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# ASIAN DECENT WORK DECADE RESOURCE KIT: LABOUR MARKET GOVERNANCE

ASIAN  
DECENT WORK  
DECADE 2006  
2015

Regional Office for Asia and the Pacific

**DECENT WORK**

*A better world starts here.*

2nd  
Edition

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ASIAN DECENT WORK DECADE RESOURCE KIT:

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**LABOUR MARKET GOVERNANCE**

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# Abbreviations

ADB	Asian Development Bank
ADWD	Asian Decent Work Decade
ASEAN	Association of Southeast Asian Nations
ILO	International Labour Organization
KILM	Key Indicators of the Labour Market
LMIL	Labour Market Indicators Library
NGO	non-government organization
OECD	Organization for Economic Co-operation and Development
OSH	occupational safety and health
UNDP	United Nations Development Programme
WIND	Work Improvement for Neighbourhood Development
WISH	Work Improvement for Safe Home

# Introduction

Representatives of governments and employers' and workers' organizations committed themselves to an Asian Decent Work Decade during the Fourteenth Asian Regional Meeting of the International Labour Organization (2006) – reaffirming their dedication to the goal of full, productive and decent employment for all workers in Asia and the Pacific by 2015.

To inspire their efforts and provide easy access to the rich knowledge, information and services that the ILO offers, the Regional Office in Bangkok developed the *Asian Decent Work Decade Resource Kit*. This booklet is one of six parts to that kit, serving as a gateway into ILO expertise and knowledge on the regional priority area of labour market governance. It explains in a brief and user-friendly manner why this is a regional priority, the issues it addresses and how the ILO can help its social partners, detailing the available approaches, strategies and tools and possible partnerships. Where applicable, examples of good practices or adaptable projects are included.

If you are reading this as an electronic file on a CD-ROM, you will find hyperlinks to many associated publications, also on the CD-ROM. If your computer is connected to the Internet, you can use other hyperlinks to navigate to web sites. The links are both in the text and in boxes on the side margin marked “click here”.

If you are reading this as a printed booklet, you can access the documentation later by visiting the web sites: [www.ilo.org/asia](http://www.ilo.org/asia) or [www.ilo.org](http://www.ilo.org).

# 1. Towards better labour market governance

An ever-increasing number of requests for ILO's technical assistance have made it clear that labour market governance and reform are high priorities in the Asia-Pacific region. Partners are interested to improve the capacity of the tripartite constituents, reform regulatory frameworks and strengthen the institutions of industrial relations, social dialogue and labour administration. Assistance with ratifying the core and governance conventions and the ongoing review of labour laws feature prominently among these requests. Countries want to extend legislative protection for workers in the formal to the informal economies and bridge the gap between promise and performance.

The rapid and ongoing industrialization and economic growth in most countries in the Asia-Pacific region, the expansion of international and regional trade, the intensified competition and the rapid integration of markets are affecting labour market demand and supply in ways that oblige countries to re-examine the institutions of labour market governance. The global economic crisis, from which most countries have already recovered, revealed deep imbalances within and



Effective labour market governance emphasizes the complementary interests of workers and employers. ©ILO/T.Falise, 2008.

among countries, some of which can be positively addressed through better labour market governance. The ongoing debate around labour market reform reflects the need to balance employers' demands for greater efficiency and flexibility in the labour market (to facilitate enterprise restructuring and workforce adjustments) with workers' needs for employment stability, increased social protection and expanded social security coverage. Labour market governance is keenly concerned with how this balance is reached and how partners make the policy choices that are essential to the reform process.

# Defining governance

Governance refers to the exercise of political, economic and administrative authority in the management of a country's affairs. Institutions such as the World Bank, the Asian Development Bank and the United Nations have examined governance in great detail. The United Nations Development Programme defines governance as a neutral concept composed of the complex mechanisms, processes, relationships and institutions through which the State, its citizens and organized groups articulate their interests, exercise their rights and obligations and mediate their differences. Participation, transparency, accountability, rule of law, efficacy and equity characterize good governance. It is widely recognized as an effective way to address the allocation and management of resources and to respond to collective problems.

**Labour market governance** – For the ILO, labour market governance refers to the public and private institutions, structures of authority and means of collaboration that coordinate or control activity at the workplace and in the labour market. In other words, labour market governance refers to the totality of policies, norms, laws, regulations, institutions, machinery and

**Worldwide governance indicators** – The World Bank and the Asian Development Bank have identified several factors as indicators of a country's overall governance:

- participation, voice and accountability;
- political stability and absence of violence;
- transparency, predictability and regulatory quality;
- rule of law and control of corruption; and
- strategic focus, efficiency and effectiveness.

processes that influence the demand and supply of labour in an economy.

Labour market governance is not just about the government or the State, it is also concerned with the relations between employers and workers. The dynamics of the labour market are affected by a range of factors: the regulatory framework; the efficacy of the labour administration system; the operation of various bipartite and tripartite institutions; the capacity and role of employers' and workers' organizations; and current industrial relations norms and practices. Labour market reform thus implies reviewing the elements of labour market governance to ensure that the

[Click here for the governance web sites of the ADB, World Bank and UNDP](#)

[Click here for Labour and Social Trends in ASEAN 2008](#)



outcomes they produce are perceived by all partners as efficient, equitable and fair.

