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## **Labour, Growth and Development**

### **Title:**

DECENT WORK ENTERPRISE INDEX:  
A METHODOLOGY TO ANALYSE THE RELATION BETWEEN  
SOCIAL DEVELOPMENT AND ECONOMIC GROWTH

### **Authors:**

Ana Yara Paulino, Maria Lúcia Vilmar, Ronaldo Baltar\*,  
Instituto Observatório Social (IOS) - Brasil

### **Introduction**

The economic growth is not a guarantee for human or social development. One way of discussing the relation between social development and economic growth is to bring the real labour conditions into the analysis of this phenomenon. The concept of decent work promoted by International Labour Organization (ILO) is an important approach for this purpose. This concept differs from various other approaches that address the problem of social development strictly to the balance between government and business actions that result on employment or improve the employability.

Based on the concept of decent work, this paper aims to present the current methodological discussion carried out by Social Observatory Institute (IOS)<sup>1</sup> to develop a Decent Work Index with the purpose of verifying and monitoring the quality and conditions of work at enterprise level in Brazil. Behind the methodology, the objective of Social Observatory is to raise a discussion about how Brazilian trade unions and labour organizations can interfere with the business and government policies, using the decent work dimensions. The intention is to build a reflection if and how decent work dimensions can be used as a parameter that is able to keep the social development connected to economic growth.

The Social Observatory Institute is an organization that studies and analyzes the behavior of multinational, national and state companies in relation to the fundamental rights of workers, according to ILO conventions. Information about whether companies respect internationally recognized rights is of public interest. Therefore, it is not enough for the companies themselves to present their reports. Other organizations must conduct inspections and publicize the information. This is

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\* Sociologists, Instituto Observatório Social (IOS) – Brazil. E-mails of the authors: [anayara@os.org.br](mailto:anayara@os.org.br); [marilu@os.org.br](mailto:marilu@os.org.br); [ronaldo@os.org.br](mailto:ronaldo@os.org.br).

<sup>1</sup> The Social Observatory Institute (IOS) is an initiative of CUT Brasil in cooperation with CEDEC (Center of Studies of Contemporary Culture), DIEESE (Inter-Union Department of Statistics and Socio-Economic Studies) and UNITRABALHO (Inter-University Network of Studies and Researches on Work).

the Observatory's purpose, that is, to establish dialogue among unions, consumers and companies.

The basic instrument used by Social Observatory to reach this purpose is the analytical studies about the corporation's behavior related to the application of social and labour standards. The researches, conducted by Social Observatory, are made at the work place and involve workers, unionists and the companies' administrative personnel. Since July 2006, the IOS researcher's team started a series of workshops and discussion about how to measure the decent work dimensions. The idea is to build a Decent Work Index at Enterprise Level that supports the dialogue and improve the Social Observatory's researches at work place level. This paper is the result of those discussions and its intention is to remark the importance of incorporating workers and trade unions' viewpoint when thinking about measuring how decent the work can be.

Three topics are discussed in the paper. First, what is treated on the paper is about the ILO strategic objectives of decent work as a possible understanding of social development. The objective of ILO in promoting the idea of decent work is to influence policies at national level that improve the employment of quality, social security, rights at work, and better representation in favor of all. It means that the concept of social dialogue is reinforced. The question is how decent work dimension can be linked to human or social development. The connection appears when the study is focused on the factories practices related to decent work dimensions and the unions actions to promote the better conditions of work.

The second topic discusses the different meanings the concept of decent work has for labour movement in Brazil, specially the trade unions affiliated with Central Única dos Trabalhadores (CUT; in English, Single Central of Workers). This part argues that, from one side, the private capital has difficulties in adopt decent work dimension integrally. So, the enterprises avoid establishing self-restrictions that could reduce its competitiveness on the global market as a possible consequence of the introduction of decent work at its workplace. On the other side, trade unions leaders and workers have different understanding about decent work and its dimensions. The challenge was to build a methodology that was able to integrate unions, workers and enterprise personnel in a process of verification of decent work inside the factory's plants.

The last topic intends to present an index of decent work at enterprise level. The result of researches involving union leaders, workers and enterprise administrative staff is mathematically combined and presented as a synthetic number that represents the positive or negative distance between a real work condition in a factory and the standard decent work enterprise. The index is an instrument for planning actions, to make and evaluate policies and to analyze if the economic growth is really creating human and social development.

