

Chapter VII

Policy priorities for employment and decent work

If dignified or decent work is to become more than a slogan, it must encompass much more than the call for a greater numbers of jobs of any kind. “Full employment” and “decent work” are conflicting concepts, to the extent that there will always likely be a trade-off between quantity and quality. Generating employment, albeit desirable in itself, must be consistently undertaken with respect for decent working conditions.

Jobs are only part of the work and livelihood of people in any society. As the twenty-first century progresses, it is important to treat all forms of work, including unpaid care and voluntary community work, as equally legitimate. This notion is gradually influencing reforms of social security systems and labour laws.

A key challenge concerns the need to enhance basic socio-economic security for all, which necessarily leads to questions about priorities and trade-offs. Policymakers must decide what types of security are most fundamental for the flourishing of decent work. One of the basic discontents with globalization has been caused by worker insecurity, which affects middle-class as well as working-class people in even the richest economies of the world. While much attention has been devoted to this phenomenon in the developed world, it has also become a source of political concern in rapidly growing developing economies, in spite of high levels of economic growth. The fact that the absence of security for workers appears to endanger social harmony poses a major challenge in terms of the future of work and labour.

The need for voice

An essential aspect of any kind of work activity, is what is often referred to as “voice”. Voice refers to the political engagement of workers in shaping their work and work conditions (Hirschman, 1970). Without voice, both as individuals and as members of collective bodies bargaining with employers and other authori-

ties, workers cannot influence outcomes and assure decent or better work. Voice is contrasted with “exit” options, the more usual way of expressing discontent when bargaining capacities are too weak to induce beneficial changes. Without voice, workers have few options other than opting out of their work situation or reluctantly accepting it for fear of the alternatives. In times of high unemployment, or in situations where labour markets are structured in ways that penalize voluntary exit strategies, workers have to put up with poor conditions or low incomes or risk the welfare of their families. Having voice alters that position.

Labour laws were usually fashioned in accordance with the situation of workers in a fixed worksite who were in what has been called the standard employment relationship, that is to say, a direct long-term employment relationship involving a legally recognized employee status. This guided the development of labour standards and labour law throughout the twentieth century. As it has become increasingly clear that most workers are outside the standard norm, policymakers have tried to extend equal treatment to categories of non-standard labour. In doing so, they have tended to preserve the idea of a standard norm, without recognizing the diversity of work patterns and the significance of forms of work outside the notion of employment. Clearly, this approach does not embrace the idea of work in its broader meaning.

Aside from securing minimum standards for people doing all forms of work, perhaps the biggest challenge for workers in the twenty-first century is recognizing the need for and developing new forms of voice in response to the difficult realities of open, flexible labour markets and the exertions of pressure to undertake various forms of work. Clearly, workers around the world are not participating more in the traditional form of worker representation, namely, trade unions.

It has been easy to be critical of unions as they tried to come to terms with globalization, labour market re-regulation and economic liberalization. They appear to be out of touch in trying to obstruct change and restore the benefits for workers they were instrumental in gaining during the twentieth century. However, the criticism should be muted, since workers of all sorts need organizations that can represent them and their interests. Governments and employers also need to be pressured to ensure that they do not neglect such interests and aspirations. Independent workers’ associations are essential for decent work, even if some need to change their ways.

Part of the necessary reorganization in respect of having voice encompasses institutional governance, entailing the need to give work greater priority in social policymaking and policy evaluation. Viable institutions include national councils for work and negotiated social compacts between workers' bodies, employers and Governments. Here, too, old models are unlikely to suffice. Fortunately, there is an associational revolution taking place, with thousands of new forms of civil society groups trying to come to terms with new challenges. Many may be flawed but, overall, they reflect a continuing desire to better the world, including the world of work.

Informalization and the response

Economic informalization is sweeping the world, yet the term "informalization" has a double connotation. In its negative sense, informalization implies the lack of legal recognition and social protection of work done outside the remit of protective labour regulations and social security. In its positive sense, informalization connotes the possession of meaningful autonomy and the ability to make decisions without external control including on when and how much to work.