## Key elements of labour market governance

The following examines the roles of labour law and the regulatory environment, industrial relations and labour administration from the perspective of their contribution to labour market governance.

**Labour law and the regulatory environment** – Policies, laws and other forms of regulation in the field of labour and employment establish the parameters of labour market governance. A labour market operates more effectively when supported by laws, policies and institutional arrangements that promote a transparent, stable and predictable investment climate – one characterized by the rule of law, including the proper enforcement of contracts, respect for property rights and consistency in judicial decision-making. This, in turn, can lead to improved accountability and stability in political and corporate governance.

Taken together, all these factors affect both economic efficiency and income distribution and are linked to basic civil and political



The introduction of new technology can require a different regulatory framework. ©ILO/B.Marquet, 2007.

rights. They determine the extent to which labour market outcomes can be altered through collective bargaining and other political processes. They also determine the extent of democratic accountability and transparency in public policy-making. Both are important for ensuring that policies are efficient and serve the general interest. A sound and up-to-date regulatory framework and efficient national institutions and processes are thus essential for achieving decent work goals and sustainable development.

Throughout the world, labour law reform is often a contentious topic, primarily because it is subject to competing demands from different interest groups. Those in the business sector often demand greater

“numerical” flexibility in hiring and firing workers. They argue this allows adjustments to the fluctuating demand and supply of goods and services in domestic and global markets. Meanwhile, workers and unions demand employment security and social protection. They also demand protection of their fundamental labour rights, including freedom of association and the right to bargain collectively, as well as prohibitions on discrimination, forced labour and child labour, especially its worst forms.

Labour law reform in the Asia-Pacific region, as in many other parts of the world, seeks an acceptable balance between the

demand of business for greater flexibility and the need of workers for greater security and protection. Poverty, unemployment and underemployment also present great challenges for the region’s labour markets.

Yet, another motivation for labour law reform is to promote equality for disadvantaged groups, particularly women, youth, physically challenged persons, child workers and others who suffer from discrimination and inequalities. Women often have a low participation rate in the formal economy. Thus women often represent a large proportion of workers in the informal economy and of those in various forms of atypical or precarious

**Flexibility** is an important but sometimes controversial concept in labour law reform. It includes more than just numerical flexibility or greater ease of hiring and firing. New technologies and ways of organizing work relationships have led to a need for reconsidering traditional regulatory frameworks. This can involve various types of “functional” flexibility, including flexible location, flexible use of technology, flexible employment contracts and flexible work organization, such as adjustable working hours, part-time, casual and other temporary work. Countries throughout the region – whether OECD members such as the Republic of Korea and Japan or emerging economies such as Lao People’s Democratic Republic – are grappling with challenges arising from changes in the employment relationship. These challenges range from the impact of flexible work arrangements on labour productivity growth and human capital formation to workers employment security and basic protections. The challenge of labour law reform is to address newly emerging work patterns and employment relationships through more flexible employment regulations while protecting workers’ rights in compliance with internationally recognized core labour standards.

**International labour standards** – The ILO developed a body of international labour standards that address practically all issues relevant to the world of work. These Conventions and the accompanying Recommendations set forth agreed minimum standards that should be met by all member States that ratify them.

[Click here for Rules of the Game: A Brief Introduction to International Labour Standards](#)

ILO members have long recognized the fundamental nature of a core set of standards in four specific areas: i) freedom of association and the right to collective bargaining; ii) the elimination of forced and compulsory labour; iii) the abolition of child labour; and iv) the elimination of discrimination in the workplace.

[Click here for the ILO listing of ratifications by Asian and Pacific countries of fundamental labour Conventions](#)

The ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998, commits ILO member States to respect and promote principles and rights in these four categories, whether or not they have ratified the relevant Conventions. The Declaration makes it clear that these rights are universal and that they apply to all people in all countries – regardless of the level of economic development.

[Click here for the web site of the ILO Declaration on Fundamental Principles and Rights at Work](#)

employment, such as contract labour, part-time work and work at home.

**Labour administration** – The ILO defines labour administration as public administration activities in the field of national labour policy – including policy setting and implementing. The quality of labour market governance is determined in part by the efficiency and effectiveness with which labour administration services are delivered to the clients of the labour administration system. Basic labour administration services include labour inspections for ensuring compliance with labour laws relating to wages and general conditions and occupational safety and health in particular: resolving labour disputes; providing vocational training and public employment services for developing human resources and matching jobs and skills; extending the coverage of social security and maximizing the range of benefits; and promoting a harmonious labour relations system.

The ILO's partners in the Asia-Pacific region often lament that government departments responsible for labour and employment are weak and lack the institutional competence and the human as well as financial resources to carry out their mandates. The resource constraints

challenging national governments in most developing Asian and Pacific countries often mean that it is not always feasible to augment human and financial resources. In such a challenge, it might become more prudent to promote a culture of compliance, with an emphasis on education and the generation of awareness, accompanied by strategic and targeted inspections that prioritize dangerous and low-paid occupations.



