

**Committee: International Labour Organization**

**Issue: The issue of collective bargaining in the developing countries**

**Student Officer: Marina Kontalexi**

## **INTRODUCTION**

Hey everyone!

I am Marina and I will be serving as the President of the International Labour Organization in this year's ATSMUN. I really do not want to bother you with my relationship with MUN, but I can tell you that by the end of the conference I will have made sure we all share the same enthusiasm, that has been drawing me in MUN for 5 years now.

When it comes to the topic, collective bargaining has played a huge role in redefining the working conditions worldwide, but it is obvious that its impact is not the same around the globe. The situation in developing countries is rather hard to monitor whereas the different rates of technological advancements combined with the different needs of the people have made it a really complicated issue. What is more, the issue at hand is deeply political, thus it is of utmost importance to make sure you get information from contrasting sources, so that you will not be manipulated by any propagandistic rhetoric. This study guide aims at providing you with stimuli concerning several aspects of the topic but by no means should you limit your research to it. You are encouraged to further extend your research to anything you consider relative to the issue and should any inquiries emerge, do not hesitate to contact me via email. My email address is [kontalexim@gmail.com](mailto:kontalexim@gmail.com).

I am looking forward to working with you and getting to know your ideas. Do not be afraid to be revolutionary and do not forget that a competent delegate is always well prepared.

Warm regards,

Marina

## **Important note from the chairs' team**

In order for the chairs to fully understand the dynamics of the committee, discovering any misunderstanding prior to the debate and for the better preparation of the delegates you are asked to proceed as indicated below; 1) Conduct your chairs via email and informing them about your mun experience so that they can know what exactly to expect of you.

2) Prepare and send your chairs by 11:59 of the 6th of November one position papers for each of the topics you are going to discuss during the conference. You can contact the expert chair of each topic for further information concerning your country's policy if needed, and for general guidance when it comes to your position papers (word limit structure etc). You are going to receive general comments during the lobbying for your position papers as well as personal feedback and grades for your papers. The points you will receive will add up to your general score which is one of the factors that determine the best delegate award. If you for any reason fail to send your papers before the final deadline you will not be eligible for any award.

Find your expert chair for this topic at [kontalexim@gmail.com](mailto:kontalexim@gmail.com).

## **DEFINITION OF KEY TERMS**

### **Collective bargaining**

Collective bargaining is a key means through which employers, organizations and trade unions can establish fair wages and working conditions. Typical issues on the bargaining agenda include wages, working time, training, occupational health and safety and equal treatment. The objective of these negotiations is to arrive at a collective agreement that regulates terms and conditions of employment. Collective agreements may also address the rights and responsibilities of the parties thus ensuring harmonious and productive industries and workplaces.<sup>1</sup> Negotiations should be held in good faith between the two parties and "refusal to bargain" is considered an unfair labour practice. Collective bargaining covers the terms and conditions of workers in a defined

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<sup>1</sup> <https://www.ilo.org/global/topics/collective-bargaining-labour-relations/lang--ru/index.htm>

'bargaining unit'. This can include all employees in a workplace or just certain groups of workers, e.g. technicians. Employers and unions need to work out how to run collective bargaining, e.g.:

- who'll represent the workers
- who's included in a bargaining unit
- when and how often meetings will happen
- what to do if more than one union is recognised
- what will be discussed
- what to do if the union and employer can't come to an agreement<sup>2</sup>

Where collective bargaining has led to an agreement, for example pay increase, these agreements are called collective agreements. Collective agreements within the workplace can cover both union and non-union staff as trade unions often negotiate on behalf of the staff employed in a specific group. This group is known as the bargaining unit.<sup>3</sup>

### **Developing country**

A developing country is also known as an LMIC, or a low and middle income country. It is less developed than countries classified as "developed countries" but these nations are ranked higher than "less economically developed countries." These countries are characterized by being less developed industrially and a lower Human Development Index when compared to other countries. However, developing countries do have the potential for high growth and security when evaluating factors including the standard of living, gross domestic product and per capita income. The term

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<sup>2</sup> <https://www.gov.uk/working-with-trade-unions/collective-bargaining>

<sup>3</sup> <https://www.acas.org.uk/article/1879/Collective-bargaining>

refers to the current state of a nation and is not used to determine changing dynamics or future progress.