### **Decent Work as a possible understanding of social development**

The diagnosis presented by the general director of ILO, Juan Somavia, on the 87<sup>th</sup> meeting of the International Conference of Work, on 1999, shows how, in a global economy, the competition between countries and regions and, thus, the adoption of new technologies and management practices between the companies have produced negative effects on the labour world. According to the document, the need of adjustment of the economic policies and the adjustment of the companies resulted on "the reduction of the remunerations, of temporary workers and the requirement of more sophisticated skills for hired workers". In this regard, in addition to the unemployment, such measures resulted in the increase of the

informal work, in the worsening of working conditions, in less social protection, turn off, etc. (ILO, 1999).

According to such diagnosis, ILO proposed to create an agenda of the decent work based on the idea of freedom, and aiming the assurance of the so called fundamental rights, of security, employment and earnings and social dialog for the workers (formal, informal and excluded). And elected the expression Decent Work as the expression of its goals.

Again, on May, 2006, the report of the 16<sup>th</sup> Regional Meeting of the countries of the Latin America and Caribbean, taken place at Brasília (BR), by ILO, bring in that, "the strategy of growth adopted in the last years of the millennium to the region, strongly based on the increase of export transactions, have been having positive results in the exportation of some products and in some segments of the labour market, although it is still insufficient to change significantly the most important structures the labour market and create work opportunities for everyone" ILO, (2006). So, it is needed to grow more and better. And it puts the compliance of the standards about fundamental rights on work as the first of the five strategic goals to be reached by the parties (government, employers and workers). According to the document, 69% of the countries of the region have ratified eight conventions of fundamental rights of work (which is considered a high percentage if compared to the international context), but, despite of that, there are frequent indications of violation of such rights. Brazil has ratified the following ILO conventions about fundamental rights: 29, 98, 100, 105, 111, 138, 182.

So, it is not enough that the governments ratify ILO conventions and internalize the correspondent right in order to follow the proposal of assuring a decent work. It is needed permanent surveillance of the civil society.

In this sense, the Social Observatory, since its foundation, in 1997, carries out a monitoring work of multinational companies, using as the main reference the principles and the fundamental rights of work defined by OIT, aside from the international health and safety rules and the environment. The institute understands that monitoring is a powerful pressure instrument for the social and trade union movements to upgrade the social and work values.

The reports from IOS present a description of researched cases, from the consolidation of available information in primary source (companies' documents, trade unions documents, questionnaires answered by workers and interviews with union leaders and companies managers) and in secondary source (public documents, internet, public entities, etc.). The research is made in a few units of the companies and, as the case may be, in a certain segment, defined according to the union interest. So, the results based on the workers, union leaders, and companies' staffs opinions do not reflect the totality of the corporation. The subjects of the researches are: freedom of association, collective bargaining, child labour, forced labour, discrimination of gender and race, health and safety at work and environment.

Until now, a number of companies from different sectors have been analyzed, as follows: finances, retail business, communications, consumer electronic, pharmaceuticals, hygiene, cleanliness and cosmetics, metal industries, mining industries, paper and cellulose, chemistry and petrochemical industries, service of public utility, textile and clothing, food and drinks, vehicles and agriculture.

The enterprises researched by the IOS are important multinationals with many plants in the world, and are signatories of international agreements and programs. However, all the companies researched by IOS presented, in a bigger or smaller

level, problems related to the violation of rights as freedom of association, discrimination of gender and race, and severe problems related to health and safety.

This is the case of Unilever, for example, an enterprise from the cleanliness and cosmetic sector that employs about 8,5 million people in Brazil. The enterprise has a business code of conduct based on the ILO Fundamental Principles at Work, is a signatory of the Global Compact, participates in the United Nations Environmental Program and in the Oxford Commission of Sustainable Consumer, is a member of the World Commission of Sustainable Development, Ethos Institute, Ethical Center of Natal University (South Africa), Business for Social Responsibility and of Global Reporting Initiative (GRI).

However, Unilever has been accused by the Chemical Trade Union of Campinas, Vinhedo e Osasco about attempt of intimidation and repression, through police force, the organization and mobilization of workers in salary campaign. Unilever's monitoring carried out by IOS, shows that the number of jobs created by the company, in 2005, was about 12.494. By category, they are: 60% at the factories, 19% at the administrative areas and 21% at commercial area. An historical analysis shows that this represents a reduction of about 10% of the total employees. Certainly this percentage is linked with the restructuring process that implies closed factories and lines of production and, consequently, layoffs at the factories. In 2005, this process became stronger including the dismissal of administrative workers. Of the 200 workers in this area, 50 had been already dismissed.

