure 3.3

shows a negative cross-country relationship between the coverage of collective bargaining and the (relative) income poverty rate, implying that higher collective bargaining coverage is associated with lower poverty. While this association does not imply causality, the literature identified some channels through which social dialogue can impact poverty. For instance, collective bargaining rights can reduce power imbalances that are inherent in the employment relationship, and thus affect positively pay levels – when workers negotiate pay and working conditions individually, employers' buyer power is usually not compensated by sufficient bargaining power on the side of workers (OECD, 2019[31]).

Figure 3.3. Collective bargaining and poverty (SDG target 1.2)

Relationship between relative income poverty rate and the coverage of collective bargaining
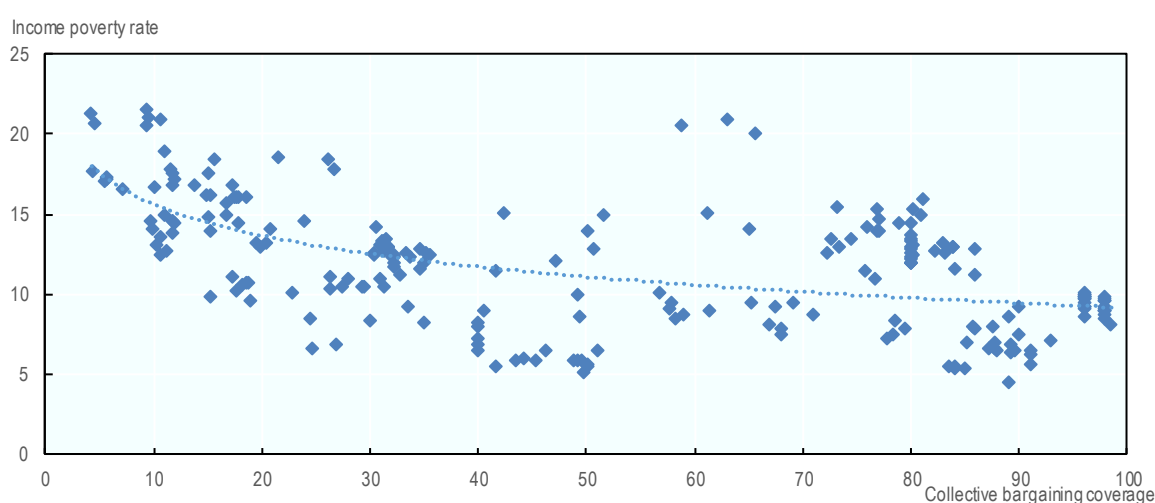
Note: The income poverty rate is the ratio of the number of people whose income falls below the poverty line, set as half of median household income of the total population. This chart includes pooled data for all 36 OECD members and for Brazil, Costa Rica and the Russian Federation between 2000 and 2016.
Source: ILOSTAT https://ilostat.ilo.org/topics/collective-bargaining/ and OECD IDD.

One way in which social dialogue can contribute to reducing poverty is when it is involved in setting and changing of minimum wages levels. In most OECD countries, in-work poverty accounts for a large share of the overall poverty headcount – from 30% in Germany to more than 90% in Mexico, with only Australia, Belgium, Ireland and Germany below 50% (OECD Income Distribution Database). Thus, a higher minimum wages will tend to reduce both poverty and in-work poverty (even if the link also depends on other factors such as household situation or hours worked). Empirical research in the United States confirms that minimum wage increases have boosted household incomes at the bottom of the income distribution (Dube, 2019[32]). Setting up the minimum wage at an appropriate level is however a difficult exercise: on the one hand, the minimum wage needs to be large enough to provide for a decent job and acceptable standards of living for workers and their families; on the other hand, it should take into account economic factors and not be excessively high to avoid kicking low-productivity workers out of formal employment (Rutkowski, 2003[33]). However, the weight of the evidence shows that there is little employment impact of minimum wages (OECD, 2015[34]; Dube, 2019[32]; Dustmann et al., 2019[35]; Dustmann et al., 2019[35]). A recent review of the most up to date body of research from the United States, the United Kingdom and other advanced economies points to a very small effect of – even relatively high – minimum wages on employment[8], while at the same time significantly increasing the earnings of low paid workers (Dube, 2019[36]). A similar

conclusion can be drawn concerning the impact of minimum wages on rates of informality (Kuddo, Robalino and Weber, 2015[37]; Ferraro, Hänilane and Staehr, 2018[38]).

