



The Arab Labor Organization

# Summary of Item One

## Report of the Director General of the Arab Labor Office

### Labor Relations and Sustainable Development Requirements





## Introduction

As we stand at the threshold of the third decade of the twenty-first century, and as nations gather pace to print their signatures on the map of scientific and technical development, as well as the Fourth Industrial Revolution, we hope to follow suit for a better Arab future. We look forward to an Arab future that sees production-state as a must to build a comprehensive renaissance and achieve the desired Arab integration in which the Arabs enjoy a decent life.

In this report, we sketch a cross-section map of the realm of the Arab labor market and the future of production forces in light of performance indicators and competitiveness within a framework of labor relations. Meanwhile, we offer a suggestion for non-traditional labor relations on the road to sustainable development that keeps pace with development and contributes to the economic and social development of Arab societies in a comprehensive, integrated, and balanced manner.

The report goes beyond diagnosing the size of the structural gap in labor relations in the Arab world, its impact on growth rates, poverty and unemployment rates, the groups most vulnerable to violations of their rights, and the implications of poor coordination between education outputs and labor market needs. It tackles the role of labor relations in finding solutions to the new patterns of work during the era of automation and e-governments, the shift towards knowledge economy, industrial intelligence and teleworking. All these patterns require updating labor relations to accommodate the developments in the new forms of work, such as temporary work, home-based and telecommuting work. These patterns require consequent layoffs to large numbers of workers and replace them with machines and electronic packages. Therefore, the most significant challenge to labor relations is providing satisfactory social protection for these workers.

The report suggests a number of realistic solutions to new obstacles that prevent us from activating the principle of official partnership with the civil society, so that the qualitative

dialogue between the parties to the production process includes all the developments in the labor market. These forces are, collectively, the institutional arm that guarantees achieving, planning, executing, monitoring, and evaluating sustainable development. Good labor relations are a long-term investment in development and social peace, and in particular in the eighth goal dedicated for promoting sustained, sustainable, and comprehensive economic growth and availing decent work for all.

Enhancing economic growth, improving the use of resources, and increasing productivity rates shall necessitate redoubling efforts to further develop the business environment in the Arab countries, develop investment opportunities, and continue reforming the investment environment. This can be achieved by developing legislations governing the business environment, and comprehensively develop investment incentives, especially those relevant to investment in the knowledge economy. This cannot be achieved without updating the methods and approaches of labor relations. This

report seeks to open the prospects for constructive dialogue on this subject within the framework of the 46th session of the Arab Labor Conference.

We are looking forward to your valuable remarks that shall enrich discussions and augment dialogue between the conference participants to reach results that meet our ambitions and needs to secure a better labor future within the framework of achieving the goals of Sustainable Development 2030.

**Thank you,**

**Fayez Ali Al-Mutairi**

**Director General**

## Introduction

Features and characteristics of economic and social variables became apparent and accelerated so that their effects have become evident on the Arab economies, especially in the labor market. This led to changes in the type of required labor, available job opportunities, and the nature of labor relations. The decline in growth rates in the Arab countries exacerbated wage problems, as well as the conditions and environments of labor relations. This requires the promotion of joint Arab action= and the creation of effective production policies that create employment opportunities, deal with the new labor patterns, provide decent working conditions and environments, establish labor relations based on dialogue and negotiation between the parties of production, and support the roles of trade unions, employers' organizations, and civil society organizations.

The report also investigates the realm of economic development and variables in social patterns associated with

market fluctuations in the Arab world based on data issued by a number of Arab and international institutions and organizations. It also tackles legislations and patterns that reflect unbalanced labor relationships, where the worker is more vulnerable to violations of rights, guaranteed by Arab Labor Standards. Further, the report reviews within a comprehensive framework the role of labor relations and their assumed contributions to achieving sustainable development. It also provides explanations and solutions on best practices and policies to improve the status quo and carry out the sought reform to Arab labor markets. This can be achieved as a part of national strategies and through participatory processes with civil societies that include all parties to the production process to achieve the eighth goal of sustainable development, dedicated to promoting sustained, sustainable and comprehensive economic growth, full and productive employment, and decent work for all.