The average of lawsuits moved against Unilever, in 2002 and 2003, is about 50 per year. According to the enterprise, most lawsuits are from former employees and related to labour items. An expressive part of the trade unions (seven in total) created a National Union Committee, in 2002, for initiative of National Confederation of Food Workers (Contac) and CUT, with the objective to improve Unilever negotiations at national level. Although since the beginning the enterprise has resisted in recognizing the Committee, two directors finally participated in two meetings with union leaders where the themes of general interest for both were discussed. The enterprise participated in the meeting after to assure that there would not be any collective bargaining, on any subject, with the present trade unions. However, until now, not much progress has been achieved in this process. The company never again accepted to gather with the Committee, questioning your representativeness and leaning on the argument that the Brazilian legislation doesn't foresee that kind of worker's organization. Besides, the company alleges that the committee is not representative because just a minority of unions participates. Moreover, representatives of the company affirmed that there are participants of the Committee who are not part of the unions and they don't compose the management of the involved unions. Furthermore, enterprise's representative staff claims that some participants of the Committee do not belong to trade union; they are not trade union directors.

Other case studied was Basf, the larger world corporation of the chemical sector, which employs, in Brazil, about 5 million workers. In spite of being a Global Compact signatory, union leaders claim that the dialogue with the community is limited and that the enterprise often excludes the trade union. Basf has problems related to environmental contamination, especially leak of chemical products.

One of the most questioned items by workers, in particular, union leaders, is the social dialogue. The manner enterprises are establishing industrial relations, seeing the workers no more like a collective, and the option for outsourcing, has weakened trade unions and diminished the bargaining force in the collective negotiations.

Actually, trying to reverse this situation, one of the most important demands of Brazilian union movement is the incorporation of outsourcings at the unions.

According the Veracel Celulose study, the union members from CNQ-CUT, ICEM, Sindicepa (Sindicato dos Trabalhadores na Indústria de Celulose e Papel da Bahia), shows that a great number of subcontracted workers had as a result the worsening of the work conditions, lower remuneration, less powerful collective bargaining that involve trade unions of many categories. The Veracel study was originated in a meeting realized on March 2004, in Brazil, aiming the discussion of the joint action to monitor the conduct of the company through the years.

One of the most important union's problems to negotiate in equal conditions is the difficulty to access enterprise information. For example, information about corporation strategies resulting from enterprises restructuring, like dismissal program and closure or transfer of factories, are not transmitted to trade unions.

Besides information access about items related to the workers, the employees demands more participation in the decision making process about Career and Wages Plans (PCS) and enterprise's Profit and Result Participation (PLR), and in the discussion about job overload and health and safety on the job.

Also, workers frequently manifest the lack of freedom of association and of union activism. Besides the Internal Committee of Accidents Prevention (CIPA), which is required by law, in the great majority of researched companies, the trade union is the only workers representation that exists. Other ways of organization at workplace, as for example, Work Council, are practically inexistent.

These results confirm the data of a study elaborated by the International Institute of Studies of the Work (IETS) that shows that two in each five countries have serious problems of freedom of association. And data of Committee of Union Freedom (OIT) reveals that between 1990 and 2006, the complaints related on union freedom increased from 164 to 194.

The access of union leaders to the work places, in general, is quite restricted, limited to the enterprise's entrance, even to accomplish assemblies and meetings, and to distribute trade union material (pamphlets, newspapers, bulletins) for the workers. Internally, the anti-union attitude is shown in several ways, for instance, when the management hinders the employee's participation in union events or when they motivate workers not to join unions at the moment of recruiting. At the enterprises some cases of union leaders retaliation and dismissal were found, as well as difficulty of promotion for unionized workers.

A study realized by the IOS in three Dutch companies that have activities in Brazil has confirmed the tendency pointed by other studies about Brazilian job market. It has shown the existence of female and male worker's unequal treatment in relation to wages, presence in leadership positions and job. The women receive less than the men in the same position and are also practically absentees in the leadership's positions. In addition, there were no programs with affirmative character that promote the convention about equality and non discrimination on the workplace.

Furthermore, here are other disrespectful examples to the fundamental rights:

- 1) Vicunha Têxtil SA, a company from the textile sector, established two administrative inquiries against two trade union leaders of the Paçujus-CE factory, because these workers had denounced irregularities in the company. The Textile Workers Trade Union – SINDTEXTIL-CE has to reinstate one of the