Labour administration includes occupational safety and health.  
©ILO/M.Asrian Mirza, 2007.

**Industrial relations** – The field of industrial relations – sometimes called labour relations – looks at the situation between employers and workers. The ILO believes that these relations should move away from confrontation and towards cooperation at the enterprise, industrial and national levels. This can be encouraged by increasing the scope for workplace cooperation, promoting collective bargaining, strengthening bipartite and tripartite institutions and enhancing social dialogue at different levels and in different forms.

Industrial relations in the Asia-Pacific region are becoming increasingly important, including in the region's largest and fastest-growing economies. Governments recognize the central role that harmonious and productive relations plays in economic growth, stability and equality and the importance of collective bargaining in preventing disputes and fixing terms and conditions of employment.

## 2. The ILO response

In carrying out its mandate to assist governments and employers' and workers' organizations, the ILO has produced a tremendous selection of publications, tools and technical expertise that can be accessed by interested partners. This section describes many of these resources and describes some of the good practices and successful projects that can be found around the region.

### Labour law and the regulatory environment

The ILO has unique comparative advantages in terms of institutional knowledge, global experience, expertise, products and tools. It advises and assists governments and employers' and workers' organizations in their efforts to make their labour laws and regulatory frameworks more responsive to current realities and needs.

The recognized benchmarks for any labour law reforms are the international labour standards developed and approved by ILO constituents. These instruments – the ILO Conventions and Recommendations –

cover a broad range of subjects concerning work, employment, social security, social policy and related human rights. Via its web site, the ILO provides information, including the source text, on all these instruments. The ILO created a database, ILOLEX, to track and manage information about member States' ratification of ILO Conventions and Recommendations.

To be effective and to gain acceptance in each country, labour law reform must emerge as the product of informed dialogue between representatives of governments and employers' and workers' organizations. The demands and concerns of each country being different, no universal solution can be applied. Inter-country comparisons are useful, but national issues usually require national solutions. However, when undertaking a reform of national policies, the laws and internationally recognized labour standards contained in the Conventions should serve as the minimum for setting standards.

Policy-makers may also benefit from insight on the reform experiences of other countries in the region and around the world found in

[Click here for the ILO's international labour standards, listed by subject](#)

[Click here for the ILOLEX web site](#)

the ILO database of national labour, social security and related human rights legislation. Known as NATLEX, it covers 55,000 records from 170 countries and territories. The comparative knowledge arising from national legislation can be a gold mine of information for member States when reviewing their own labour laws.

**Labour legislation guidelines** – Developed by the ILO, these guidelines serve as reference materials for people engaged in drafting national labour laws. Their potential users are government officials and drafters, representatives of trade unions and employers' organizations and, where appropriate, other individuals in the labour law reform process. It also can include ILO officials and consultants who provide advisory services to the constituents. The guidelines offer problem-oriented and practical approaches, supporting each point with one or more examples from national legislation to demonstrate how lawmakers in various countries have addressed the issues.

The up-to-date *Database on Employment Protection* provides a comparative overview of the legal regulations concerning termination of employment, with illustrations from various national systems around the world.



ILO International Training Centre in Turin, Italy.  
©ILO/M.Crozet, 2005.

The *National labour law profiles* features Asian and Pacific countries, including Australia, Fiji, Japan, Republic of Korea, New Zealand and Pakistan. A forthcoming publication on ILO processes and practices will provide the basic approach and tools for carrying out labour law reform.

Technical assistance includes advisory services in drafting or revising legislation and regulations and assistance with organizing tripartite consultative workshops. It also involves direct contact missions, during which ILO officials meet with government officials to discuss possible solutions to problems, applying international standards. Promotional activities include seminars and national workshops for raising awareness of standards, developing competence among

[Click here for the ILO Employment Protection Legislation Database EPLex](#)

[Click here for National Labour Law Profiles web site](#)

[Click here for the ILO Labour Legislation Guidelines web site](#)

individuals working with them and providing technical advice on how to apply them to benefit all workers.

The ILO's International Training Centre in Turin, Italy, offers training on international labour standards for government officials, employers, workers, lawyers, judges and legal educators as well as specialized courses on labour standards, productivity improvement and enterprise development, international labour standards and globalization and the rights of women workers.

Many countries in the Asia-Pacific region have received advice and technical or research assistance on labour law reform. For example, in Viet Nam, the ILO offered

continuous technical advice and provided official comments on proposed legislation. In China, the ILO was asked to review and comment on the draft Labour Contracts Act. And in Nepal, Mongolia and Fiji, the ILO advised the governments and social partners on substantial new legislation.

**Expanding the scope of regulation** – In Indonesia the estimated 2.6 million domestic workers fall largely outside formal regulatory systems. Instead, these employment relationships are largely regulated by trust alone. For many – perhaps most – of these workers, trust is enough; they are treated as a member of the employer's family, are exposed to new experiences and receive income that they would not

[Click here for The Regulation of Domestic Workers in Indonesia: Current laws, International Standards and Best Practices](#)

***The ILO can provide labour law assistance in different forms, including:***

- *assessment of the labour law framework and the existing law enforcement machinery and procedures, including recommendations for improvements;*
- *the revision and/or drafting of laws or regulations;*
- *technical comments on draft labour legislation, including comments in the light of ILO standards and proposals for alternative wording;*
- *technical information on a variety of labour law subjects;*
- *participation in national discussion forums, including parliamentary committees, on the assessment and revision of labour law; and*
- *training of national officials and support for competency-building at the national level.*



otherwise have the opportunity to earn. However, for some of these workers, trust is a poor substitute for formal protection. The absence of regulation can lead to physical, mental, emotional or sexual abuse and exploitation.