There are several characteristics that are commonly held throughout developing countries. This includes health risks such as having low access to safe water, as well as sanitation and hygiene problems. There may also be high levels of pollution and a high percentage of people with infectious diseases. Other common characteristics include widespread poverty, low education and literacy levels and government corruption. There are also challenges in energy and higher rates of violence against women.

The United Nations has set a list of Sustainable Development Goals designed to help developing countries overcome these challenges. Development aid through federal governments and other agencies are distributed in order to help tackle the social, political, economic and environmental problems faced by these countries.<sup>4</sup>

The list of the developing countries is decided upon by the United Nations Economic and Social Council and, ultimately, by the General Assembly, on the basis of recommendations made by the Committee for Development Policy. The basic criteria for inclusion are related to per capita GNI, a human assets index and an economic vulnerability index.<sup>5</sup>

## Coverage

When analyzing a collective bargaining agreement, it is crucial to take into consideration the number of employees covered by the agreement as well as those who are not. This rate is often referred to as coverage rate.

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<sup>4</sup> <http://worldpopulationreview.com/countries/developing-countries/>

<sup>5</sup> For a glance at the developing countries' list, as proposed by the UN, check the following link: [http://www.un.org/en/development/desa/policy/wesp/wesp\\_current/2014wesp\\_country\\_classification.pdf](http://www.un.org/en/development/desa/policy/wesp/wesp_current/2014wesp_country_classification.pdf)  
For the 2019 list by the World Population Review follow the link on footnote 4.

The proportion of employees covered by collective bargaining in the 28 EU states plus Norway varies from well over 90% to 10%. The countries at the top of the table either have high levels of union membership, as in the Nordic countries, or have legal structures which ensure that collective agreements have a wide coverage. In the countries at the bottom of the table, company level bargaining dominates. In some countries, such as Belgium, Italy or Sweden, there are links between different levels of bargaining but in others, like Luxembourg or Cyprus, various levels simply coexist. Overall the trend seems to be towards greater decentralisation and the crisis has accelerated this.

One indicator of the importance of collective bargaining is the proportion of employees affected by it – its coverage. Across the EU as a whole, six out of 10 employees (60%) are covered by collective bargaining, although there are important variations between countries. It is striking that some countries have very high levels of collective bargaining coverage – at around 80% or above – which are well above the levels of union density. In most cases this reflects the specific legal framework for collective bargaining in the individual countries.<sup>6</sup>

Collective-bargaining coverage is one of the essentials of organized industrial relations. The less employees are covered by collective agreements, the more irrelevant organized industrial relations as a whole will become. The core governance mechanism of organized labour relations is the collective agreement, as opposed to market-style individual labour contracts. Bargaining coverage is thus more central to the degree of labour-market organization than is the bargaining level, since even decentralized (i.e. single-employer) collective agreements represent an organized (i.e. non-market) form of labour-market governance. Hence, the most important indicator of the degree of organization/disorganization of labour markets is the coverage rate of collective agreements. The coverage rate represents the ratio of employees under a collective agreement to the total number of employees. In this context, one has to take into account multi-level bargaining, which may cause certain groups of employees to be covered by several agreements.

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<sup>6</sup> <https://www.worker-participation.eu/National-Industrial-Relations/Across-Europe/Collective-Bargaining2>

In order to avoid any double counting of these cases, it is useful to designate coverage as the number of employees under any type of collective agreement at all—regardless of the number of agreements in force on behalf of these employees. In some countries, the public sector is legally excluded from the right to conclude collective agreements. Hence, one has to distinguish between two concepts of coverage. The unadjusted coverage rate (UCOV) is defined as the proportion of employees under a collective agreement in relation to the total number of employees, regardless of whether or not they are entitled to conclude collective agreements. The adjusted coverage rate (ACOV) refers to the share of employees covered by a collective agreement in the total number of employees equipped with bargaining rights.<sup>7</sup>

### **Decentralization of collective bargaining**

Collective bargaining attempts can be depending on firm-level initiatives or they may be orchestrated by bigger labour organizations, or -more usually- they come from a combination of both. When the model of bargaining is more oriented towards firm-level negotiations without much government coordination, it can be referred to as a decentralized model.