## **Theme One:**

### **Economic and Social Variables in Arab countries and Meeting Sustainable Development Needs**

The impact of economic, political and technological variables in the world has been reflected in the Arab economy. Their negative impacts have affected both labor relations and the labor force, and therefore unemployment rates increased. Major developments in ICT have created a further challenge to traditional employment in the Arab countries and changed the nature and characteristics of jobs. As a result, new work patterns are created, and this necessitates keeping pace with the Arab labor standards and national legislations to alleviate the negative repercussions of these changes and maximize the benefits that guarantee improvements of Arab economic conditions and duly achieve social justice.

## **I. Sustainable Development 2030: Concept and Reality**

To achieve the goals and objectives of sustainable development, it is necessary to identify the priorities of Arab governments and to determine how far they are ready to create the conditions that contribute to achieving these objectives. This should come in line with both the reality and the needs, while adopting an integrated approach that deals with policies of investment, education, training, social protection, and monetary policies from the perspective of labor relations.

## **II. Requirements of the 8<sup>th</sup> Goal of Sustainable Development 2030:**

Achieving the 8<sup>th</sup> sustainable development goal requires first making a number of achievements on the ground according to the following:

**1. Maintaining economic growth, improving efficiency in using resources, achieving higher levels of economic productivity through diversification, upgrading of technology, and innovation**

Arab GDP growth rates declined significantly in the last decade. The main reasons for this were the decline in the economic situation in many Arab countries, the crises that affected some of them, instability of oil prices worldwide, which affected oil trade in the Arab countries. Reasons also include the decline of direct foreign investment, and the decline of the tourism sector, which is a major source for GDP growth in many countries in the region.

Enhancing economic growth, improving resource utilization, and increasing productivity needs redoubling efforts to develop the business environment in the Arab countries. Further, this works to develop investment opportunities that serve national objectives, and continue to reform the investment climate in a way that enhances investor confidence, and to invest in the knowledge

economy that will drive economic production, use information technology and its applications, achieve pan-Arab regional integration, and promote the use of public-private partnerships.

## **2. Promoting development-oriented policies (micro, small and medium-sized enterprises) and their growth**

SMEs contribute positively to GDP and provide a large proportion of total employment in emerging economies and developing countries. These projects are expected to be engines of economic growth in the coming decades. Growth and sustainability of these projects need support in the coming years and improving the capabilities of innovation, creativity and leadership, and the increase of their competitiveness in domestic and export markets.

## **3. Achieving decent work, protecting labor rights, and creating safe working conditions for all workers**

Significant challenges facing Arab countries include overpopulation and high unemployment rates, which differ

from one country to another, especially unemployment of youth and women, and the difficulties faced by persons with disabilities in reaching employment opportunities.

### **Promotion of women's participation in the labor market**

Reviewing policies, legislations and procedures related to women's work is crucial to increase the economic participation of women, and to provide a general framework and a legal environment that contribute to supporting women participation in the labor market. This helps enabling civil society institutions to play their vital role in monitoring the rights of workers, and putting in place effective mechanisms with official bodies for preserving women's rights, addressing gender-related disparities in wages for similar work, integrating women through specialized training programs, and encouraging women to establish small projects suitable for their social conditions.

### **Eliminating the phenomenon of child labor**

The phenomenon of child labor is linked to the high rates of poverty and unemployment worldwide and to the dropout of education. The commitment to the implementation of Arab and international labor standards contributes to combating child labor and forced labor. Perhaps what limits the influx of children to the labor market is the need to develop legislations and its implementation procedures, improving the scope of education available to the poor, and the use of "positive" economic incentives.

### **Protecting workers' rights and providing a safe working environment**

Measures should be taken to protect the rights of workers and provide a safe working environment. This can be achieved through the application of the Arab Labor Organization's basic standards and rights at the national level, promoting policies and procedures that guarantee the improvement of working environment for the

prevention of occupational injuries and diseases, the development of criteria for effective application, and classification of all institutions (high, medium, and low) in accordance with these standards. This also includes enhancing the capacities of the monitoring bodies, their cadres and tools, providing detailed data on the labor market in the Arab countries, updating them continuously, and making them available to all parties.