Seven OECD countries (Austria, Italy, Switzerland and the Nordic countries) do not have nationally applicable minimum wage set through public policies. These countries have traditionally relied on collective bargaining agreements to set wage floors, covering sectors and occupations that account for a very large proportion of the workforce. In other countries where collective bargaining is weaker and many workers are not covered by collectively-negotiated minimum wage, government intervention is used to set minimum wages that apply to all workers (OECD, 2015[34]).

For some countries (e.g. the United States), there is also evidence that higher rates of unionisation have reduced in-work poverty for both unionised and non-unionised workers, without negative effects of employment (Brady, Baker and Finnigan, 2013[39]). The effects of unionisation in reducing in-work poverty have been shown to be even larger than the effects of counties' economic and social policies. The association between high trade union density and lower in-work poverty can also be seen in the European Union. EU Member States with the highest trade union density record below average rates of in-work poverty. This can be attributed to the role of social partners in wage negotiations as well as to their involvement in welfare and social security policies (European Commission, 2019[40]). The latter is also recognised by principle 8 of the European Pillar of Social Rights stipulating that "social partners shall be consulted on the design and implementation of national economic, employment and social policies according to national practices".

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Social dialogue can play an important role in making training schemes more widespread and inclusive (Global Deal, 2017[23]; OECD, 2019[31]; OECD, 2019[41]). In workplaces where a formal employee representation exists, the probability of workers receiving paid training is 66% higher compared to firms where such representation is absent. Moreover, the positive effect of trade union density in helping workers to access training appears to be stronger for workers in elementary occupations, services and sales compared to professional or craft workers (European Commission, 2019). In some countries such as Lithuania[9], Austria[10] and Poland[11], employer organisations and trade unions have traditionally worked together to identify skills needs, design education and training curricula, and manage training programmes. This type of social dialogue can contribute to more effective skills policies and to better skills outcomes (OECD, 2017[42]). For example, employee participation in training decisions can shift employers' programmes towards types of training that are more easily transferrable on the labour market, as well as push for a more equitable supply of learning opportunities (OECD, 2003[43]; OECD, 2005[44]). Involving social partners can also help public bodies in assessing and anticipating skills needs (OECD, 2016[45]), and in developing education and training curricula that match labour market needs (OECD, 2005[44]). In particular, collaborative approaches can enable the development of practical, hands-on experiences, which allow participants to apply what they learned in practical contexts.

Training is especially important in the context of the ongoing digital revolution. Recent estimates indicate that about half of all jobs may either disappear (14%) or be significantly transformed in terms of task requirements (32%) over the next two decades, as machines automate tasks that were once performed by humans (Arntz, Gregory and Zierahn, 2016[46]). New tasks require new skills; identifying key human skills is crucial to respond to the challenge of the digital economy. In terms of policy implications, establishing solid

links between vocational education, training and the world of work increases the relevance and timeliness of workers' skills and competencies (OECD, 2013[47]).

There is some evidence that OECD countries with stronger collective bargaining systems are also characterised by a higher share of the workforce participating in training programmes. Evidence also shows that union members are more likely to receive training than non-unionized employees (Stuart, Valizade and Bessa, 2015[48]). In particular, such training may provide employees with ICT skills that are needed to benefit from the ongoing digital transformation. As a matter of fact, there is a statistically significant and positive cross-country correlation (0.82) between trade union density and the share of adults with ICT skills, the headline indicator for target 4.4.