Many international economic institutions share the idea that collective bargaining should take place at the level of individual companies. For example, the Organisation for Economic Co-operation and Development (OECD), as far back as its 1994 Jobs Strategy (if you feel like reading it: <https://www.oecd.org/els/emp/1868601.pdf>) , pushed for more firm level bargaining by insisting that the instrument of administrative extension of collective agreements to all firms within a given sector should be phased out. For its part, the International Monetary Fund rarely misses out on the

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<sup>7</sup> Franz Traxler, Sabine Blaschke, and Bernhard Kittel, 'Part III Wage Regulation and Bargaining: The Coverage of Collective Bargaining', *National Labour Relations in Internationalized Markets: A Comparative Study of Institutions, Change and Performance* (New York: Oxford University Press, 2001), accessed via Oxford Scholarship Online, <https://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780198295549.001.0001/acprof-9780198295549-chapter-12>

opportunity to weaken sector level bargaining systems when a country is requesting its financial assistance.

This view in favour of decentralised bargaining is based on the micro-economic argument that the link between wages and individual firm-level productivity gets broken when a common wage standard is set at sectoral level. With individual firms recording divergent productivity performance, imposing such a sector standard would price firms and workers with lower productivity performance out of a job.

Recently, however, the very same institutions that were active in promoting company-level bargaining are now publishing research that contradicts the idea that such negotiations necessarily improve labour market performance. The most recent analysis can be found in the 2018 OECD's Employment Outlook of 4 July (to read more about this: <http://www.oecd.org/employment/outlook/>)<sup>8</sup>.

## BACKGROUND INFORMATION

“Everyone has the right to form and to join trade unions for the protection of his interests”<sup>9</sup> is the fourth part of Article 23 from the Universal Declaration of Human Rights. The right to collectively bargain is recognized by many international conventions and is considered fundamental for one to ensure fair wages, working conditions and other labour assertions. The term “collective bargaining” was first introduced in 1891, by the British economist Beatrice Webb<sup>10</sup>.

Webb reputedly coined the term using it in her 1891 publication *Cooperative Movement* to refer to the ongoing process of negotiation between representatives of employers and workers to establish conditions of employment. Webb aimed to characterize a process alternative to that of

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<sup>8</sup> <https://www.socialeurope.eu/decentralised-collective-bargaining-oversold>

<sup>9</sup> <https://www.un.org/en/universal-declaration-human-rights/>

<sup>10</sup> She was actually more than just an economist. Beatrice Webb was a social reformer, a labour historian and a founding member of London School of Economics and Political Science (LSE).

individual bargaining between an employer and individual employees. Others have emphasized the conflict resolution aspects of collective bargaining. The inclusion of a process of negotiation distinguishes collective bargaining from the consultation process through which employers determine outcomes unilaterally. In Britain, the most important refinement in usage defined collective bargaining as a process of rule-making, leading to joint regulation in industry.

The results of collective bargaining, known as the Collective Bargaining Agreement (CBA), may include changes in wages, hiring practices, working conditions and hours, layoffs and termination procedures, and benefit programs.

Collective bargaining existed in Britain throughout the nineteenth century, developing later in continental European countries. Samuel Gompers introduced its effective use in the United States during his leadership of the American Federation of Labor (1886 to 1924). Although a successful tool in the relationship between management and workers in developed nations, collective bargaining is less effective in developing countries that have a large labor population.<sup>11</sup>

In all OECD and accession countries, workers and employers can associate to express their interests and concerns and negotiate the terms and conditions of employment. This process of collective representation, negotiation and decision making is a key labour market institution and a fundamental principle and right at work as well as a key pillar of social dialogue at national level. However, since the 1980s, this process of collective representation and negotiation has faced a series of major challenges resulting from, technological and organisational changes, policy reforms, globalisation, the decline of the manufacturing sector, new forms of work and population ageing.<sup>12</sup>

## **The procedure**

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<sup>11</sup> [https://www.newworldencyclopedia.org/entry/Collective\\_bargaining](https://www.newworldencyclopedia.org/entry/Collective_bargaining)  
<sup>12</sup> <https://www.oecd.org/els/emp/collective-bargaining.htm>



The bargaining procedure is initiated when one of the parties (employers/employees) submits a written proposal aiming at a collective agreement. At this point the negotiations are encouraged to commence, so that the final agreement is amicable to both sides. As mentioned previously, there are different levels of collective bargaining, each of which has different authority. Consequently, every organ is responsible for different issues, depending on the model followed in every country.