## **Theme Two:**

### **The Realm of Labor Relations in the Arab countries**

#### **I. Arab labor legislations: their role and compatibility with Arab standards**

The importance of developing legislations that govern labor relations and collective bargaining is a result of the emergence of new employment patterns, the abolition of millions of jobs, and the creation of non-traditional labor relationships, in which the legal protection of workers is reduced significantly due to the industrial and technological revolution.

Despite the remarkable development in the Arab labor legislations and the compatibility of most of them with the Arab labor standards, more work is required to harmonize legislation and labor standards concerning the settlement of collective labor disputes and the promotion of collective bargaining between the parties of production.

## **1. Individual Labor relationships**

The Arab Labor Organization seeks to promote labor relations issues. Most of the labor legislation in the Arab countries has followed the same path. However, some labor relations issues have not been tackled or discussed in some legislations.

Further, some Arab labor legislations excluded categories of workers such as domestic workers, agriculture workers, street salespeople and others.

## **2. Collective Labor relationships**

Most Arab labor laws tackled the issue of collective bargaining, but there are disparities. Some Arab countries deal with collective bargaining as a distinct system and separate from collective agreements, while others make the negotiation method the only way to conclude collective labor agreements through only trade unions, not any other body representing workers at workplace. Others focus on the mandatory aspects of collective labor-dispute

settlement procedures that should be followed by the conflicting parties and their representatives.

### **3. Trade unions**

The recognition of trade union rights for labor relation parties and the organization of the exercise of these rights in the Arab countries, such as collective bargaining, social dialogue and consultation, is in the interest of all parties. This is positively reflected in the working environment as the procedures for resolving collective disputes at the time of their occurrence are very expensive. We may not need them if we adopt a preventive approach that may limit them by direct amicable negotiations and permanent consultations regarding work, whether at the institution, sector or national levels.

## **II. Status of Arab practices in promoting labor relations, dialogue, collective bargaining and solving collective labor disputes**

### **1. Issues of conflict and means of prevention**

Labor relations in the Arab countries vary to include all aspects of the work. These are issues related to the endeavors of workers and their unions to achieve benefits for a better life or more just. These issues include:

**A. Wages:** Many Arab legislations have set a minimum wage, while most of them prohibit discrimination in wages. However, non-compliance with these provisions to protect wages and the fragility of government procedures in monitoring this have sometimes contributed to a weak implementation of these rights on the ground, and duly led to an increase in the volume of disputes, individually and collectively.

**B. Work hours and vacations:** Arab labor legislations set daily and weekly work hours and holidays (weekly,

official, religious, and annual holidays as well as sick leave). However, cases of failure to comply with the relevant provisions and lack of clarity of some provisions require working on developing relevant legislative texts and activating the supervisory role of the concerned government bodies.

**C. Occupational Safety & Health and Work Environment & Conditions:** Arab labor laws have given great importance to the work environment and conditions, and to occupational safety and health. Most of them have taken the criteria set by the Arab Labor Organization into account. However, some of them still lack several technical aspects, which requires intensive follow-up of the latest scientific developments in this respect in light of the increasing risks and damages to the work environment and the number of work injuries.

**D. Labor Inspection:** The most common problems that face Arab inspection agencies include weakness of human and material resources of inspection bodies.

Therefore, labor inspection bodies must be given the deserved importance, and must be regularly updated and developed.

## **2. Collective bargaining**

Collective bargaining is an essential tool to improve work conditions and make available decent work in order to achieve social justice. In some Arab countries, though, collective bargaining needs greater attention, not to mention the role of the state, which often finds itself forced to respond to the demands of economic reform that require to free the markets and attract investment. This, in some cases, contradicts with the protection the state is supposed to provide to workers and employers alike.