Goal 5: Achieve gender equality and empower all women and girls

By boosting wages at the bottom end of the wage scale, collective bargaining can benefit those categories of workers, such as women, who are generally over-represented there. Moreover, collective bargaining strategies can also focus on improving pay in female dominated sectors, using gender-neutral job classifications and on undertaking equal pay audits and gender equality plans (Global Deal, 2019[49]). Social dialogue can therefore contribute to reduce gender pay gaps. In practice, firm-level bargaining is associated with higher wage disparities and a wider gender pay gap (OECD, 2018[2]), as compared to more centralised collective bargaining systems.

Collective agreements can also increase the participation rates of women to the labour market, as raising wages at the lower end of the distribution increases the opportunity cost of non-participation. Recent OECD work shows that co-ordinated systems are linked to higher employment and to lower unemployment rates for women as compared to fully decentralised systems (OECD, 2018[2]). In this regard, social dialogue can also help reduce gender gaps in employment through tripartite agreements in which governments agree to provide quality and affordable child and elderly care places and combat prejudice in hiring and promotion decisions.

Higher coverage rates of collective bargaining also tend to be associated with lower gender disparities in unpaid work (target 5.4) and greater women's participation in political, economic and public life (target 5.5). For instance, coverage of collective agreement is positively correlated with the share of women in parliaments. This association may reflect a two-way relations: on one hand, social dialogue can boost female employment and hence overcome some of the obstacles to women's entry in parliament (Shvedova, 2005[50]); on the other hand, countries with a higher share of women in parliament are more likely to adopt gender-sensitive policies such as laws on sexual harassment, divorce, domestic violence or greater access to childcare services, and thus favour women empowerment (Asiedu et al., 2016[51]; Thomas, 1991[52]; Beaman et al., 2006[53]).

3.2.2. Prosperity

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Collective agreements between employers and unions are not only a key driver of wages (see Section 2.2.1 as well as the discussion below on goal 10) but also shape non-wage working conditions, including working time, leave arrangements, training, employment protection, as well as health and safety provisions.

According to the ILO, each year 2.78 million workers die from occupational accidents and work-related diseases, with an additional 374 million workers suffering from non-fatal

occupational accidents.[12] At the global level, lost work-days represent almost 4% of world's GDP, a share that rises to 6% or more in some countries (Jukka, Tan and Kiat, 2017[54]; Takala et al., 2014[55]). Trade unions play a key role in building a culture of prevention on occupational safety and health issues, both at the national and at the workplace level. As a consequence, countries characterised by a higher share of workers covered by collective agreements tend to display a lower prevalence of fatal occupational injuries among employees (Figure 3.4).

Figure 3.4. Social dialogue and safety of the working environments (SDG target 8.8)

Collective bargaining coverage and fatal occupational injuries among employees (per 100,000 employees).
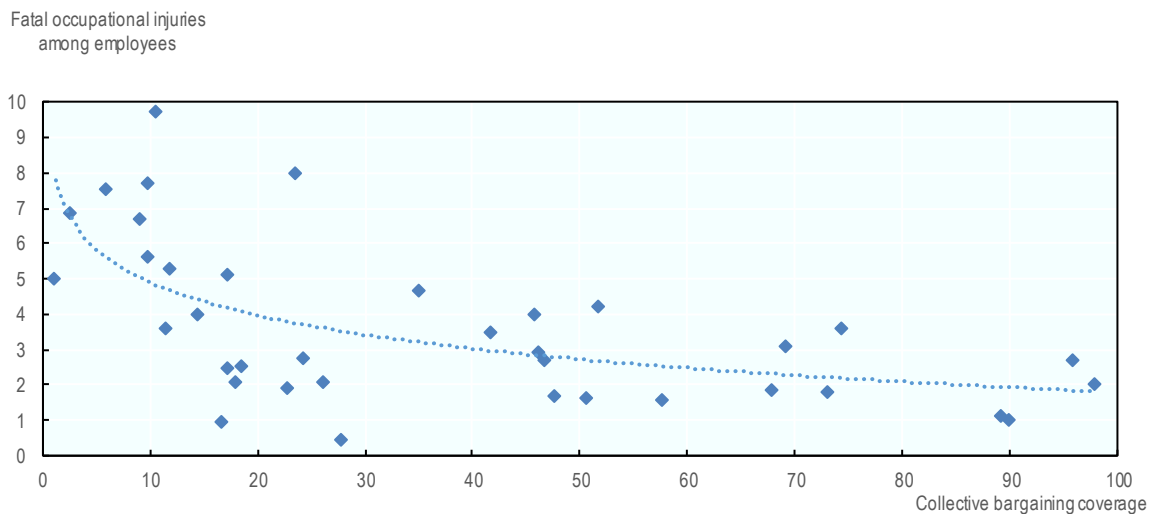
Source: ILOSTAT. UN SDG global data base

