SOCIAL DIALOGUE AND CORPORATE SOCIAL RESPONSIBILITY IN BUSINESS OPERATION

PERSPECTIVE FROM LATVIA

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SOCIAL DIALOGUE
SOCIAL DIALOGUE

All types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy

Aim: to promote democratic cooperation between social partners to ensure social stability and to stimulate growth of economy

SOCIAL DIALOGUE

**Mechanism** – to promote better living and working conditions as well as social justice by balancing different interests

**Instrument** – a tool of good governance in various areas. To build efficient and competitive labour markets

**Relevance** - effort to make the economy more performing and more competitive and society in general more stable and more equitable

*Source: International Labour Organisation, www.ilo.org*
SOCIAL DIALOGUE

- Strong, independent representative workers' and employers’ organisations with the technical capacity and Access to the relevant information to participate in social dialogue

- **Political will** and **commitment** to engage in good faith in social dialogue on the part of all the parties

- **Respect for the fundamental rights** of freedom of association and collective bargaining (as enshrined in ILO conventions n.87 and n.98).

- Appropriate **institutional support**

The representatives of the social partners should be **recognized as equal partners** by each other

SOCIAL DIALOGUE

**Tripartite** - with the government representatives as an official party to the dialogue with employers’ and workers’ organizations

**Bipartite** - relations only between labour and management (or trade unions and employers' organizations, with or without indirect government involvement

**Informal or institutionalized**

At the **national, regional or local level**

**Inter-sectoral, sectoral or at enterprise level**

*Source: International Labour Organisation, www.ilo.org*
EMPLOYERS’ CONFEDERATION OF LATVIA (LDDK)
EMPLOYERS’ CONFEDERATION OF LATVIA (LDDK)

- The largest employers’ organisation in Latvia
- Partner in socioeconomic negotiations with Parliament, the Government and the Free Trade Union Confederation of Latvia (LBAS)
- Unites 63 branch and regional employers’ organizations, as well as 109 enterprises that employ over 50 people
- Members of the LDDK employ more than 41% of employees in Latvia and bring together more than 5,000 companies.
LDDK MEMBERS
LDDK MISSION
To represent the interests of Latvian employers for business competitiveness, the quality of work and life

LDDK AREAS OF ACTIVITY
Protecting the interests of business people and representing employers in social dialogue
INTERNATIONAL COOPERATION

- Represented in the International Labour Organisation (ILO)
- Member of the International Organisation of Employers (IOE)
- Observer at the Business and Industry Advisory Committee (BIAC) to the OECD
- Represented in the European Economic and Social Committee (EESC)
- Member of the European Business Confederation BUSINESSEUROPE
- Member of the Baltic Sea Labour Forum
INTERNATIONAL COOPERATION

**INTERNATIONAL LABOUR ORGANIZATION (ILO)**

The main goal of ILO when defining international labor rights is to promote social equity and observing of international labor rights within the frameworks of social dialogue.

**BUSINESSEurope**

The LDDK is a member of the European Business Confederation (BUSINESSEurope), representing the interests of Latvian companies in the context of EU social dialogue, as well as to protect and strengthen the competitiveness of European enterprises.

**EESC.EUROPA.EU**

**EUROPEAN ECONOMIC AND SOCIAL COMMITTEE**

LDDK representatives are part of the employer working group of the EESC, making a contribution toward enhanced links between European policies with economic, social and civic reality in Latvia.

**WWW.BIAc.ORG**

**BIAC**

The LDDK has observer status at the Business and Industry Advisory Committee to the OECD, and it is represented at various political committees and working groups there. This provides timely information about OECD policy initiatives and how they affect entrepreneurship and manufacturing.

**WWW.IOE-EMP.ORG**

**IOE**

The LDDK is involved in the work of the International Organisation of Employers to ensure that employment and social policies that are established at the international level facilitate entrepreneurship and the creation of new jobs.