*The ILO conducted a study on this issue to assist Indonesian government officials, labour unions, employers, academics and decision-makers to review the country's national and subnational laws and policies. They helped them explore future options for Indonesia regarding the regulation of domestic workers. In addition to reviewing the legal norms that currently exist or are being drafted in Indonesia, the study provided an overview of international norms relating to the regulation of domestic workers, including ILO standards, and examined good practices from other parts of the world.*

strategies, the ILO can address new and emerging issues and commission research and studies on different aspects of labour relations and social dialogue at the international and national levels. This allows for improved, needs-based technical assistance to governments and employers' and workers' organizations. The ILO's strength lies in its capacity to develop a coherent set of policies, tools and innovative and strategic approaches for improving labour market governance, based on updated knowledge, experience and expertise. Recent research documented industrial relations, collective bargaining and dispute resolution systems in Cambodia, China, India, Pakistan, Philippines and Viet Nam.

**Tripartism and social dialogue** – Labour market governance is unlikely to improve if the tripartite constituents do not meaningfully participate in the process. The ILO uses the term “social dialogue” to describe the ongoing negotiation, consultation or exchange of information between the three groups: government and employers' and workers' organizations.

## Industrial relations

The ILO is the acknowledged leader in the field of industrial relations. With continuously revised and updated knowledge, tools and

From its very inception, the ILO's guiding principle has been tripartism, which is an integral part of its decision-making structure and operational modalities. Tripartism enables the ILO to examine the “full picture”



and offer technically sound and politically balanced labour market solutions. The basic reference guide for social dialogue is ILO Convention on tripartite consultation, 1976 (No. 144) in relation to international labour standards and their application.

[Click here for ILO Convention on tripartite consultation \(international labour standards\), 1976 \(No. 144\)](#)

[Click here for the ILO DIALOGUE web site](#)

*Two ASEAN member States at different stages of economic development have recently ratified ILO Convention No. 144. Singapore developed a unique system of tripartite consultation and coordination with the establishment of a National Wages Council. After nearly 40 years of experience, the social partners have reached a level of trust and consensus that allows them to respond rapidly to changing economic and labour market conditions. This was evidenced by the tripartite policy response to the impacts of the global financial crisis. Lao PDR also ratified Convention No. 144 in 2010 and is beginning to build its tripartite institutions. Labour law reform, dispute resolution and minimum wage fixing are among the priorities that the Government and social partners are seeking to address.*



Social dialogue has brought benefits to the auto industry in many countries. ©ILO/M.Crozet, 2002.

[Click here for Key Features of National Social Dialogue: A Social Dialogue Resource Book](#)

The institutions and practice of social dialogue vary greatly between countries. Over several decades, the Social Dialogue, Labour Law and Labour Administration Department (DIALOGUE) at ILO headquarters, together with the associated technical specialists and advisers in the field and project offices, has accumulated a considerable body of knowledge. The ILO also has produced numerous case studies on national social dialogue institutions and processes and drawn conclusions from global experiences. The lessons learned have been summed up in *Key Features of National Social Dialogue*, which provides a rich source of useful information for tripartite policy-makers on improving their institutions, machinery and processes of social dialogue. Although written for the African region, the *Guide for Secretariats of*

[Click here for the Guide for Secretariats of National Tripartite Consultation Bodies in English-speaking African Countries](#)

*National Tripartite Consultation Bodies* is an equally useful advocacy and learning tool for assisting governments and the social partners intending to establish and operate tripartite labour advisory boards in addressing the practical issues involved. Existing and forthcoming studies of tripartism and social dialogue, including for Singapore, Philippines, South Africa and selected Latin American countries, present intra- and inter-regional comparisons.

### **Social dialogue and labour market governance**

Social dialogue intersects with many policy areas that are relevant to labour market governance. In the Asia-Pacific region, the ILO has assisted its partners by carrying out a number of studies that explore these intersections. These studies include examinations of social dialogue and labour market performance in the Philippines, social dialogue and poverty reduction strategies in Cambodia, social dialogue and democracy in Indonesia and social dialogue and industrial relations in the Republic of Korea.

[Click here for Social Dialogue and Labour Market Performance in the Philippines](#)

**Wages** – Sharing the benefits of economic growth equitably depends on setting and implementing appropriate wage policies, which affect employers, workers and the society at large. There is now renewed attention to wage policy and minimum

wage determination as a result of the declining share of wages in national incomes and the growing wage disparities and resultant inequalities.

Member States in the region have been asking the ILO for advice on wage policy in relation to both the private and public sectors. ILO Convention No. 131 concerning minimum wage fixing lays down the international standard on this subject, while an ILO publication *The Fundamentals of Minimum Wage Fixing* provides some guidance to policy-makers.