The parties often refer to the result of the negotiation as a Collective Bargaining Agreement (CBA) or as a Collective Employment Agreement (CEA). The process of collective bargaining necessarily contains an element of negotiation and hence is distinct from processes of consultation, in which employers determine outcomes unilaterally. While collective bargaining is widespread and generally effective in developed nations, it is less so in those developing nations in which a large labor population exists. Collective bargaining may take place through the vehicle of trade unions or representatives specific to the issue under debate. In either case, the smooth and efficient functioning of society requires that, as technological and other advances continually change the working conditions for employees, these conditions be continuously monitored and adjusted. The process to achieve this must harmonize the input of both management and labor representatives, in service of the common goal of achieving the purpose of the whole, while simultaneously taking care of the needs of individuals.<sup>13</sup>

### **The situation in Europe and in the USA**

Witnessing the ongoing globalization, evident in each and every human activity, it would be wise to examine how collective bargaining has been reformed in certain developed countries so as to be informed upon the issues that might emerge.

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<sup>13</sup> [https://www.newworldencyclopedia.org/entry/Collective\\_bargaining](https://www.newworldencyclopedia.org/entry/Collective_bargaining)

When it comes to Europe, the model that is adopted (in the EU) is referred to as “centrally<sup>14</sup>organised decentralization”. Given the fact that certain countries have chosen more centralized models, whilst others prefer decentralization, the coordination of collective bargaining at national level has passed on to a european one. Thus, larger labour unions have emerged, such as “IndustriAll Europe”, while the role of the European Trade Union Confederation (ETUC) is very dominant.

Many continental European countries, including Austria, Netherlands, and Sweden, have a social market economy where collective bargaining over wages is done on the national level between national federations of labor unions and employers' organizations.<sup>15</sup>

In the United Kingdom, collective bargaining has become, and has received endorsement for many years as, the dominant and most appropriate means of regulating workers' terms and conditions of employment, in line with ILO Convention No. 84. However, the importance of collective bargaining in the United Kingdom has declined considerably since the early 1980s. Its decline in the public sector stems in part from the growth of Review-Body arrangements provided through the Office of Manpower Economics for groups of workers. Despite its significance in the United Kingdom, there has been no statutory basis for collective bargaining in the fields of learning and training. This situation attracted the attention of both the Trades Union Congress and members of the Royal College of Nursing, leading to the formation of a coalition to actively seek to remedy this situation.<sup>16</sup>

As far as the United States is concerned, collective bargaining was considered criminal conspiracy until the 19th century. The first official document ever recognising collective bargaining as a legitimate means of pursuing rights was the Railway Labor Act of 1926, which covered only workers of the railroad industry and now covers more transportation workers. In our days, the Bureau of Labor Statistics (BLS) reports that 10.7% of US workers were members of labor unions, in 2017. Being members of such unions is much more common for public workers in comparison with

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<sup>14</sup> <https://www.investopedia.com/terms/c/collective-bargaining.asp>

<sup>15</sup> [https://www.newworldencyclopedia.org/entry/Collective\\_bargaining](https://www.newworldencyclopedia.org/entry/Collective_bargaining)

<sup>16</sup> Ibid.

those working in the private sector. It has also been reported that the wages of workers taking part in unionizing are, in some cases, higher.

The National Labor Relations Act covers most collective agreements in the private sector. Notable collective bargaining agreements (CBAs) include those between owners and players in professional sports leagues. The National Football League (NFL), National Basketball Association (NBA), and National Hockey League (NHL) all have negotiated CBAs on issues such as percentage of revenues paid to players, salary caps, pay increases, number of teams in the league, and the ease with which teams can cut players. Other examples of CBAs in the United States include those done by powerful unions like the United Auto Workers and the International Brotherhood of Teamsters. Jimmy Hoffa's work on the National Master Freight Agreement in 1964 led to similar wage levels and benefits for teamsters across the country, as well as the elimination of discrimination in pay based on race. The United Auto Workers has reached CBA agreements with large American automotive companies regarding the same issues.<sup>17</sup> (To read more about the USA specifically: <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1925&context=articles> ).