Labour-market flexibility and other processes of economic liberalization mean that many more workers are in relatively informal statuses. And there is no prospect that there will be changes in this regard, even if policymakers should wish to implement them. Social and labour-market policies have to adapt to these current and prospective realities. Workers of any status require basic economic security in order to be able to make rational decisions that can enhance the decency of their work and the meaningfulness of their livelihoods.

The most important needs for workers in informal status are basic income security and basic voice security (International Labour Organization, 2004a). In an earlier chapter, it was indicated how small-scale cash transfers are enabling economically insecure and poor people in difficult social circumstances to restore their livelihoods and become socially productive; but even here, decent livelihoods will emerge only if organizations represent the development related interests and needs of such workers. The dilemma, put simply, is whether to promote the informal sector as a provider of employment and incomes or to seek to extend regulation and social protection to include this sector, and thereby possibly reduce its capacity to provide jobs and incomes for an ever-expanding labour force.

Strengthening representation is one need. Even more fundamentally though, policymakers should rethink the nature of labour law in the context of the long-term drift towards more flexible and informal economic activities. There is a need to formalize, in the sense that it is undesirable to leave informal workers unprotected and without the labour entitlements deemed basic to other workers. Some commentators believe that regulations and labour law should be discriminatory, in other words, less onerous for informal employers. This is inequitable and likely to lead to moves by some employers to informalize so as to avoid taxes and coverage by labour laws. More attractively, the cost of legalizing informal activities should be reduced, provided this reduction is universal.

In this regard, the legislation and regulations should not discourage those making valuable products or services in the informal sector from continuing to do so. They must be neither too complex nor too costly, since if they were, this would cause some to cease production and some to go underground, resulting in even more onerous and unpleasant working conditions. As one sensible reform, all businesses should be required to formally register with the authorities in a simple and low-cost manner, since only if they are registered can the rule of law and labour protection function. In the same vein, the assets of those producing informally should be registered as entrepreneurial property, thus providing proper legal status to those assets (Fuentes, 1997).

Whether formal or informal, there should be a campaign to ensure that there are written labour or employment contracts for all workers. In practice, only those with written agreements can be effectively protected by labour or common law. In some countries, the vast majority of those working in informal activities do not have written contracts and thus are not protected by labour legislation. Simple written contracts, setting out the basic conditions of pay and working arrangements, should not be seen as excessive. It is a necessary, if not sufficient condition for turning informal labour into decent labour.

Labour rights revisited

The right to work

For several hundred years, there has been a running debate centred on the right to work, but it has proved hard to define such a right, let alone show how it

could be implemented. Surely, it cannot refer to the right to a job, since this would mean imposing an obligation on an “employer” to give anybody a job or to maintain it once it has been created. Suppose that employers had to lay off workers in order to continue in business. It would scarcely be fair to regard them as culpable for having denied the right to work.

Conversely, the term cannot refer to the right to have any job one chooses. Nor could a market economy function on the basis of everybody’s having a “right to work” guaranteed by government. Moreover, while creating jobs for more people might please government planners, it could actually erode the capacity of people to pursue dignifying livelihoods.

The right to work can mean only the right of people everywhere to pursue their livelihoods in freely chosen activities. Traditionally, the notion of full employment, as enshrined in International Labour Convention No. 122 concerning Employment Policy Convention, has encompassed the crucial term “freely chosen”. Workfare schemes come perilously close to denying that freedom and, as such, may not be consistent with the advancement of social, economic and cultural rights.

Economic security as a right

The concept of the right to basic economic security is gaining respectability. People in all types of society cannot be expected to pursue a life of work unless their lives are grounded in basic social and economic security. Two complementary principles are at stake, namely, of universalism and social solidarity. With globalization, inequalities and insecurities have undermined both of these principles. Universalism means that all people in society must have the same minimal standard set of rights, regardless of their age, sex, work status, marital or family status, race, religion or migrant status. A universal right to feel secure is among the most fundamental objectives in this regard. Only if there is basic economic security can an individual feel socially responsible, and only if that is provided can policymakers expect citizens to act in socially responsible ways.