The ILO has also commissioned further research on broader wage issues, documenting the developments across countries and regions and also producing practical guidelines on wage fixing to address the needs and concerns of its partners. The ILO has documented wage trends in the Asia-Pacific region in its [Global Wage Report 2008/09](#), updated in [2009](#) and [2010/11](#) to reflect the impact of the global financial crisis on wage trends.

**Collective bargaining** – The ILO encourages collective bargaining as the preferred mode of fixing wages and working conditions. Collective bargaining is a time-tested instrument that can regulate the workplace to the satisfaction of both

employers and workers. It helps ensure a fairer distribution of wealth and thereby promotes decent employment. It is an essential instrument of labour market governance and is recognized as a fundamental principle and right, enshrined in Conventions No. 98 and No. 154. However, in most Asian and Pacific countries, the coverage of enterprises and workers by collective bargaining is low due to the burgeoning informal economy, falling trade union densities and lack of competence in conducting negotiations.

In the field of collective bargaining, the ILO has unparalleled technical expertise. Member States can take advantage of the organization's knowledge of the evolution and transformation of collective bargaining systems and processes in many countries to develop their own coherent and comprehensive strategies for promoting collective bargaining.

The ILO has conducted research on the institutional arrangements and practices related to collective bargaining in East and South-East Asia and has compiled a comparative regional report based on the final assessments from Cambodia, China, Indonesia, Japan, Republic of Korea, Philippines and Singapore. The ILO also has assisted collective bargaining efforts



Informal workplaces need different solutions. ©ILO/K.Sovannara, 2007.

in a number of countries around the Asia-Pacific region, including Cambodia, Indonesia and Viet Nam. This assistance often takes the form of skills training among social partners.

**Labour-management cooperation** – Collective bargaining is a way of negotiating wages and working conditions for organized workplaces. However, workers in enterprises without recognized trade unions or in informal workplaces can consider alternatives. In these cases, it is possible

to establish bipartite labour–management cooperation bodies that have achieved significant success with improving productivity, protecting the basic rights of workers, improving working conditions and welfare and preventing possible labour disputes. Good workplace labour relations

encompass open and effective communication, mutual trust, common values and shared interests and various forms of workers’ participation in management. Building more collaborative labour–management relations brings mutual advantages to employers and workers.

**Mutual benefits from cooperation** – *In 2001, the Royal Government of Cambodia joined with garment sector employers and trade unions to establish an historic partnership aimed at improving working conditions in the industry through social dialogue and increased compliance with national laws and core international labour standards. The ILO was requested to facilitate the process through the implementing of the Better Factories Cambodia project. The project has three components: First, project staff monitor and report on working conditions in Cambodian garment factories, according to national law and core international labour standards. Second, they help factories improve working conditions and productivity through workplace cooperation on remediation and training. And third, they facilitate dialogue between the social partners and international buyers to ensure a rigorous, transparent and continuous cycle of improvement and cross-border cooperation.*

[Click here for the Better Factories Cambodia web site](#)

[Click here for the Better Work web site](#)

*This initiative achieved striking results. The project was widely credited with improving working conditions and compliance with international labour standards in the Cambodian garment industry; promoting social dialogue at enterprise, sector and national levels; and contributing to the growth of the industry even after the expiration of the worldwide garment quota system.*

*The project’s success led the ILO to apply the lessons learned towards developing a new global programme on “better work”; pilot projects are starting in Viet Nam and Jordan. The lessons learned from the programme and projects can assist governments and social partners in improving their human resource management, labour–management relations and production management systems.*

## Labour administration

ILO Convention No. 150 sets the international standard for a well-functioning labour administration. As a repository of knowledge, the ILO showcases good practices from other countries and provides opportunities to strengthen the competencies of a labour administration by offering training and skills-building to staff to enable them to perform their services more efficiently and effectively.

The first step in working towards the decent work goals is to assess a country's labour administration and industrial relations system. For this purpose, the ILO developed a methodology that has been tried and tested in different countries. To enhance credibility and acceptability, the diagnostic assessment is conducted in consultation with social partners. The specific recommendations are then discussed with the government and relevant social partners.

The ILO takes an expansive view of labour administration, looking beyond the traditional dimensions of labour protection and labour law enforcement. Many handbooks and training manuals cover the nexus between labour

administration and various other topics, such as development, the informal economy and public-private partnerships. For the Asia-Pacific region, the ILO published a study on how labour administration has been “re-engineered” to meet new demands in Hong Kong (China), Republic of Korea, Singapore, Sri Lanka and Viet Nam.

[Click here for ILO Labour Inspection Convention, 1947 \(No. 81\)](#)

**Labour inspection** – The ILO can provide technical assistance in the area of labour inspection. This is based on Convention No. 81, which deals with compliance and enforcement of labour laws through an effective system of labour inspection, and Convention No. 129, which is concerned with labour inspection in agriculture. Together, they constitute the minimum standards for inspecting industrial and agricultural workplaces. As part of a revitalized global programme, the ILO recently developed a comprehensive set of training materials in collaboration with the International Training Centre in Turin.