- union leaders through a preliminary one. (IOS – Union Connection, 23.10.2006)
- 2) Companhia Siderúrgica Paulista (Cosipa), a metal sector company. The Metal Workers Trade Union sued CSN as an attempt to annul the process that had chosen the members of the Profits and Results Participation (PLR) negotiation commission. The trade union alleges that the election was arbitrary, contradicting the labour legal principals that determine the creation of commissions in common agreement between workers and the employers representation. (A Voz da Cidade, Volta Redonda, 6.12.2006)
  - 3) An IOS report about furniture industry entitled "Wood and Blood" (IOS, out. 2006), shows that this industry is a champion in work accidents with further permanent incapacity at Santa Catarina, leader state in the furniture sector. The entrepreneur, under the allegation that the sector faces severe exchange crisis, has postponed the prevention actions.
  - 4) C&A, from the dothing sector. IOS report verified that the company sells clothes in clandestine mills, by exploration of irregular immigrant's workers. The company hires mills legally installed in São Paulo, which subcontract the work for clandestine offices. The company was also condemned to pay compensation for moral damages to ten ex-employees from the located branch in the Shopping Center Iguatemi (Maceió, Sergipe), for submitting them to private search as form of theft. After the report, the company intended to adopt measures of control of the productive chain, through an auditing system called Socam, used by the group in other countries.
  - 5) The Metal Workers Trade Union from São Luis (Maranhão), SINDMETAL, denounces the metallurgical enterprise Alumar (Consórcio Alumínio do Maranhão) for agreement breaking. The company was accused of intransigence after breaking a 16 year-old agreement and refusing to negotiate its renewal. Workers denounce increase of the number of accidents, psychological pressures and police force's use by the enterprise.

Another item researched by IOS is child labour. An IOS report denounces the existence of child labour in the talc supply chain, involving the companies Basf, Tintas Corale Faber-Castell, raw material buyers. IOS shows how the child labour exploration in the talc mines, in Ouro Preto (Minas Gerais), is present in the supply chain of several products manufactured by the multinational enterprises. This is the case, for example, of the coal production.

In Brazil, the child labour situation is still serious. The study entitled "Brazil without Child Labour", accomplished in the extend of the International Program for the Elimination of the Child Labour (OIT), esteemed that Brazil would have about 2,7 million children among 10 and 17 years working in 2005.

Finally, forced labour is also an item studied by IOS. A report published in the IOS magazine about the steel supply chain analyses the conditions of forced labour in the production of the vegetable coal for the steel industries that export pig iron. In Brazil, some studies estimate that 25 thousand workers are in similar situation of slave. IOS also realized an evaluation of the work developed by Instituto Carvão Cidadão (ICC) for improvement of the work conditions in the supplying coal pits of the located steel industries in the states of Maranhão and Pará, North of Brazil.

The examples above reinforce the idea presented in the document "Decent Work: opportunities and problems for a proposed agenda"<sup>2</sup> that the difficulty to promote Decent Work inside the companies is due to the modern management practices and the power of the enterprises. As those authors state, "what appears in the companies as increase of the worker's freedom means, actually, just the freedom in a certain extent for the company and under penalty of increase the risk for the

employee. There is no freedom to question the relationship that settles down between him and the company”.

### **The concept of Decent Work in the understanding of Brazil's CUT-affiliated trade union leaders**

The research conducted by the Instituto Observatório Social (IOS) with delegates present at the Single Central of Workers (CUT) IX National Congress (CONCUT), held in São Paulo on June 5–9, 2006, sought to assess the perception of union leaders in relation to the themes of Decent Work, Environment and Corporate Social Responsibility. Founded in 1984, the CUT is Brazil's largest trade union central, with 7,468,855 members and 3,326 affiliated unions, representing a total of 22,487,987 workers.

The IX CONCUT hosted 2,491 delegates representing 1,633 labour entities. During the congress, the IOS research team interviewed a random sample of 400 delegates, representing a 95% confidence interval. The research was carried out by means of a questionnaire (with structured and non-structured questions) that was answered by the delegates attending the congress in the presence of an interviewer. For more details, see PAULINO, ARRUDA, BALTAR, QUEROZ, 2007.

In the questionnaire, themes were addressed within groups of questions that considered the unionists' perception and understanding about the aforementioned three main themes selected, the relation between each of the themes and the demands and outcome of the collective bargaining processes, and the priority these themes represented on the CUT-affiliated trade unions' agenda.

The sample of interviewed delegates covered the 17 professional categories present at the IX CONCUT, with Public Services Workers, Rural Workers, Financial Workers, Commerce and Services Workers and Metalworkers accounting for over 70% of respondents. Most of those interviewed, nearly 70%, were of the male sex, while the professional categories with the highest female participation were Liberal Professionals, Private Health Workers, Garment Industry Workers, Rural Workers and Public Services Workers. In these professional categories, the number of women delegates exceeded the research's mean average, that is, more than 30 percent of women participation.

Distribution of leaders by race/skin color was surveyed according to respondents' self-declarations, in accordance to the classification system adopted by the Brazilian Institute for Geography and Statistics (IBGE). Whites accounted for 42.7 percent of the union leaders sampled, Blacks for 27.5% and Browns for 27.0%. In other words, more than half (54.5%) was made up of Blacks and Browns.