Universal schemes of security are fundamentally market-neutral, that is to say, they do not introduce market distortions and therefore have relatively little effect on competitiveness. They are simple to administer and low-cost, and there is little scope for bureaucratic abuse, discretionary behaviour or petty corruption. The benefits are non-stigmatizing, and being universal, help strengthen

social solidarity, including community and social cohesion, and may even assist in developing a sense of national pride. Above all, universal economic security fosters full freedom. In such circumstances, decent work could flourish.

Unfortunately, however, the dominant discourse at present is still in favour of targeting, selectivity and conditional benefits for the deserving poor. Yet, the efficiency and equity of selective interventions can be questioned. Social solidarity is harder to envisage in societies facing widening inequalities and social stratification, but without a sense of social solidarity, social tensions mount, and the demand that the losers and the disadvantaged behave in ways that meet the expectations of the winners becomes ineffective and unfair. The safest way to overcome the social divide that these widening inequalities create is to enhance the voices of all interests in society equally.

In this regard, we are living in fascinating times. An associational revolution is taking place, and it is having an enormous effect on work patterns across the world. There are many who regret the decline in the strength of trade unions, since there should be no doubt that they have acted as powerful instruments for improving working conditions and for fostering the according of dignity and social protection to workers across the world; but we must acknowledge that they have less broad appeal for those working in the twenty first century. In most countries, unionization rates have declined and show no signs of being reversed. Partly, this reflects the labourist orientation of unions and their leaderships. Nowadays, many more people see themselves as citizens first and identify themselves with their interests outside the jobs they are doing at any particular moment. Hence, more people are joining organizations that represent them in terms of what they are most interested in, beyond the realm of their work. Still, work remains central to the lives of almost everybody, and representative organizations are essential to ensuring that working conditions are more than just adequate and that social and economic rights are recognized and understood.

Social protection systems also need to adapt to more flexible labour-market conditions in order to provide economic security to all workers. With more and more workers in employment situations that are casual, informal and outside of standard collective contracts, by choice or by necessity, universality of coverage becomes even more important. In addition, the broadening of the concept of work to include unpaid work demands new thinking with regard to eligibility for, and contributions required in order to participate in, social protection systems.

The new international labour market and social groups

In the ongoing global transformation, a new international labour market is emerging, which is placing unprecedented demands on international and national policymakers, requiring that they to adapt to new flexibilities and insecurities. Certain priorities are becoming clearer. Thus, old statutory labour regulations have proved fragile and controversial, even among those observers wishing to see workers' conditions and livelihoods steadily improving. Old mechanisms of distribution have also been failing, and the traditional means of pursuing social protection have been found wanting.

Expectations of greater participation

For all social groups, there has been a movement towards greater labour-force participation around the world. Many groups are increasingly ready and able to take part in work, however defined. Younger cohorts in society are staying longer in education, and fewer are engaged in exploitative forms of child labour; but while young people's entry into the labour force is delayed, their expectations are too often frustrated, paradoxically at a time when they are better prepared than before. At the other end of the age spectrum, older workers expect to stay longer in the labour force; sometimes this will be out of necessity, and often by choice. Yet, the prospects of greater participation in the labour force remain lower for persons with disabilities and for indigenous peoples, who have traditionally been on the fringes of the labour market. While there are certainly hopeful signs that their rights and needs are being acknowledged, many challenges remain for the greater participation of these groups.

In most societies, it has been in the area of gender that the most progress towards greater participation can be reported, but where at the same time, the largest inequalities among people have persisted. Too often, progress that allowed for full and equal participation of women in the labour force experienced setbacks allowing significant inequalities between women and men to continue. A similarly mixed track record of progress and setbacks can be observed for migrants: while they have become an established (but underappreciated) part of the global workforce, their rights and needs still need much greater attention. These developments have reinforced inequalities, not only between these social groups and "mainstream" society, but also among the groups themselves.