Major projects are underway in China and India to review inspection strategies and increase the capacity of the labour inspectorate. In addition, the Asia-Pacific region features many innovative practices. For example, in the Philippines, the Government introduced a mix of self-regulation by

large enterprises, regular inspection of mid-size enterprises and (working with workers and employers groups) technical advisory services to very small enterprises to improve their compliance record.

**Occupational safety and health** – Decent work must first and foremost be safe work. But in most Asian countries – as in most developing economies – there are many jobs in which the working conditions are hazardous and unhealthy. An estimated 1 million workers in the Asia-Pacific region die each year because of accidents at the workplace. Globally, an estimated 270 million workplace accidents occur per year, with 2.2 million deaths and 160 million workers who suffer from work-related diseases. Governments can address these problems in various ways, including by increasing the frequency and quality of occupational safety and health (OSH) inspections and by creating or revising new OSH standards. The ILO can help in this process – There are some 70 ILO Conventions and Recommendations that constitute standards on OSH, with overall guidance on fundamental principles provided by Conventions [No. 155](#), [No. 161](#) and [No. 187](#). Discussions among the ILO tripartite members in 2003 led to the ILO's Global Strategy on Occupational Safety and Health.

[Click here for ILO SafeWork programme web site on standards of safety and health at work](#)



Decent work is safe work. ©ILO/A.Asrian Mirza, 2007.

The ILO has helped its Asia-Pacific partners meet these challenges through technical expertise and guidance, assistance in the design and execution of training and outreach programmes and in replicating successes. Along with help to set up systematic education and awareness-raising campaigns to foster a culture of compliance and prevention, the ILO provides information resources, training materials, codes of practice and on-line databases. The ILO has examined numerous OSH frameworks in the Asia-Pacific region after being asked for policy recommendations on the effective running of national programmes.

**Labour dispute settlement** – Effective labour dispute settlement usually starts

[Click here for the ILO online resources for training materials, codes of practice and databases](#)



with bipartite grievance settlement at the enterprise level, followed by third-party conciliation and mediation – usually offered as a government service – with arbitration and judicial determination as the last recourse. The ILO provides technical

[Click here for Work Improvement for Safe Home manual](#)

### **Cambodia's Arbitration Council** –

*The ILO assisted the Ministry of Labour and Vocational Training to establish an Arbitration Council, with support from employers' and workers' organizations and is now regarded as a model for legal reform and a regional good practice. The Arbitration Council uses both mediation and arbitration to resolve collective labour disputes and has been credited by employers, workers and the Government with reducing strikes and improving industrial relations. Since it began operating in 2003, the Arbitration Council has heard over 900 cases, successfully resolving 70 per cent of them. A memorandum of understanding recently signed by the representative organizations of workers and employers in the garment industry should help strengthen the Arbitration Council, because it calls for no strike prior to arbitration and binding arbitration for rights disputes.*

[Click here for The Arbitration Council and the Process for Labour Dispute Resolution in Cambodia](#)

advisory services to assist in designing, improving and reforming labour dispute settlement mechanisms and procedures. It also offers a wealth of experience and comparative knowledge regarding good practices in labour dispute resolution throughout the region and the world.

The ILO's knowledge base and products on dispute settlement are continuously reviewed and updated. The ILO's International Training Centre in Turin, Italy, has developed a range of training manuals on alternative dispute resolution systems, including various forms of conciliation, mediation and voluntary arbitration for government staff, and pre-trial conciliation and mediation for arbitrators and labour court judges. These teaching and learning materials can be modified and adapted to meet the specific needs of countries in the Asia-Pacific region.

**Employment services** – A major function of the labour market is the efficient allocation of human resources to cope with the changing demand for jobs and skills. It is crucial to match the skills of job seekers with the present and anticipated vacancies arising in the employment market. Such employment services can be provided directly by public agencies or by private entities monitored by the government.

[Click here for the ILO web page on employment publications for Asia and the Pacific](#)

The ILO has developed the [International Standard Classification of Occupations \(ISCO\)](#) to facilitate orderly maintenance of labour market information. This, in turn, can assist in developing employment and vocational training policies and programmes to reduce mismatches between available jobs and skills. The ILO's extensive range of publications in the field of employment can assist Asia-Pacific partners in their reform efforts.

**Employment and disability** – *The ILO sees employment as a goal for all workers, and its [AbilityAsia](#) programme promotes employment opportunities for people with disabilities through awareness-building, advocacy and technical cooperation. A regional research project recently compiled information about laws and policies from around the region that relate to workplace rights, training, employment and social protection of people with disabilities. Together with the UN, the ILO organized a dialogue among multinational corporations, governments, NGOs and disabled persons' representatives from around the region. From this came a resource guide designed to educate employers about the benefits and business case for hiring disabled persons and how to integrate disabled persons into the workplace.*

**Vocational education and skills development** – In addition to providing employment services for matching jobs and skills, labour market policies also include the development of human resources through systematic training in employable skills. In the medium and longer terms, the best way to reduce jobs and skills mismatches is to develop national vocational education and skills development institutions. The ILO's [Convention No. 142 on human resources development](#) provides guidelines for improved governance of vocational education and skills development institutions, based on tripartite consultations (see also the ADWD booklet on *Competitiveness, Productivity and Jobs* within this resource kit)

**Social security** – Labour market governance needs to respond to industrial accidents, occupational diseases, maternity and involuntary unemployment. It is important to provide social safety nets in the event of unexpected labour market “shocks” resulting from, for example, financial crises. Provident funds and health insurance are the main social security schemes available in most Asian countries and extending their population coverage and expanding the range of benefits are major challenges. The most vulnerable workers are those

[Click here for EmployAbility: A Resource Guide on Disability for Employers in Asia and the Pacific](#)



in the informal economy who lack social security and health insurance coverage.