**Theme Three:**  
**Towards a better labor-relations future**  
**in light of economic and social changes**

**I. Effect of economic growth decline**

In a number of Arab countries, the decline in economic growth is reflected in the nature of labor relations and how far decent work is achieved. This is particularly due to high rates of youth unemployment, low rates of economic participation of women, decline in employment opportunities in the public sector, the tendency towards labor market flexibility at the expense of job stability, and expansion of the informal economy. The past decades have seen low growth and high unemployment, which is alarming. Under these economic conditions, the social protection bases of individual legislation and bargaining are affected. Broad unemployment has weakened the ability of workers to negotiate individually and to accept conditions of

employment that do not meet their minimum anticipated privileges.

## **2. New labor patterns**

It is necessary to develop the elements of labor relations sufficiently to accommodate the growth and development of new labor forms and patterns, in which workers lack legal protections and most of them are kept out of the formal economy. Measures must be taken to reduce the exploitation of economic and social conditions of some families, to employ women and children in traditional occupations in low wages, and to guarantee the rights of telecommuter workers who do not receive wages equal to the work done, and workers who work for defined hours and do not have insurance or social protection. It is necessary to enact regulations and instructions agreed by the parties of production in the Arab countries, and strengthen the collective labor relations in such a way to provide the necessary protection for this type of modern economy.



### **3. Impact of technological development**

The essence of technology is that it provides opportunities to create new jobs, increase productivity, break old production patterns, develop new business models, reduce office jobs and replace them with new types of employment. However, there are concerns about the future. Concerns are present on the sweeping impact of technology on employment, the emergence of a "temporary jobs economy" that contributes to reduce working conditions, the disappearance of jobs in the manufacturing sector due to automation, and changing the way and the conditions in which people work. This raises concerns about income instability and lack of social protection. This also requires governments to pay more attention to provide a minimum of guaranteed comprehensive social protection, reform labor-market rules, promote dialogue and consultations between labor parties, and activate negotiation tools to reach the best ways to ensure decent working conditions for workers in the sectors most vulnerable, and provide the necessary protection for them.

## **Technical Imperatives and Knowledge Economy**

Many Arab countries have concerns about the implications of the new employment patterns on their economies. This explains the absence of Arab legal regulations that organize teleworking in all its aspects and in the approach to the digital knowledge economy. This new type of labor relations still lacks legal guarantees, including minimum level of job stability. However, this legitimate concern can be overcome by enacting new labor legislations that take into consideration the nature of these professional relations and provide them with all necessary legal guarantees.

### **4. Informal economy**

It is not possible to talk about a better future for labor relations without finding effective solutions to the so-called informal economy. It is necessary to diagnose the size of this problem in the Arab countries and to know the nature and fields of the informal economy, which is governed by bad labor relations that lack legal guarantees. It is also necessary to provide data, figures and statistics to build clear and accurate future policies

on the economic and social fronts, and to develop and modernize labor legislations in order to increase tax revenues from the activities of this economy in favor of the public treasury. This also aims at creating social protection systems for workers to guarantee stable labor relations.

### **5. Importance of guaranteeing ideal labor relations**

It is important to maintain ideal labor relations based on active participation of state institutions with parties of production and civil society institutions to formulate and manage policies and decisions at the local level. This helps ensure that the concept of good governance is firmly established.

This requires a careful consideration of Arab labor laws. It is necessary for the state to organize direct and balanced dialogue at the tripartite level through mechanisms that guarantee to all parties the freedom of expression and protection of their interests.

## **6. Social dialogue**

Investment of the function of social dialogue and development of its tools creates paths and understandings that respond to the interests of different parties of production. This guarantees to employers that their interests are respected through increasing and development of productivity, and to workers that their rights are preserved and that they have an appropriate working environment and social protection.

Therefore, the state should review the provisions governing the rights and freedoms of trade unions as well as the applicable legislations in accordance with Arab labor standards. The state should also give the parties of the labor relation the right to all forms of collective relations such as dialogue, consultation, voluntary negotiation, settlement of collective disputes and enactment of policies to prevent conflicts without state interference or pressure on one side or the other, whether through legal texts or through other practices.