Migrant workers

As emphasized earlier in this report, we are in the midst of a global transformation characterized by the slow emergence of an international labour market. International labour mobility is growing and will continue to grow. Thus far, across the world, the needs of migrant workers have received inadequate consideration, and it is regrettable that political democratization has not ensured greater attention to those needs. One indicator of the seriousness of the problem is the fact that the International Labour Organization has found it hard to persuade its member Governments to ratify its main conventions concerning migrant workers.

The lack of agreement on what should constitute migrant workers' rights has several adverse effects, not only on migrant workers and their families but on other groups of workers as well. As the international labour market continues to evolve, this issue demands very high priority. There is a need for countries to uphold the human rights of migrants, especially those rights enshrined in the seven core United Nations human rights treaties (Global Commission on International Migration, 2005). In addition, developing countries, faced with a skills exodus, need to improve working conditions in public employment, invest more in research and development, and help identify job opportunities at home for returning migrants with advanced education. The World Bank, among others, also suggests managed migration programmes, including temporary work visas for low-skilled migrants in industrialized countries, which could help alleviate problems associated with irregular migration and allow increased movement of temporary workers.

Disability and work rights

Many millions of people across the world have to overcome physical or intellectual disabilities as they seek to work their way through life. How a society responds to the plight of persons with disabilities reflects and helps define its culture. With open, more flexible and more informal labour markets, persons with disabilities could easily continue to be marginalized and chronically disadvantaged. Rather than just focus on increasing the "employability" of persons with disabilities – however beneficial that might be – policies and labour practices should increase their emphasis on making workplaces more suitable for workers with disabilities. This will include, for instance, ensuring that reasonable accommodation is provided to persons with disabilities in the workplace,

introducing flexible working hours so that they can attend to their medical needs, and making workplace communications accessible for those confronting visual, aural or intellectual difficulties.

Older workers and lifetime flexibility

The traditional industrial model of a life cycle — a short period of “schooling” followed by a relatively long period of “economic activity” and employment followed in turn by a rather short period of “retirement” — is breaking down all over the world as a result of longevity. The challenge is not just to enable older workers to keep their jobs. In essence, it is far more a matter of enabling older people to combine leisure and work in flexible ways, in accordance with their needs, aspirations and changing capacities. One may be confident that the conventional progression of school-work-retirement will gradually wither away as the twenty-first century progresses. This may seem far fetched for developing countries; but it is possible that as members of affluent communities in those countries become integrated with their peers in developed countries, a new form of social dualism will emerge. There will be a privileged minority that moves flexibly in and out of labour-force activities during the course of their adult lives without a predetermined pattern of employment followed by full-time retirement. In developed countries, that flexibility could very well become the norm. At present, social and regulatory policies are ill adapted to the needs arising from that pattern of life.

Improving the working conditions of women

Women have made inroads of varying extents to the labour markets of all regions. However, increased employment of women has not necessarily been accompanied by their socio-economic empowerment. When support with respect to care work is provided, specifically when childcare is readily available, women tend to have more autonomy in choosing whether or not to work outside the home. Where policies support maternity and paternity leave, and are flexible for women returning to work after childbearing, including the availability of part-time work, more women work outside of the home. Many millions of women are suffering from “overemployment”, and social policies should seek to reduce the domestic burden rather than force them into engaging in more labour activity without addressing the structural factors that result in their overwork. Policymakers need to focus not just on prevent-

ing discrimination in hiring practices, but also on post-hiring training and induction processes.

Channelling young people's expectations

One could argue that young people are winners in globalization, particularly those able to use their competitive advantage in technology-related employment. Achievements in both basic and higher education by young men and, increasingly, young women have created a larger, better-educated generation. This has directly resulted in higher expectations among young people when they enter the world of work. Unfortunately, in many cases, the economies in which they live have been unable to absorb the large group of well-educated students.