To assist its partners in the Asia-Pacific region, the ILO prepared a compendium of social security legislation of ASEAN countries. This enables the sharing of information about national social security systems as a basis and even motivation for reform. The ILO has also provided technical assistance, policy advice and competence-building on social security reform.

Recently, the ILO provided advice to the Cambodian Government on setting up a National Social Security Fund, assisted Thailand's reform of its formula for calculating old-age pension benefits and provided Lao PDR and Viet Nam with technical assistance on pensions, employment injury insurance and unemployment insurance.

**Labour relations** – Depending on the size of the country, its administrative structure and the resources available, the labour administration may exercise several other functions in the area of labour relations. Such activities can include registering and de-registering trade unions, verifying trade union membership, fact-finding and investigation for resolving inter-union disputes, providing advisory services to

employers' and workers' organizations, promoting freedom of association and collective bargaining, encouraging workplace cooperation, promoting voluntary bipartite negotiations and setting up and servicing various tripartite consultative bodies. The ILO helps partners in the Asia-Pacific region build the competence of labour administrations to promote effective labour relations.

**Informal economy** – By far the biggest labour market challenge anywhere is the rapid growth of the informal economy, which in the Asia-Pacific region accounts for an estimated 65 per cent of total non-agricultural employment. The informal economy consists of unregistered workplaces in which low-skilled workers toil for long hours for extremely low wages in conditions that are hazardous and unsafe. Workers in the informal economy are deprived of their basic rights and can take little advantage of protective labour laws dealing with working conditions and occupational safety and health because these are generally ignored and there are few inspections.

The special concerns of the informal economy and the need to address its myriad challenges with greater precision and coherence call for “re-engineering” labour

administration services. The ILO can assist in this regard, having published several studies and handbooks on how to integrate the informal economic sectors into the labour administration system. The ILO also maintains an online database with over 500 resources relating to the informal economy. Issues cover reducing the barriers and cost of formality, raising awareness on existing labour laws, formulating new laws to provide better protection to informal economy workers, encouraging better compliance with the protective laws and enhancing social security coverage and benefits.

**Social partners** – The labour administration system encompasses tripartite consultative and collaborative institutions, machinery and processes. Labour market outcomes depend significantly on the competence and roles of representative

employers' and workers' organizations. As a tripartite organization, the ILO involves its social partners in all its activities, from policy setting and policy-making to programme implementing, monitoring and evaluating. The ILO also has separate departments: the Bureau of Employers' Activities ([ACT/EMP](#)) and the Bureau of Workers' Activities ([ACTRAV](#)), both of which deal with the interests, concerns and needs of employers' and workers' organizations worldwide. These departments have also developed a large body of literature, training materials, products and tools relating to various aspects of labour market governance and have representatives stationed in the ILO's Decent Work Technical Support Teams in Bangkok and New Delhi. Employers' and workers' organizations can seek assistance, including advice, training and competence-building.

### 3. Partnerships: International cooperation and knowledge sharing

Governments along with employers' and workers' organizations across the Asia-Pacific region are tackling the challenges of improving labour market governance and successful reform. The ILO can assist in these efforts by facilitating connections and networks across the region.

The ILO's research and publications on labour regulation, industrial relations and labour administration offer an enriched spectrum of resources. The ILO also assists partners in the Asia-Pacific region by pooling the very fertile experiences of

its individual officials and by providing technical assistance from both headquarters and field offices, including the various technical cooperation projects.

#### Information, statistics and research

Addressing issues of labour market reform demands accurate and timely statistics: on trade union density, coverage of establishments and workers by collective bargaining agreements, strikes and lockouts and workdays lost, and on wage trends. Data on these and many other significant labour market indicators can assist governments, employers and workers in thinking about labour market governance and in undertaking reforms.

However, many economies in the Asia-Pacific region have weak information systems and, as a result, many policy-makers, social partners and the public in general have little access to labour market information and analysis. Many

[Click here for the web site publications page for the ILO Regional Office for Asia and the Pacific](#)



Trade union meeting in Pakistan. ©ILO/M.Crozet, 2005.

**LMIL Network and Technical Cooperation in Pakistan** – The ILO developed a Labour Market Indicators Library (LMIL) Network to enable partners to share information resources and gain access to information stored in the LMIL database. The LMIL Network also offers technical assistance. In Pakistan, the ILO and UNDP initiated a joint project in collaboration with the Ministry of Labour, Manpower and Overseas Pakistanis to strengthen the Ministry's capacity to collect and analyse labour market data.