The respondents' age profile shows that approximately 80% of the IX CONCUT delegates were within the 30- to 49-year-old bracket. Of the total number of respondents, 11.6% had primary schooling; 32.9%, secondary level; and 55.4% had higher education (including graduation and post graduation).

The set of questions on Decent Work aimed at determining how leaders viewed the concept and what relation they established with labour's agenda.

According to the ILO, Decent Work is exercised in a decent way, without any form of discrimination, under safe conditions, adequately remunerated, in a safe atmosphere, with freedom, safeguarding sociability links and social dialogue, fomenting equity and upholding fundamental workers' rights, as set forth in the Decent Work Agenda for the Hemisphere, presented at the XVI American Regional

Meeting, held in Brasília, Brazil, in May 2006, and reaffirmed at the 95<sup>th</sup> International Labour Conference, held at the ILO head office in Geneva, from May 31<sup>st</sup> to June 16<sup>th</sup>, 2006. Categorizing the sub themes contained in this overall definition, the following main groups of variables are produced:

- Employment opportunities
- Unacceptable work (child labour and forced labour)
- Adequate earnings and productive work
- Decent hours
- Stability and security of work
- Balance between work and family life
- Fair treatment at work
- Safe work environment
- Social protection
- Social Dialogue and relations at the workplace

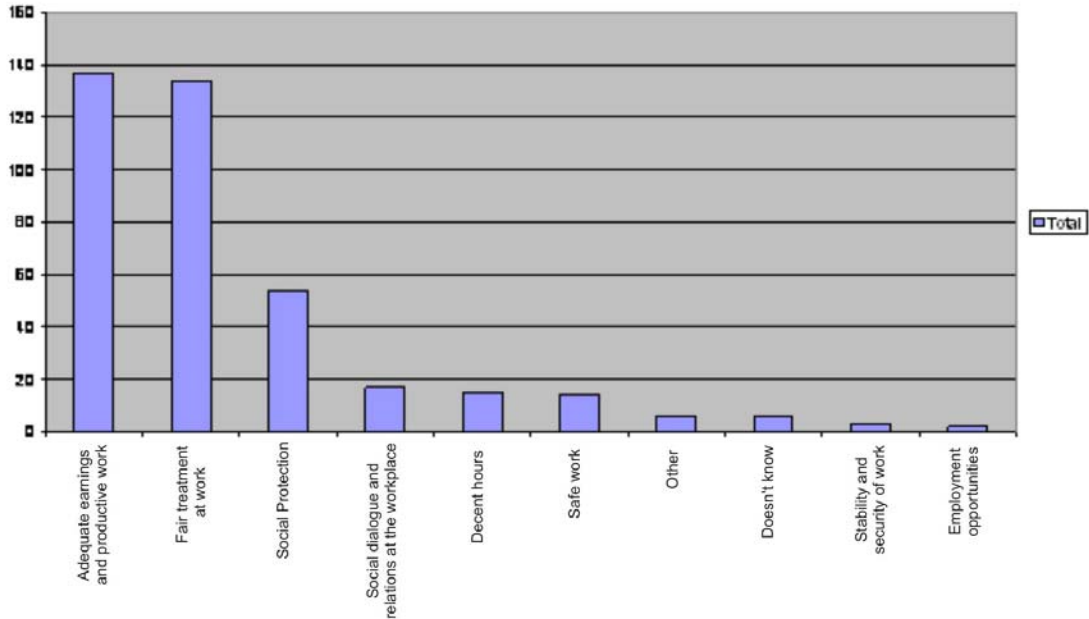
Firstly, the CONCUR delegates were asked what they understood by Decent Work, with no additional comments or stimulus-prompting of any kind made by the interviewer. The open-ended answers addressed one or several of the sub themes listed above, which reinforces the idea that people do know what Decent Work is about and/or what they expect in regard to it. Another interesting finding is that, regardless of the translation of the term into Portuguese, the term *per se* constitutes a consistent expression. We quote a few of the answers:

- *"All work [done] by an organized category is decent work".*
- *"Work with as little surplus value as possible".*
- *"Work done with democracy and union autonomy".*
- *"Work done with responsibility, transparency [finance] and democracy".*
- *"[Decent work] It is everything we don't have. It should be quality work, stimulating work. It's the opposite of what we have".*
- *"Work that generates pride and not shame".*
- *"Work in decent conditions, with a fair wage and in a democratic atmosphere".*

The 400 answers were analyzed and subsequently distributed according to the 10 sub themes aforementioned, as first, second or third response (from the fourth response on there is too much dispersion). The next three charts reflect this categorization.