Policy priorities for moving forward

The challenges for decent work in the twenty-first century are great. While traditional models and mechanisms for achieving voice representation, economic security and full employment are proving inadequate in the era of globalization and increased labour-market flexibility, new approaches are being explored. At this point, policy evolution is still in the early stages. The only certainty seems to be change. The international community and national Governments and their civil society partners need to work collaboratively to move forward the agenda of promoting productive and decent work for all that was set out at the World Summit for Social Development held in Copenhagen more than 10 years ago, and reaffirmed at the 2005 World Summit.

First, it is worth reiterating that decent work for all, rather than economic growth per se, or even simply creating jobs, should be placed at the centre of economic and social policy-making. This paradigm shift should be the starting point for the fundamental change that is needed. International institutions, especially those in the United Nations system, should actively promote the shift and incorporate the principle governing it in their own activities.

At the international level, cooperation and coordination among countries are needed to counteract the pressures of a “race to the bottom” in the global competition for investment and trade advantages. In this respect, the United Nations system, with the support and active participation of member States, should work to incorporate an internationally agreed floor of labour standards,

together with environmental safeguards, into multilateral and regional trade agreements so as to protect the decency of work in all countries.

Sharing of experiences and international coordination of social and economic policies will also contribute to the exploration of means to meet the collective challenge of creating productive employment and decent work for all in the twenty-first century. The United Nations, especially the international financial institutions within the system, has been facilitating such exchanges and coordination and should continue to strengthen its role in this area.

At the national level, social and economic policies, and even institutions, need to adjust to the new realities and demands of a globalizing world. It is clear that some of the traditional institutions, such as trade unions and employment-based social protection that served labour well in the twentieth century, are facing challenges. It is critical that reform of social protection systems in developed countries and the expansion of such systems in developing countries aim at ensuring economic security for all in the more flexible labour market. The principles of universality and social solidarity, although questioned by some in the era of globalization and increasing reliance on market forces, actually seem to foster a better response to the challenges of the new employment and work situation.

In many countries, policy measures to reduce inequality should be pursued in conjunction with those aimed at stimulating economic growth in order to ensure a more equitable distribution of the benefits of growth, which has been shown to reduce poverty and create a more favourable socio-economic environment for sustaining long-term growth.

Traditional government-supported demand-side employment schemes also need to be rethought and put into the context of decent work, instead of being viewed simply as job-creation measures. Policy measures should also be implemented to further remove barriers to participation in the labour force and to facilitate access to decent work for all social groups, including those traditionally marginalized and excluded. All policy measures should take into consideration the ongoing demographic and social changes that are shaping the world of employment and work.

National conditions and capacities vary, hence there is no one-size-fits-all solution to the important issues at hand. The international community should provide support to national Governments in their endeavours, and international

guidelines and principles of productive employment and decent work could serve as the foundation and framework for national policy.

The civil society and the private sector can also play an important role in promoting decent work for all. Indeed, the rollback in protective statutory regulations in the globalization era has been accompanied by a shift to self-regulation, with a renewed focus on employer voluntarism, as captured by numerous exhortations to enterprises to show corporate social responsibility and to adhere to voluntary codes of conduct.

Many international voluntary codes of conduct have built on the Guidelines for Multinational Enterprises of the Organization for Economic Cooperation and Development and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organization. Other codes of conduct for multinationals include the Global Sullivan Principles of Social Responsibility and Caux Round Table Principles for Business. The United Nations Global Compact, the Global Reporting Initiative, socially responsible investing, monitoring global supply chains and the fair trade movement are some examples of international and national initiatives promoting corporate social responsibility around the world.

While compliance and monitoring are still a challenge, voluntary corporate social responsibility and related reporting usually focused on environmental and social issues have witnessed rapid growth. In 2002, 45 per cent of the world's largest 250 companies produced reports on corporate social responsibility, up from 35 per cent in 1999 (KPMG, 2002). However, a set of agreed guidelines on what such reports should look like is still to be developed.