Further evidence on the relationship between social dialogue and quality of the working environment is available through the European Working Conditions Survey for 26 OECD countries, a survey that allows assessing the prevalence of different aspects of job quality through individual-level data (Global Deal, 2018[3]). In this regard, (OECD, 2018[2])shows that the presence of a recognised form of employee representation (i.e. trade union, work council or similar committee representing employees) is associated with lower job strain for workers, lower work intensity, higher training and better career advancement prospects.

Goal 8 aims to achieve sustainable economic growth that is structurally supported by improvements in productivity performance. Collective bargaining may have mixed effects on productivity growth. On the one hand, cross-firm wage bargaining may incentivise firms to improve their productivity as the share of revenue allocated to labour increases (Acemoglu and Pischke, 1999[56]; Haucap et al., 2004[57]). Collective bargaining may also boost productivity growth through higher 'efficiency wages', better non-wage working conditions and the possibility for workers to voice their concerns (OECD, 2017[58]). On the other hand, theory based on highly mobile labour suggests that a more compressed wage structure may reduce the incentives to work hard and to move to a more productive firm, thereby harming firms' productivity and the efficiency of workers' reallocation (OECD, 2018[2]). At the same time, theory based on imperfect markets, such as in a monopsony labour market, predicts that widening the wage distribution at the bottom could accommodate low productivity companies as workers remain more tied to their employer than commonly assumed and do not move so easily to more productive and better paying firms. Hence, the introduction of the minimum wage in Germany in 2015, which worked to compress the wage structure, ended up in more (rather than less) labour mobility by

shifting workers originally employed in low productive firms to bigger and more productive firms ((Dustmann et al., 2019[35]).

The large empirical literature that has examined the role of union coverage for productivity growth suggests that higher trade union coverage increases productivity in non-manufacturing industries (Doucouliagos, Freeman and Laroche, 2017[59]). Other studies, however, suggest that centralised bargaining systems tend to be associated with lower productivity growth when the coverage of collective agreements is high (OECD, 2018[2]), possibly reflecting the lower flexibility at the firm level that is inherent to centralised bargaining systems. However, these patterns need to be taken with caution as they rely on sector comparisons and do not readily allow conclusions on aggregate productivity growth.

The relationship between collective bargaining, unionisation and employment has also been extensively debated. Among OECD countries, some authors found no effect of unionisation on unemployment (Freeman and Richard, 1988[60]), while others found a positive correlation (Nickell, 1997[61]; Nickell and Layard, 1999[62]). While some studies have suggested that a high unionisation rate tends to make unemployment more persistent (Scarpetta, 1996[63]), this effect tends to be dwarfed by other factors (de Serres and Murtin, 2014[64]). Beyond the effect of unionisation, the difference between agreements' coverage and trade union density may also impact on employment. Some studies have shown that a large difference between collective bargaining coverage and union density may have a negative effect on employment outcomes (Murtin, de Serres and Hijzen, 2014[65]). Recent analysis by the OECD suggests that co-ordinated systems – including those characterised by organised decentralisation – are associated with higher employment and lower unemployment as compared to fully decentralised systems (OECD, 2018[2]).[13]