Firstly, 35.3% of the respondents mentioned decent wages and productive work; 34.5%, fair treatment at work; in other words, over two thirds (69.4%) of the respondents made reference to these two groups of sub themes. If we are to add to them social protection (13.9%), we cover 83.8% of respondents! Social dialogue and relations at the workplace (4.4%), decent hours (3.9%) and secure work (3.6%) added to the previous sub themes account for an impressive 95.6% of the answers (Chart 1).

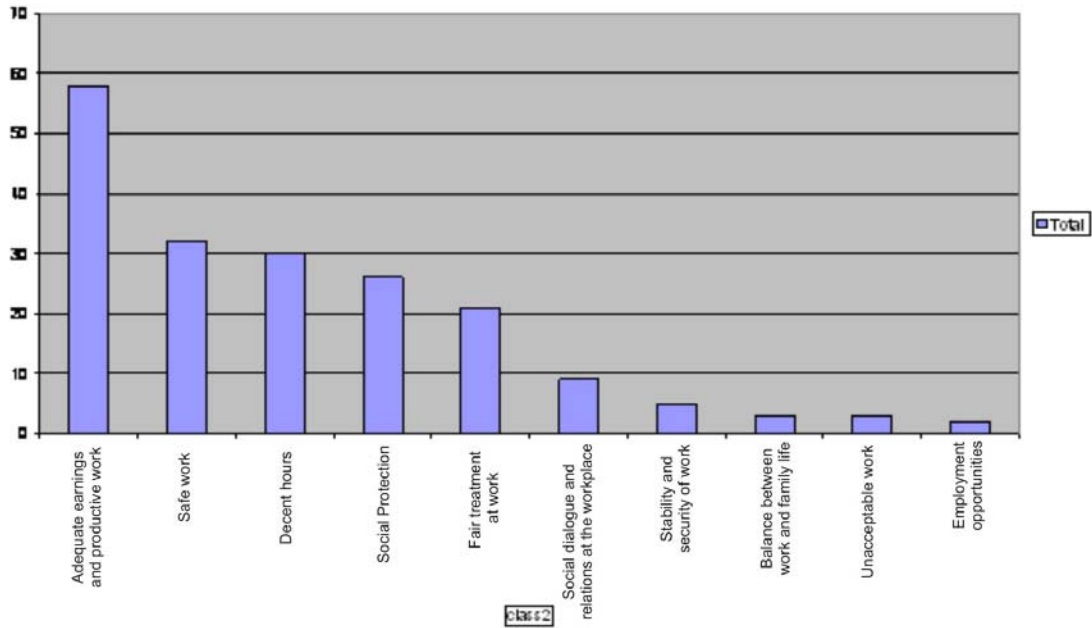
Chart 1 – What do you understand by Decent Work? First response.



Source : IOS survey conducted at the IX CONCUR, June 2006.

The second most mentioned sub theme was adequate earnings and productive work, chosen by 30.7% of respondents. Next, in decreasing order yet with little difference between them, are evoked: safe work (16.9%), decent hours (15.9%), social protection (13.8%) and fair treatment at work (11.1%). See Chart 2.

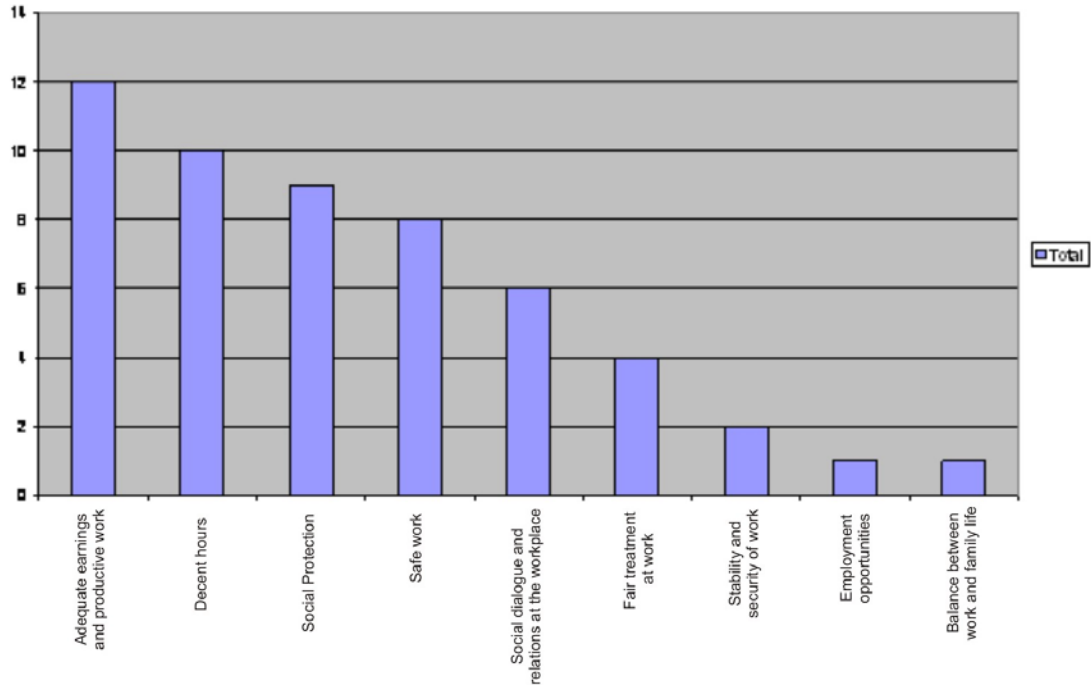
Chart 2 – What do you understand by Decent Work? Second response.