[Click here for the ILO LMIL web site](#)

Labour market information in Pakistan suffers from a range of shortcomings, including poor institutional co-ordination, insufficient analytical capacity and a lack of labour market monitoring tools. As a result, it is harder for policy-makers to consider meaningful employment policy reform. Realizing the shortcomings, the Ministry of Labour, Manpower and Overseas Pakistanis, in collaboration with the ILO and UNDP, initiated the development of a Labour Market Information Unit, which would be housed in the Ministry and guided by labour market stakeholders and social partners, such as workers' and employers' organizations at the national and provincial levels.

of these countries, however, do produce information through household and establishment surveys, population censuses and administrative records. A major challenge is to communicate such information and analysis to the national audience and global community.

**Quantifying the gender dimension** – The labour market has both women and men, but there can be a tendency to neglect the gender dimension. Gender disaggregated data can provide sharper insights and facilitate better policy analysis and choice of development strategies. The ILO's analysis of the data in [Global Employment Trends for Women 2008](#) showed that in 2007, 1.2 billion women worked. But over the same period, the number of unemployed women also grew – from 70 million to 82 million. At the national level, such disaggregated statistics can help inform any reform efforts to ensure that labour policies, laws and industrial relations practices address issues of pay equity and discrimination, focus attention on women's special needs in terms of maternity protection and child care, promote gender-based collective bargaining and encourage women to rise to leadership positions in trade unions and employers' organizations.

The ILO produces several additional tools that may assist analysts and policy makers. The Key Indicators of the Labour Market (KILM) is a comprehensive country-level database on 20 indicators of the labour market. The *World Employment Report* and the *Global Employment Trends* report provide in-depth analyses of interest to policy-makers.

## Cooperation throughout the region

Many labour market issues are common to partners across the Asia-Pacific region, highlighting the value of cooperation and of learning from the experience of others. The ILO can assist in this cross-border learning by facilitating regional networks and exchanges. Such exchanges and networks have proved useful. For example, in 2009, the ILO facilitated a study tour of Vietnamese MOLISA and DOLISA officials to examine Cambodian conciliation and arbitration bodies; in 2010, it arranged for a tripartite delegation from the Philippines to study Singapore's wage-setting institutions.

Where good practices or successful projects can be identified, the ILO can assist in replicating them or advise on

### **Asia-Pacific Labour and Employment Relations Network (AP-IRnet)**

*The ILO is developing a Community of Practice for governments, workers, employers, experts, practitioners and researchers dedicated to sharing resources and experiences on a range of legal, policy and capacity-building needs in the field of industrial relations. AP-IR net will serve as a searchable storage and retrieval point for all relevant ILO legislative and policy advice, research, working papers and training material. More importantly, it will connect members from across the region and enable them to interact with one another through direct contact, virtual workshops and moderated discussions. This connecting will facilitate the sharing of experience, good practices and problem-solving. Experts and practitioners from around the region will be able to share their knowledge and, in turn, generate new knowledge and solutions.*

[Click here for AP-IRNet Community of Practice](#)

how they might be adapted to a different country context. The ILO's WIND and WISH programmes, for example, have been replicated in Cambodia, Mongolia, Philippines, Thailand and even in some East European and African countries.

## 4. Conclusion

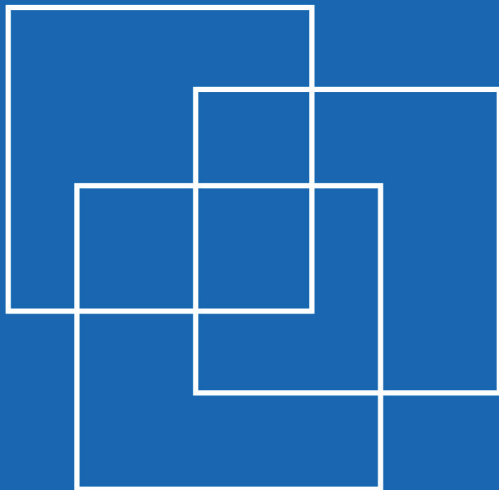
The aim of labour market reform should be to put in place the right mix of policies that promote economic growth with social progress. Labour market outcomes are perceived as efficient, equitable and fair if they promote employment through investment and economic growth, reduce unemployment and underemployment and make a significant contribution to poverty reduction.



Labour market reform promotes economic growth and social progress. ©ILO/L.Armytage, 2007.

However, good policies and laws do not make for good governance by themselves. What counts is how they are implemented. The quality of labour market governance in any country is thus influenced by the regulatory framework as well as by the technical capacity, resources and efficiency of the labour administration system, the operation of various bipartite and tripartite institutions, the capabilities of representative employers' and workers' organizations and the prevailing industrial relations norms and practices.

During the Asian Decent Work Decade, the ILO Regional Office for Asia and the Pacific is working closely with ILO constituents to develop schemes of labour market governance that promote employment, reduce poverty and help realize the goal of decent work for all by 2015.



The Resource Kit brings together the ILO's expertise, knowledge and tools as they relate to Decent Work and the goals of the Asian Decent Work Decade (2006-2015) in a single, accessible package. It has been created to help workers, employers, governments and other interested parties learn more about the priority areas, the key challenges and the resources available to meet them.

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