Strong social dialogue may have played an important role in reducing the employment effects of the 2008 financial crisis. In several OECD countries, pre-existing collective bargaining systems were used to put in place short-term working schemes, which helped absorbing the large negative demand shock by reducing working time rather than by cutting jobs (Hijzen and Martin, 2013[66]). Co-ordinated and centralised collective bargaining systems are particularly adapted to limit the short-term unemployment impact of recessions as they facilitate wage and working-time adjustments (OECD, 2012[67]; OECD, 2017[1]). These schemes also allowed retaining skills and preserving business capabilities that contributed to a speedier recovery. Similar trends, including outside the OECD, have also been documented in various ILO studies (Rychly, 2009[68]; Papadakis and Ghellab, 2014[69]; Ghosheh and Messenger, 2013[70]; Guardiancich and Molina, 2017[71]).

Goal 10: Reduce inequality within and among countries

Social dialogue, in particular collective bargaining, has a direct impact on the distribution of wages which, in turn, shapes the distribution of income within countries, alongside other factors (such as changes in the distribution of non-labour income and features of the redistributive system). Social dialogue can both increase the share of (net) earnings accruing to middle- and low-income workers (Vaughan-Whitehead, 2018[72]), and reduce the share going to the top of the wage distribution due to pressure for fairer profit sharing (Jaumotte and Buitron, 2015[29]).

The link between collective bargaining, unionisation and wage inequalities has been extensively studied (Blau and Kahn, 1999[73]; ILO, 2016[15]; Vaughan-Whitehead, 2018[72]; OECD, 2018[2]). The general conclusion from these studies is that, while collective bargaining tends to lower earnings dispersion, the size of this effect depends on several factors, including unions' bargaining power, the share of the working population covered by collective agreements, and the degree of centralisation. There is also evidence that higher collective bargaining coverage is strongly correlated with lower wage inequality,

accounting for 50% of the cross-country variance in wage inequality among 32 OECD countries (Visser, 2015[74]). Other studies show that more centralised and more coordinated wage bargaining systems contribute to lower wage inequality (Blau and Kahn, 1999[73]; Hayter, 2011[75]; OECD, 2004[76]; OECD, 2018[2]). While other factors beyond wage dispersion contribute to income inequality, Figure 3.5 suggests that countries featuring a higher coverage of collective bargaining agreements also display a higher share of income held by the bottom 40% of the distribution. Furthermore, the decline in union density is related with less redistribution through taxes and public transfers and with an increase in the income share of the top 10% (Jaumotte and Buitron, 2015[29]). Empirical evidence that higher inequality is harmful for long-term GDP growth (OECD, 2015[77]) also implies that, through its effect on income inequality, social dialogue may contribute to attaining target 8.1 on economic growth.

Figure 3.5. Social dialogue and income inequality (SDG target 10.1)