### **The situation in developing countries**

It is rather difficult to describe the collective bargaining conditions in developing countries for various reasons, such as the lack of documentation, the discrepancies in the legal frameworks, the differences in coverage rates, bargaining units etc. However, we will address the most important emerging issues and how they are being handled in certain regions.

Most developing countries are undergoing decentralization attempts due to the fact that local-level bargaining demands less coordination and funds. This does not come without its costs since low-level bargaining can sometimes be manipulated and its coverage is usually less. Of course, decentralization -when well organised- can prove to be beneficial. What should be taken into

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<sup>17</sup> Ibid.

account when deciding upon the desired model is the density of bargaining unions and the rights they are/can be granted.

Governmental involvement is also a crucial issue, because it changes the whole bargaining procedure. More government control leads to a more bureaucratic model, which asks for more time for negotiations and better organization. Naturally, legal impediments as well as informal economy are key factors that request or not government supervision. What should also be noted is that collective bargaining had been suspended in multiple developing countries, which creates an even bigger gap between them and developed countries (eg. due to lack of experience). It is also important to stress the fact that collective bargaining in developing countries is usually seen as purely economic negotiations and its social impact is being neglected.

Coverage rates of collective agreements vary significantly not only from continent to continent, but also from country to country. For example, in Africa there are countries such as Sudan and Ethiopia with more

than 70% coverage rate,

while in Morocco and

Burundi the rates are below

15%. This can be explained

by viewing the percentages

of workers engaging in

unionizing as well as by the

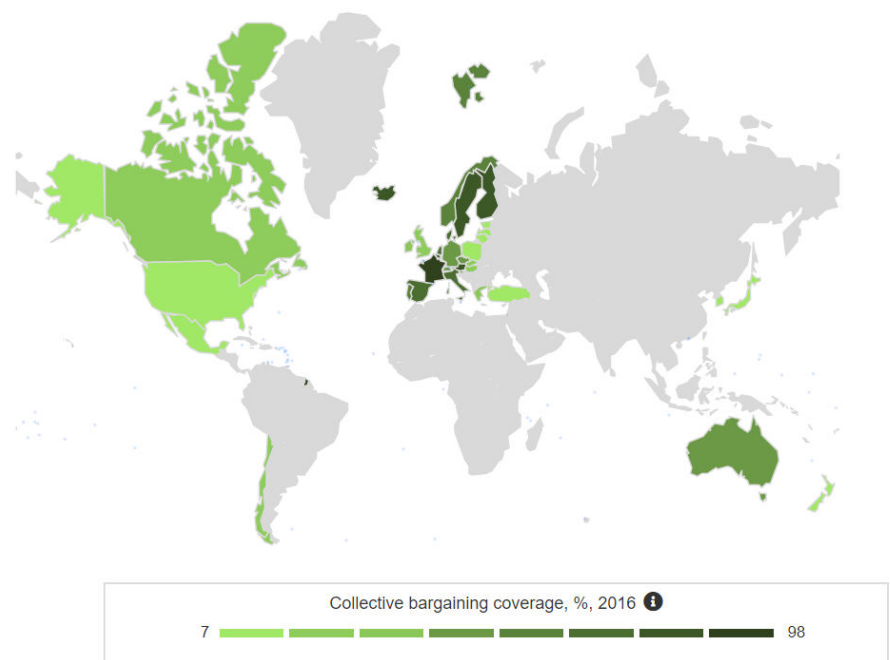
level of centralization and

legal provisions. What is

more, coverage differs (and

legal framework) in each sector depending on the country. As a result, certain groups, such as but

not limited to migrant workers, are left uncovered.<sup>18</sup>



<sup>18</sup> <http://www.oecd.org/employment/collective-bargaining.htm>

Figure 1. Coverage of collective bargaining agreements in developing countries, 2007