**WWW.BUSINESSEUROPE.EU**

**THE BUSINESS CO-OPERATION COUNCILS OF THE LDDK**

The LDDK has established several business co-operation councils to allow members to resolve essential issues faced by businesspeople in two countries, doing so at the government level in both nations. The format of co-operation councils involves close bilateral co-operation with the organisations of employers in the relevant countries and with their own co-operation councils.

Currently, LDDK has created six co-operation councils:

**WWW.LEPLDDK.LV**

**THE INTERNATIONAL COORDINATING COUNCIL OF EMPLOYERS’ UNIONS, (ICCEU)**

The aim of this organisation and the LDDK is to strengthen co-operation among organisations which represent employers.
INTERNATIONAL AND EUROPEAN FRAMEWORK OF SOCIAL DIALOGUE IN LATVIA
## International legal basis

<table>
<thead>
<tr>
<th>Year of adoption of ILO convention</th>
<th>No.</th>
<th>Convention</th>
<th>Ratified by the Republic of Latvia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948</td>
<td>No.87</td>
<td>Freedom of Association and Protection of the Right to Organise Convention</td>
<td>4 May 1990</td>
</tr>
<tr>
<td>1949</td>
<td>No. 98</td>
<td>Right to Organise and Collective Bargaining Convention</td>
<td>4 May 1990</td>
</tr>
<tr>
<td>1971</td>
<td>No.135</td>
<td>Workers' Representatives Convention</td>
<td>4 May 1994</td>
</tr>
</tbody>
</table>

Source: [http://www.lbas.lv/social_dialogue](http://www.lbas.lv/social_dialogue), 2013
SOCIAL DIALOGUE IN LATVIA

European Union framework

- **Accession to the EU** in 2004 - a binding Treaty on the Functioning of the European Union (art. 151-156) to contribute actively to
  - designing European social policy
  - promotion of dialogue between management and labour
  - involvement of social partners in decision-making and in the implementation process

- **Participation in European social dialogue**: members of European social partners, such as European Trade Union Confederation (ETUC) and Confederation of European Business - BUSINESSEUROPE
European Union framework

- Implementation of European social partner agreements as part of EU legislation on:
  - Parental leave (1996)
  - Part-time work (1997)
  - Fixed-term contracts (1999)

- Implementation of Framework of Actions adopted by the European social partners on:
  - Telework (2002)
  - Lifelong learning (2002)
  - Gender equality (2005)
  - Harassment and violence at work (2007)
  - Inclusive labour markets (2010)
  - Youth employment (2013)
SOCIAL DIALOGUE AT NATIONAL LEVEL IN LATVIA
SOCIAL DIALOGUE IN LATVIA

- **Tripartite social dialogue** since 1993
  - Tripartite Consultative body of employers, state and trade unions (1993)

- **Partners of social dialogue** with the Cabinet of Ministers
  - Employers’ Confederation of Latvia (LDDK) – established in and acts on the basis of Law on trade unions (1990)
  - Free Trade Union Confederation of Latvia (LBAS) – established in 1993 and acts on the the basis of Law on Employers’ Confederations and their unions (1999)
SOCIAL DIALOGUE IN LATVIA

Tripartite social dialogue

- **National Tripartite Co-operation Council (1998)**
  - Co-ordination of settlement of social economic development issues
  - Compliance with interests of society and the state
  - Social stability, increase of welfare and economic growth
  - Chaired by the Prime Minister, LDDK and LBAS (2006)

- **Agreement on the social economic partnership among Cabinet of Ministers, LDDK un LBAS (2004)**
TRIPARTITE SOCIAL DIALOGUE

Channel to improve business environment

THE NATIONAL TRIPARTITE CO-OPERATION COUNCIL (NTSP)
Representatives of the LDDK, LBAS and Cabinet of Ministers

NTSP SECRETARIAT

Tripartite Cooperation Sub-Council on Professional Education and Employment
(PINTSA)

Tripartite Cooperation Sub-Council on Labour Issues
(DLTSN)

Sub-Council on Social Security
(SDA)

Sub-Council on Health Care
(VANA)

Tripartite Cooperation Sub-Council on Transport and Communications
(TSNTSA)