Relationship between the income share held by the bottom 40% and collective bargaining coverage
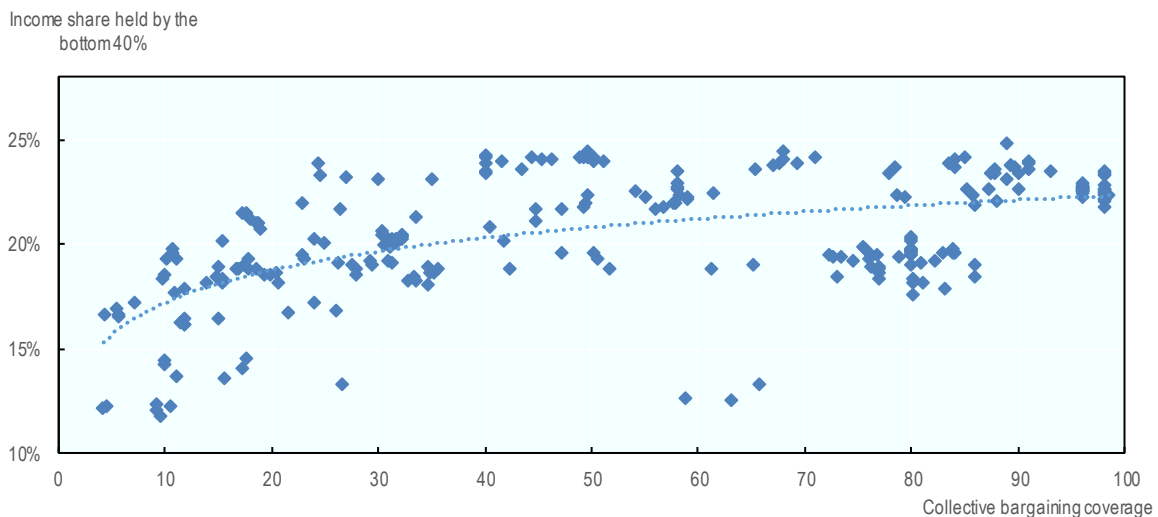
Note: This chart includes pooled data for all 36 OECD members and for Brazil, Costa Rica and the Russian Federation between 2000 and 2016.
Source: ILOSTAT and OECD IDD.

3.2.3. Planet

The goals and targets belonging to the Planet category, which focus on the protection of the planet from degradation through more sustainable consumption and production (goal 12), the sustainable management of water resources (goal 6), oceans (goal 14), terrestrial biodiversity (goal 15) and limiting climate change (goal 13) have a less obvious relation with social dialogue, which does not tend to specifically focus on environmental issues. Social dialogue can nonetheless play a significant role for environmental protection by helping identify the skills needed in a greener economy, providing a platform for collective learning about environmental issues as well for deliberating on ecological policies (ILO-FAFO, 2019[27]).

Social dialogue can play a significant role in managing the labour-environment nexus, in particular by creating new job opportunities for workers most affected by the transition to a low-carbon economy. Jobs reallocation across sectors and activities will be necessary and will affect some sectors more than others (OECD, 2017[78]), a process that can be facilitated by social dialogue to identify skill needs and improve the design of training curricula.

Whatever the specific challenges faced by individual countries, industries, enterprises and workers, a successful transition to a greener economy will hinge upon social dialogue between government, trade unions and employers (OECD, 2013[47]).

At the international level, social dialogue has also been instrumental for deliberating upon the labour implications of new environmental initiatives. For instance, the International Trade Union Confederation (ITUC) has set out several policy objectives, including recognising the special needs of workers in the fossil-fuel industry, investing in community renewal and establishing "just transition" funds (ITUC, 2010[79]),while the ILO established in 2015 guidelines for a just transition towards environmentally sustainable economies (ILO, 2015[80]).In the European Union, the role of social partners in the transition to green and to greener jobs has been gradually increasing in recent years. For instance, European cross-industry social partners recently agreed on a joint statement ("Tapping the potential from greening the economy for jobs creation") in which they recognise that further efforts, in particular investment and skills related initiatives, are needed to achieve greener and more sustainable growth (European Commission, 2019).

At the national level, examples of initiatives in this field include the roundtables established by law in 2005, which allowed social partners to participate in the design and monitoring of the national emission allocation plan (NEAP). In the Netherlands, Poland and Germany, social partners are involved in the development of Low Carbon Strategies or Climate Action Plans (European Commission, 2019). In the United Kingdom, the government set up a Union Modernisation Fund to support the Trade Union Congress's (TUC) Green Workplaces project5 aimed at stimulating environmental-friendly behavioural change at work. In Ghana, trade unions' involvement has generated policy space for discussing taxation of natural resources (William Minter, 2014[81]). In Belgium, social partners bilaterally agreed to develop a mobility budget for employees, which include the option for employees to substitute company cars for more sustainable alternatives (European Commission, 2019).In the United States, strategic alliances between unions and environmental organisations, such as the Blue Green Alliance and Green For All, have become influential in national debates on the greening of the economy through major investments in green industries and extension of fiscal benefits for green energy producers. A forthcoming thematic brief from the global Deal provides further examples of how social dialogue is addressing the challenges of sustainable development (Global Deal 2019 Social Dialogue and the Future of Work, forthcoming).