Region	Collective bargaining agreement coverage			
	Less than 15%	15–50%	51–70%	More than 70%
East Asia	Korea		China	
South Asia	Nepal	India		
Southeast Asia	Indonesia			
	Malaysia			
	Philippines			
	Singapore			
	Thailand			
North Africa	Morocco	Ghana	Guinea	Sudan
Sub-Saharan Africa	Burundi	Togo	Lesotho	Ethiopia
	Mauritania			Senegal
Central America	El Salvador			
	Mexico			
	Nicaragua			
South America	Brazil	Venezuela		Argentina
	Chile			Bolivia
	Colombia			Uruguay
	Peru			

Source: International Labour Organization. *Global Wage Report: Minimum Wages and Collective Bargaining Towards Policy Coherence*. Geneva: ILO, 2008. Online at: <http://www.ilo.org/global/publications/lang--en/index.htm> [5].

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World of Labor

## ONS INVOLVED

### China

China was introduced to collective bargaining after 1990, while attempting to convert to a market economy. The workers though do not have the right to organise freely or to strike. Negotiations take place at firm-level. Although coverage rates are quite high, labour disputes have risen in the past decade, proving that the relations between the contractual parties have not satisfactory.

### South Korea

The situation in South Korea is not promising either. The coverage rates are far below the OECD's average while union density in also reduced. The OECD describes the labour relations,

<sup>19</sup> <https://wol.iza.org/articles/collective-bargaining-in-developing-countries/long>

presented in the decentralized model adopted in South Korea, as low and it has been reported that only around 10% of South Korean workers are members of bargaining unions.

### **Latin America**

Collective bargaining systems in Latin America range from a highly centralized system in Argentina to a decentralized system in Chile. The bargaining systems in Argentina, Bolivia, and Mexico involve substantial state intervention. Mexico has a centralized bargaining structure with extensive coordination between the state and unions. For several decades, Argentina had centralized bargaining and monopolistic unions protected by the state. During the 1970s and 1980s, bargaining was centralized at the industry level, with binding norms that also applied to agreements negotiated at lower levels. After market-oriented reforms were introduced in the early 1990s, a decentralized bargaining framework was introduced, with negotiations based on productivity. Argentina went through a decentralization process in the 1990s but now has a rather centralized model of bargaining. Its coverage exceeds 70%. The country together with Uruguay has taken measures to slightly restrict the rights of unions so as to promote voluntary bargaining attempts. Latin American countries exhibit some diversity in the ways unions can be formed. For instance, Bolivia and Mexico have no restrictions on union formation, but unions need the consent of the Department of Labor to negotiate with employers. In contrast, Uruguay has been decentralizing the bargaining system with no apparent restrictions on the creation of unions. Chile and Panama loosely regulate the formation of unions. These countries have decentralized systems that allow bargaining by workers who are not represented by unions.<sup>20</sup>

In many of these Latin American countries, government labor market reforms changed collective bargaining and other labor market institutions dramatically and fairly quickly, which is advantageous for the study of collective bargaining, including how work practices affect productivity. For instance, governments in Argentina and Uruguay have introduced labor laws that challenge unions, mainly by

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<sup>20</sup> <https://wol.iza.org/articles/collective-bargaining-in-developing-countries/long>

weakening industry-wide collective bargaining or restricting the power of unions in order to promote voluntary collective bargaining. Latin America thus offers a unique opportunity to compare how economies fare under different institutional settings.<sup>21</sup>

Figure 2. Characteristics and bargaining level of collective bargaining systems in selected Latin American countries

Country	Characteristics	Bargaining level
Argentina	Traditional centralized system; decentralization efforts in the 1990s	7% of unions represent 70% of workers
Brazil	Traditional centralized system; movements toward decentralization	High-level bargaining; law does not allow firm-based unions
Chile	Decentralized system	Most collective bargaining at the firm level
Peru	Decentralized system	Almost all collective bargaining at the firm level
Uruguay	Centralized system with low state intervention	Mainly industry-wide bargaining; small number of firm-based unions

Source: O'Connell, L. D. *Collective Bargaining Systems in 6 Latin American Countries: Degrees of Autonomy and Decentralization*. Inter-American Development Bank Working Paper No. 399, 1999 [7].