Tripartite Cooperation Sub-Council on Environmental Protection
(VALTSN)

Tripartite Cooperation Sub-Council on Regional Development
(RATSN)

Tripartite Cooperation Sub-Council on Public Safety
(SDTSN)
SOCIAL DIALOGUE IN LATVIA

Bipartite social dialogue

- **Labour Law** (2002): of legal framework of bipartite social dialogue between national level trade unions and employers’ associations (General Agreements)

- **General Agreement** between Employers’ Confederation of Latvia (LDDK) and Free Trade Union Confederation of Latvia (LBAS) signed in 2004, renewed in 2007 and in 2013

  ✓ Includes also commitment to implement at the national level, the European social partners’ agreements

  ✓ Contribution to joint reports of the European social partners on achievements and failures in the implementation of European social partners agreements at the national level
SOCIAL DIALOGUE IN LATVIA

Bipartite social dialogue

- **General Agreement** between Employers’ Confederation of Latvia (LDDK) and Free Trade Union Confederation of Latvia (LBAS)

  - 2004: Commitment to cooperate in number of areas – setting a minimum wage, health and safety at work, vocational education etc.
  
  - 2007: Aimed at sustainable development of Latvian economy, favorable social economic conditions, welfare of people, improving work relations and work environment, strengthening organized civil society.

  - 2013: Aimed at sustainable development of Latvian economy, rising labor productivity, continuing structural reforms, creation of products and services of high added value to ensure competitive working places and adequate wages.
Labour Law (2002) establishes the legal framework of bipartite social dialogue between national level trade unions and employers' associations (General Agreements).

General agreement between LDDK and LBAS signed in 2004, renewed in 2007 and in 2013.

SOCIAL DIALOGUE IN LATVIA
SOCIAL DIALOGUE AT REGIONAL LEVEL IN LATVIA
The aim

- Promote development of **regional social dialogue** and to increase social partner participation in policy development and implementation
- Priority: targeted investments in infrastructure and balanced regional development

Main activities

- Creation of 5 regional bodies of the LDDK in major cities
SOCIAL DIALOGUE STRUCTURES IN LATVIA

LDDK regional employers' consulting centers

Cities which LDDK has made an agreement with about promotion of social dialogue in the region
SOCIAL DIALOGUE AT WORK PLACE IN LATVIA
ESF PROJECT: APPLICATION OF LEGISLATION OF LABOR RELATIONS AND LABOUR PROTECTION IN SECTORS AND ENTERPRISES

The aim

- Practical implementation and reduction of violation of labor law and health and safety at work
- Promoting socially responsible business conduct, thereby reducing illegal employment

Main activities

- Seminars and consultations
- Studies and information materials
- Evaluation of work places
Impact

- Prevention of violations of labour law and health and safety at work
  - Resolved conflicts between employers and employees avoiding litigation
  - Risks at workplace eliminated - responsible approach of employers to health and safety at work
  - Investments in health and safety at work

- Access to expertise and substantial cost saving for employers in all regions of Latvia
  - Great demand for the service in the future
COLLECTIVE AGREEMENTS

- Survey among LDDK members 2013:
  - 43% have/ used to have trade union
  - 57% doesn’t have trade unions
  - 64% doesn’t have collective agreement
  - 36% have collective agreements

**The trend:**

Where there is a trade union, almost always there is a collective agreement

Enterprise-based agreements are developing fast

Source: Survey among LDDK members - 66 enterprises and 50 entrepreneurs from employer organisations (LDDK, 2013)
SOCIAL DIALOGUE AND CORPORATE SOCIAL RESPONSIBILITY
SOCIAL DIALOGUE AND CORPORATE SOCIAL RESPONSIBILITY

Companies *voluntarily* going beyond what the law requires to achieve social and environmental objectives during the course of their daily *business activities*

The **responsibility of enterprises** for their impacts on society

Part of favorable *international investment* environment
CORPORATE SOCIAL RESPONSIBILITY: COMPANIES IN LATVIA

CEMEX

Relations with the chain of suppliers and performance control mechanism in the area of labour protection - health and safety at work