4. Conclusion

This brief has argued that the relationship between social dialogue and the SDGs goes in two directions. On the one hand, many goals on governance, inclusive growth, inequality and partnerships can strengthen social dialogue; on the other hand, effective social dialogue can contribute to several goals relating to people, planet and prosperity. Progress towards the SDGs thus requires building more effective social dialogue, which depends on organisational features and other enabling factors.

Social dialogue can take forms that differ in their degree of formalisation and institutional legitimacy. While national tripartite social dialogue has an important role to play in devising national policies that are conducive to achieving the 2030 Agenda on Sustainable Development Goals, collective bargaining plays a pivotal role in negotiation and collaboration between social partners, possibly also involving the government to strike wider deals. Collective bargaining systems differ across countries depending on the degree of representation of social partners (i.e. trade unions' and employer association's density), the degree of coverage of collective agreements, the degree of centralisation of collective

bargaining, and coordination across sectors and firms. This brief has emphasised the role of wage co-ordination across sectors and firms as conducive to stronger productivity gains and better employment outcomes. Strong (i.e. centralised and co-ordinated) collective bargaining is also beneficial to economic resilience as it helps reducing job losses and preserving firms' human capital during economic downturns.

The brief has presented some evidence related to traditional domains of social dialogue, namely negotiation on wages and working conditions, safety at the workplace and skill policies. It has provided evidence that more effective social dialogue could help to reduce inequalities, fight (in-work) poverty, improve safety at the work place, enhance the inclusiveness and performance of labour markets, and help countries to achieve their commitments under the 2030 Agenda at large.

Yet, other issues that feature prominently in the 2030 Agenda and shape the economic and political landscapes, such as digitalisation, globalisation and the transition towards a greener and more sustainable economy present new challenges for social partners. There are three key challenges:

First, digital platforms add to the already existing practices of non-standard forms of employment that are inadequately represented by trade unions, partly reflecting legal obstacles to grant collective bargaining rights for non-standard workers classified as self-employed as infringing competition law, even if ILO- convention 87 provides all workers, irrespective of employment status, the right to bargain collectively. The OECD (OECD, 2019[31]) recommended addressing the misclassification of workers and extending *de facto* collective bargaining rights to some self-employed workers trapped in unbalanced power relationships (Johnston and Land-Kazlauskas, 2018[82]). As an example, unions in several OECD countries have adapted their statutes in order to allow self-employed workers to become members, while others have created dedicated branches for non-standard workers.

Second, national social dialogue faces numerous obstacles but also opportunities for positive development from firms operating across borders such as Multinational Enterprises (ILO, 2017[83]). Building a "cross-border" perspective in social dialogue by, amongst others, strengthening Global Framework Agreements, could address risks in global supply chains, as terms of employment and working conditions 'cascade' to second-tier subcontractors and suppliers. The standards underpinning responsible business conduct in order to contribute to objectives of decent work are the UN Principles on Business and Human Rights, the ILO Tripartite declaration of Principles concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for MNEs. Together, they provide a framework to encourage the positive contribution of MNEs to economic and social progress across borders. Under the OECD Guidelines for Multinational Enterprises, firms are encouraged to engage in meaningful social dialogue as part of their due diligence. The National Contact Points promote the OECD Guidelines and play an important role in the resolution of issues that arise relating to the implementation of the OECD Guidelines in specific instances. As such, they act as a forum for dialogue, for example between MNEs and employees, on all matters relating to the Guidelines. Meanwhile, the implementation of the ILO MNE declaration relies on tripartite focal points as well as on a company-union dialogue facilitation mechanism that has just started functioning.