Source : IOS research conducted at the IX CONCUR, June 2006.

Lastly, the sub themes mentioned in the third place: adequate earnings and productive work (22.6%), decent hours (18.9%), social protection (17.0%), safe work (15.1%), social dialogue and relations at the workplace (11.3%). Mind you that Brazilian workers' life is so tough that only in these second and third responses few people recalled balance between work and family life....

Chart 3 – What do you understand by Decent Work? Third response.



Source : IOS research conducted at the IX CON CUT, June 2006.

In sum, Decent Work to the CUT delegates may be defined, using the words of two unionists, as:

- *"To be able to walk into the company, say 'Good morning' or 'Good afternoon' and be able to perform your duties with head held high. Be free to drink water, good relations with the boss, good atmosphere; and*
- *"With working papers, a workplace that is not unhealthy, guarantee of some rights, even if they are not in the CLT [labour code] -health plan, transportation, etc.- and with freedom to organize".*

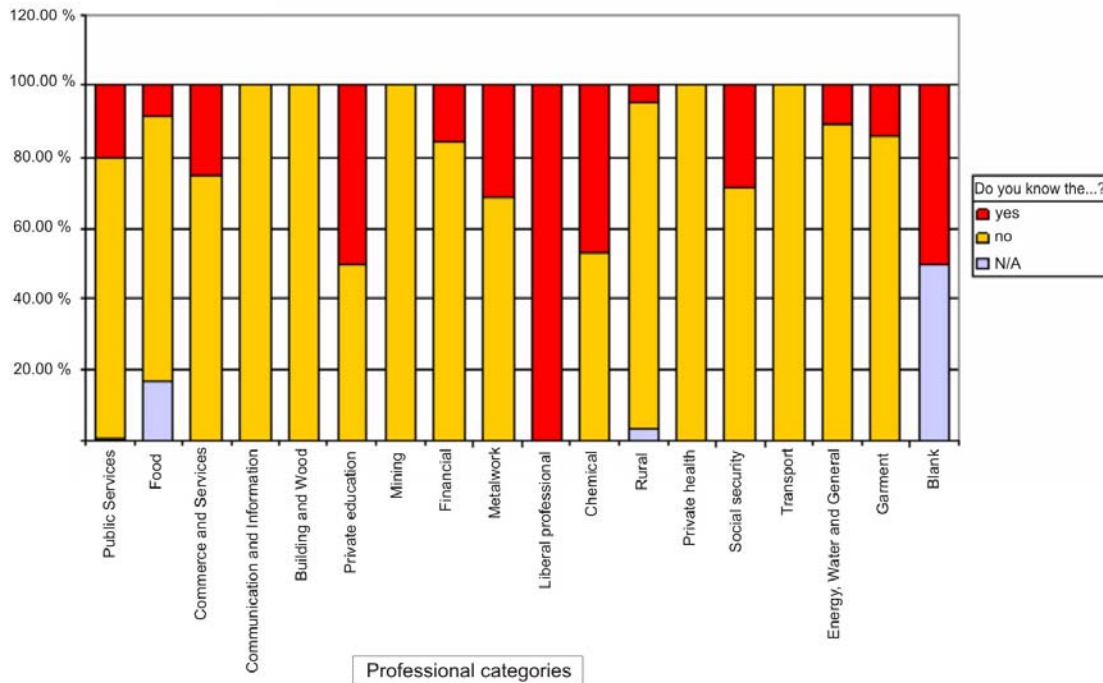
The research methodology adopted by the IOS pursues to constantly enhance the way which verification about the behavior of national and multinational companies with reference to fundamental workers' rights (freedom of association, collective bargaining, no discrimination of gender and race, forced and child labour) and, also, to health and safety at the workplace is carried out as mandated by the ILO conventions (which, not incidentally, is a tripartite body –governments, business and labour), in addition to labour's vision on the company's social, labour and environmental behavior. The possibility of verifying corporate behavior within the framework designed by the concept of Decent Work, as proposed by the ILO, is in line with the Social Observatory's objective.