CĒSU ALUS

Engagement of **staff** in defining business strategy and **making decisions** in the company

Source: http://www.am.gov.lv/data/file/daiga%20ozoli%C5%86a%20pun%C4%81ne%20c%C4%93su%20alus.pdf
CORPORATE SOCIAL RESPONSIBILITY: COMPANIES IN LATVIA

SIEMENS

Code of conduct of ethical business and care for reputation through internal management system of dealing with corruption risks

CORPORATE SOCIAL RESPONSIBILITY: COMPANIES IN LATVIA

LATVENGERGO

Activities aimed at children electricity safety, environmental protection and energy efficiency, support to education and science in energy sector, preserving industrial heritage

Source: http://www.am.gov.lv/data/file/ingr%C4%ABda%20l%C4%81ce%20latvenergo.pdf
CORPORATE SOCIAL RESPONSIBILITY: COMPANIES IN LATVIA

Nordea Bank

Reduction of waste paper and CO2 emissions, saving electricity and heat = to be green means saving resources and satisfying employees

CORPORATE SOCIAL RESPONSIBILITY LINK TO BUSINESS OPERATION

- High customer satisfaction and loyalty
- High employee motivation and productivity
- Better relations with the public and state institutions
- Strengthened market position in countries of operation
- Increased value of the brand and reputation of the service

Source: http://www.am.gov.lv/data/file/ingr%C4%ABda%20l%C4%81ce%20latvenergo.pdf
SOCIAL DIALOGUE AND BUSINESS ENVIRONMENT
DOING BUSINESS RANK 2014
LATVIA AND UKRAINE

Ease of Doing Business Rank

Resolving Insolvency
Starting a Business
Dealing with Construction Permits
Enforcing Contracts
Getting Electricity
Trading Across Borders
Getting Credit
Paying Taxes
Registering Property
Protecting Investors

Source: "Ease of Doing Business" rank (out of 189 economies), http://www.doingbusiness.org/
## DOING BUSINESS RANK 2014
### LATVIA AND UKRAINE

<table>
<thead>
<tr>
<th>Category</th>
<th>Latvia 2013</th>
<th>Latvia 2014</th>
<th>Ukraine 2013</th>
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<tbody>
<tr>
<td>Ease of Doing Business Rank</td>
<td>24</td>
<td>24</td>
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<td>112</td>
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<tr>
<td>Starting a Business</td>
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<td>57</td>
<td>50</td>
<td>47</td>
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<tr>
<td>Dealing with Construction Permits</td>
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<td>186</td>
<td>41</td>
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<td>Getting Electricity</td>
<td>89</td>
<td>83</td>
<td>170</td>
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<tr>
<td>Registering Property</td>
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<td>158</td>
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<td>Getting Credit</td>
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<td>Paying Taxes</td>
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<td>46</td>
<td>43</td>
<td>157</td>
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PERSPECTIVES OF SOCIAL DIALOGUE IN LATVIA
FURTHER DEVELOPMENTS (1)

- Improving **business environment** and strengthening **sectorial** associations
- Social dialogue in particular sectors
  - metal working, wood industry and food production
  - chemical industry and its related industries, production of electric and optical equipment, construction, transport and logistics

FURTHER DEVELOPMENTS (2)

- Basic law for social dialogue regulation needed
  - Specific definition on the social dialogue
  - Basic principles and decision-making mechanisms
  - State’s role
  - Employers’ and workers' action mechanism

Prevent the often misunderstanding of the term "social dialogue" and "lobbying“

Highlight the necessity of the bipartite and autonomous social dialogue for the society as a whole – competitiveness and efficient labour markets, rather than the interests of a particular group

THANK YOU FOR ATTENTION

www.lddk.lv    www.lobijs.lv
ADVICE TO MEMBERS    INFORMATION FOR THE PUBLIC

BUSINESSEUROPE    BIAC
The Voice of OECD Business    OECD
INTERNATIONAL ORGANISATION OF EMPLOYERS

Employers' Confederation of Latvia