Finally, this brief has emphasised the importance of using social dialogue for managing the transition towards greener and more sustainable economies, and for addressing the environment-employment nexus raised by this transition. These issues should be at the heart of a strengthened social dialogue in view of reaching the SDG targets related to the Planet category of the 2030 Agenda.

The future of social dialogue institutions will also lie in their capacity of bringing these issues to the forefront of collective bargaining, which in turn would help countries reaching SDG targets. To this end, supporting frameworks that allow social partners to reach out to non-standard forms of work and workers in the informal sector, to bargain across borders and to negotiate a just transition are necessary.

Notes

[1] Collective bargaining is defined in the ILO Collective Bargaining Convention, 1981 (No. 154), as "all negotiations which take place between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more workers' organisations, on the other, for: (a) determining working conditions and terms of employment; and/or (b) regulating relations between employers and workers; and/or (c) regulating relations between employers or their organisations and a workers' organisation or workers' organisations.

[2] OECD (2017) developed an original methodology to compare the distance that OECD countries have to travel to reach the SDG targets. The dataset underpinning that study includes both actual values of the SDG indicators and normalized values, which correspond to the distance to be travelled to reach SDG targets. The analysis in this paper is based on non-normalised values.

[3] Trade union density is measured as the ratio of union members to the total number of employees.

[4] Coverage of collective bargaining agreements is measured as the ratio of employees covered by collective agreements to all wage earners. This coverage is a function of both the membership of signatory employer organisations and trade unions but also of extensions of agreements to other firms and workers in a sector.

[5] Coverage of collective bargaining agreements also varies widely across countries. It is largest in Europe, with an average of about 50% ranging between 7% (in Lithuania) and 98% (in Austria and France) of total employees. Coverage of collective agreements is close to 15% in Africa, Asia and the Americas. Over the last decade, collective bargaining fell by around 5 percentage points in the United States and by 8.5 percentage points in the European Union as a whole. The decline has been much more pronounced in Greece (a 40 percentage points decline in 5 years) and Romania (50 percentage points decline in a decade).

[6] The ILO has 8 fundamental conventions: i) Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); ii) Right to Organise and Collective Bargaining Convention, 1949 (No. 98); iii) Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol; iv) Abolition of Forced Labour Convention, 1957 (No. 105); v) Minimum Age Convention, 1973 (No. 138); vi) Worst Forms of Child Labour Convention, 1999 (No. 182); vii) Equal Remuneration Convention, 1951 (No. 100); and viii) Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

[7] Peace (goal 16) is not discussed in this section as most of its targets had been identified in the previous section as enablers to social dialogue. Similarly, Partnership (goal 17) is not discussed either as it mainly focuses on means of implementation rather than on outcomes.

[8] Employment effects in the United States have been found to be small up to around 59% of the minimum wage; evidence using sub-state counties data finds similarly modest employment effects for minimum wage rates as high as 81% of the median (Dube, 2019 (2)).

[9] In Lithuania, training for the unemployed is organised in close co-operation with employers to ensure that it meets their needs.

[10] In Austria's vocational education and training system, curricula are designed to reflect labour market needs, with social partners playing a critical role in defining, adapting and implementing new vocational qualifications.

[11] In Poland, convents (advisory bodies of higher education institutions) are compulsory in vocational higher education institutions, and contain representatives from industry/employers.

[12] See https://www.ilo.org/global/topics/safety-and-health-at-work/lang--en/index.htm

[13] Beyond total employment, the 2030 Agenda also focuses on some vulnerable groups as children, youth, people with disabilities, people living with HIV, older persons, indigenous peoples, refugees, internally displaced persons and migrants. For instance, target 8.6 focuses on young people not in employment, education or training (NEET). Evidence shows that the share of NEET is lower in countries with more co-ordinated collective bargaining systems, as compared to those with weakly co-ordinated and decentralised systems. These results are in line with recent research suggesting that

co-ordinated systems – including those characterised by organised decentralisation – are linked with higher employment and lower unemployment for young people than fully decentralised systems (OECD, 2018[2]).

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