## Morocco

Morocco shows really low coverage level and the working conditions are poor. A Labour Code has been enforced, which facilitates negotiations and aims at putting an end to the sketchy labour agreements active in the past. The largest labour sector are agriculture workers, who face problems regarding the recognition of their rights.

## International Labour Organisation (ILO)

The ILO has played an important role in reinforcing collective bargaining in developing economies. It has published multiple reports and guides upon the issue, so that societies newly introduced to the concept of labour negotiations can benefit from the information provided. The

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

International Labour Organisation also helps monitoring the situation in cases where its supervision is difficult.

### **Organisation for Economic Cooperation and Development (OECD)**

The OECD has collected information on collective bargaining statistics from many countries across the globe, thus facilitating social dialogue. Its contribution is also enriched by organising conferences and releasing new publications.

### **TIMELINE OF EVENTS**

Date	Description of Event
19th century	Criticism upon collective bargaining
1926	Railway Labor Act
1935	National Labour Relations Act
1949	Right to Organise and Collective Bargaining Convention
1970s-1980s	New forms of work and technological advancements are introduced, the manufacturing sector is reformed so collective bargaining is redefined (in some cases weakened) both in developed and in developing countries.



1982	Chinese workers are deprived from their right to strike
1993	Uruguayan bargaining system is reformed and lower level bargaining is promoted
1993	Peruvian bargaining system is reformed and union density is reduced
2019	Vietnam becomes the 167th state to ratify the Right to Organise and Collective Bargaining Convention

## **UN INVOLVEMENT: RELEVANT RESOLUTIONS, TREATIES AND EVENTS**

One can easily guess that the UN organ responsible for working rights and conditions is the International Labour Organisation. Its contribution has already been roughly stated but this section wishes to provide more relevant examples. In 2012, the ILO had published a list of 5 countries -all of which were developing ones- that needed to promptly redefine the national working conditions. The countries were Argentina Cambodia, Ethiopia, Fiji and Peru and they were urged to proceed to collective bargaining agreements and social dialogue. Moreover, the ILO has proposed collective bargaining as a measure to address the non-standard forms of employment seen in developing countries.

### **Right to Organise and Collective Bargaining Convention (1949)**

Convention No.98, as it is often referred to, promotes healthy working conditions and provides protection against anti-union discrimination. The states that ratified the Convention -many of which are developing ones- have enjoyed more legitimate labour negotiations and better working

conditions.

## **PREVIOUS ATTEMPTS TO SOLVE THE ISSUE**

Most of the measures taken to address the issue are initiatives from organisations already mentioned. The extensive reports and documentation provided by the OECD is of utmost importance for monitoring the situation in developing countries and for providing them with personalised guidelines.

Other than that, some countries have individually tried to reform their bargaining status either by making it more centralised or not. This has been achieved by strengthening or weakening unions and reducing or increasing the governmental intervention. It should be noted that there is not only one way to boost bargaining coverage and there are many examples for that. For instance, coverage rate has been increased both in Argentina and in China but the model followed is completely different in the two countries.

## **POSSIBLE SOLUTIONS**

There are many aspects of the issue that need to be addressed. First and foremost, monitoring the situation in developing countries should be enhanced. Being able to see the bigger picture and understand how wages, working conditions, workers' engagement etc react to collective bargaining agreements can help identify each country's needs and how they can be satisfied. Also, this would enable comparison between different models and as a result their pros and cons would be weighed more easily.

Developing countries are intensely experiencing the rise of non-standard forms of labour. Consequently, there is a significant number of workers who not only is not covered by collective conventions but could also be neglected by the legislation. Both these issues have to be taken care of so that all workers can have equal rights to negotiating the terms of their work. Together with

these, informal economy is also a big part of developing economies, which should also be taken into consideration.

When low-level bargaining is selected, there is a high risk of reduced coverage rates. So, in cases where this model is desired, certain requirements could be set so as to ensure that the coverage rate remains intact.

Last but not least, collective bargaining in developing countries is perceived as an unimportant economic tool, whilst it is more of an occasion for social dialogue, which is extremely crucial in developing countries. This approach can be cultivated through campaigns to motivate workers to join labour unions and assert better cooperation with the employees. Besides collaboration between the contractual parties can only lead to better relations.

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