There is an impression that the corporate social responsibility reporting movement has made less progress on labour and work issues than on environmental and economic issues. As noted by the working party on the Social Dimension of Globalization of the Governing Body of the International Labour Office disclosure of information on labour and employment in this type of report is generally quite weak (International Labour Organization, 2003d, para. 21). In reviewing the issues that are most typically reported, it added that the subjects least frequently reported on included equal remuneration, job security, the effect of technology on employment quality and quantity, disciplinary practices and establishing linkages with national enterprises (*ibid.*, para. 22).

Self-regulation undoubtedly has a place to play in the more liberalized world of business and labour relations that is emerging in the globalization era. Its limitations are also real. Thus, legislation and monitoring pressures are essential and should be required. Governments should intervene in support of corporate social responsibility, if only because there are positive externalities that individual companies may not be able to realize on their own (Hopkins, 1998; 2006).

Society depends on responsible behaviour to a much greater extent than can be captured by detailed legislation and complex regulations. In respect of shaping the evolving global governance, realism requires a balance between idealism and common practice. However, companies should not be expected to take over responsibility for social policy, and should avoid becoming paternalistic. At the core, business is about making profits, and public policy is the responsibility of States (Annan, 2001). Partnership between Governments and the private sector is necessary with regard to exploring means to promote corporate social responsibility as an instrument for the achievement of decent work for all.

Concluding remarks

It is in this, the twenty-first century, that economic, social and cultural rights should come into their own. The world has the resources, the wealth and the knowledge to make this a reality, if its leaders realize what economic globalization and international labour markets imply for workers across the globe.

Globalization entails more uncertainty and insecurity for workers and for communities that rely on work and labour to procure their livelihoods — in other words, for most people. There are benefits from economic liberalization, but at the same time there are powerful negative effects: large numbers of people are more insecure or face economic and social hardships as a direct result of the liberalization of economic and social policies and the dismantling of institutions and regulations built up before the onset of globalization.

With greater integration of the two most populous countries of the world, China and India, there is now increasingly a global labour force, in which the number of adults prepared and able to offer their labour has doubled. This has dramatically altered the bargaining position of capital and labour, of corporations and workers. The returns to capital and intellectual property rights have gone up, and the returns to financial capital investment may have gone up even

more, leaving workers and working communities with a dwindling share of national and international income.

In those circumstances, it is unrealistic to expect that collective labour bargaining around wages will result in a surge of wage earnings. Policymakers have yet to come to terms with this reality, and have yet to devise strategies to check the growing inequalities of recent years (United Nations, 2005a). If decent work is to become the right its proponents wish it to be, then they have to address this functional income inequality at the global level.

In the course of its evolution, the human species has survived and flourished, because its members have shown a capacity for social cooperation. It is impossible, however, to sustain such solidarity without a shared sense of fairness. This social factor is not about more generous acts of charity, exemplified by a situation where the “winners” in globalization and economic liberalization would make the gesture of contributing more of their income and wealth to philanthropic causes. The world should not be dependent on such displays of pity, rather, it must function on the basis of respect for social, economic and cultural rights. These rights are insufficiently respected now, as reflected in growing inequalities in remuneration. Such disparities are hard to justify, since there is no evidence that they are necessary for reasons related either to incentive or to productivity.

Indeed, these economic, social and cultural rights are not being respected in those societies where large numbers of people are able only to survive, and only in degrading circumstances. Those rights can be respected only if people are able to make choices about their livelihoods and work, and if they can envisage a future in which they are able to improve their capabilities and human development through their work. In the end, work should be an important means of gaining self-respect, and dignity and achieving a reaffirmation of human identity. Where work does not have such a role — and far too often that is the case — policymakers should pause before introducing punitive social policies. Decent work is surely dignifying work and in order to be that, it must be grounded in basic economic security. The challenge is ultimately, about the distribution of opportunities, and rewards from productive activity.