## **7- Role of the three production parties**

Cooperation between the three production parties plays an important role in reaching agreements on appropriate legislative frameworks for the organization of social dialogue and labor relations. It also plays a role in the formulation and implementation of policies and programs on the ground to contribute to development and to advance investment. This enables the implementation of the objectives of sustainable development and achievement of results for the development of economic growth, social integration, and welfare of individuals and communities.

### **Role of the public sector**

The most prominent reasons for the reluctance of job seekers in many Arab countries to go to work in the private sector is the instability of labor relations, and non-compliance with labor legislation. Therefore, they prefer to work in the public sector because they see it as a safe haven to achieve job stability, even if the benefits and salaries are far less than what is offered in the private sector. This has made the public sector

submerged in a way that negatively affects state budgets, most of which go as monthly salaries to public employees. Therefore, effective labor relations must be built to achieve growth and create new jobs.

### **Orientation for employment purposes**

Levels of qualitative dialogue and coordination between the parties to the production process are still limited, particularly among governments and employers. with regard to the culture of education and labor market needs. The weakness of labor relations in this context is reflected in the mismatch of education outputs with labor market requirements. This leads to an increase in the numbers of unemployed, or push them to work in the informal economy in fields unrelated to their area of competence.

### **8. Prevention mechanisms for labor disputes:**

The role played by labor disputes is undeniable in certain cases in protecting the rights of workers, achieving their gains, and maintaining balance between labor parties, especially in

light of the weak legislative provisions guaranteeing these rights. However, the negative effects of these conflicts and their economic cost make it necessary to consider enacting the means to reduce labor disputes, as much as possible, through the promotion of direct and friendly negotiation and the development of dispute settlement mechanisms.

**Social Insurance:**

Labor relations cannot develop while workers lack protection against occupational and social hazards, and without basics of decent labor relations. Advanced social protection systems contribute directly to the establishment of stable and developed labor relations. Therefore, every deterioration in social protection systems will result in tense and unstable relations as social protection guarantee against occupational hazards and in the case of illness, disability or retirement is an incentive that encourages employment in the formal economy, even at low wages. In order to develop labor relations, it is necessary to enact the social insurance network to apply it to its subjects and those who escape it, and to expand it to include those who are outside it.





## Conclusion

- The economic and social changes as well as the accelerated scientific and technological developments have caused great changes in the Arab economy. This has reflected its negative effects on labor relations and labor force and has led to high rates of unemployment and the emergence of labor disputes. Therefore, it is necessary to diagnose the reality based on a scientific way, formulate policies suitable to conditions, enact a partnership between the parties to the production process, enhance their roles to create decent working conditions, and establish labor relations based on dialogue and negotiation between these parties.
- The withdrawal of foreign investments from some Arab countries or movement of the majority of foreign investments to the financial sector, services and public sector institutions, i.e., 'privatization' led to layoff of large numbers of workers and an increase of unemployment

rates and discouraged employment. Therefore, economic systems need to be reformed to provide the infrastructure necessary for good investment, facilitating procedures for establishing businesses and reducing costs required to create employment opportunities based on decent work.

- The Arab countries should move towards continuous learning and relying on knowledge and technology as a basis for producing high value and distinctive goods and services, creating labor relations that accompany these developments and providing social and legal protection for workers under the new work patterns and the development of technology and knowledge economy.
- Lack of accurate data on labor market indicators related to labor relations has led to weak economic and social policy formulation and legislation development. Therefore, action should be taken to provide a detailed database of Arab countries that will be regularly updated so that policy makers and decision makers can formulate reality-based Arab policies.

- Recent developments in the labor world have led to inconsistencies in some legal laws and regulations issued under the provisions of Arab Labor Conventions and Recommendations and Arab labor laws. As a result, more efforts must be made to enact and keep abreast of the normative Arab action to these developments, leading to legislative harmonization at the Arab level, improving labor relations, and opening new horizons for the three production parties in the application of labor standards.
- Enhancing the role of collective bargaining and the organization of collective dialogue of the three production parties is a more effective tool and means for reaching decent work and achieving social justice for workers. It can create flexible labor relations that balance the rights of both workers and employers.