The focus of the agenda proposed by the ILO for Decent Work is strongly oriented toward countries where fundamental workers' rights are not guaranteed, as is the case of those in Latin America, Africa and Asia. In Brazil, the question of Decent Work emerges more clearly in connection with human rights violations (especially forced labour and child labour), poverty reduction and inequality (particularly that associated with gender and race/skin color discrimination).

Despite having responded spontaneously in such a coherent way about Decent Work, when asked if they knew the ILO concept of Decent Work, most of the unionists declared not to be very familiar with it.

Analysis of the data shows that delegates' responses in regard to their understanding of the ILO concept do not differ significantly across schooling levels and sex or race/skin color among those present at the CONCUR. The level of unawareness of the ILO concept, as can be observed in Chart 1, is of approximately 80% both for men and women (80.5% and 79.5%, respectively).

Chart 4 – Labour leaders interviewed who declared knowing ILO's concept of Decent Work, per professional category (in %)



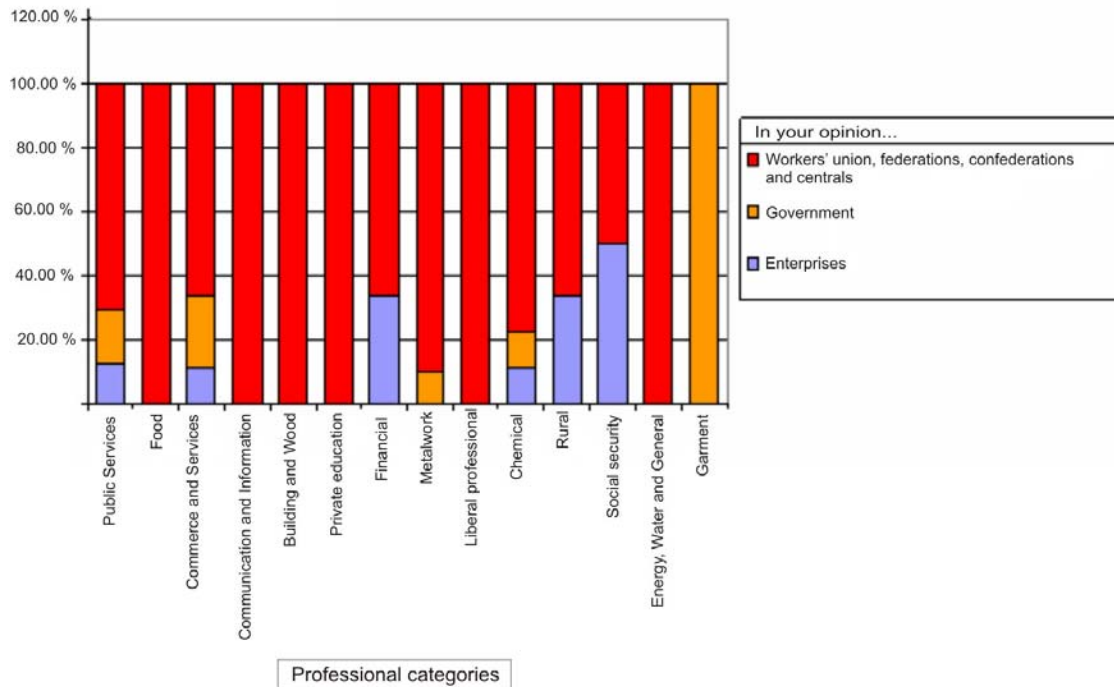
Source: IOS research conducted at the IX CONCUR, June 2006.

The differentiation in terms of knowledge of the concept occurs across professional categories, as can be seen in Chart 4. Delegates from the Chemical Workers' Union and Private Education Workers' Union presented a higher-than-average knowledge of the concept when compared with the overall sample.

The survey also indicates that there is much interest and room to deepen the discussion on the concept of Decent Work in the labour world since, out of the total

number of delegates interviewed, 97% declared they would like to learn more about the theme. Unionists also perceived that the ones who will benefit the most from the theme are unions, federations, confederations and central labour bodies, entailing an extremely favorable attitude towards campaigns, capacity building workshops and other initiatives (Chart 5). Unionists do not view the theme as a means to benefit business or the government, with the exception of the Garment sector delegates.

Chart 5 – In your opinion, who will benefit from Decent Work?

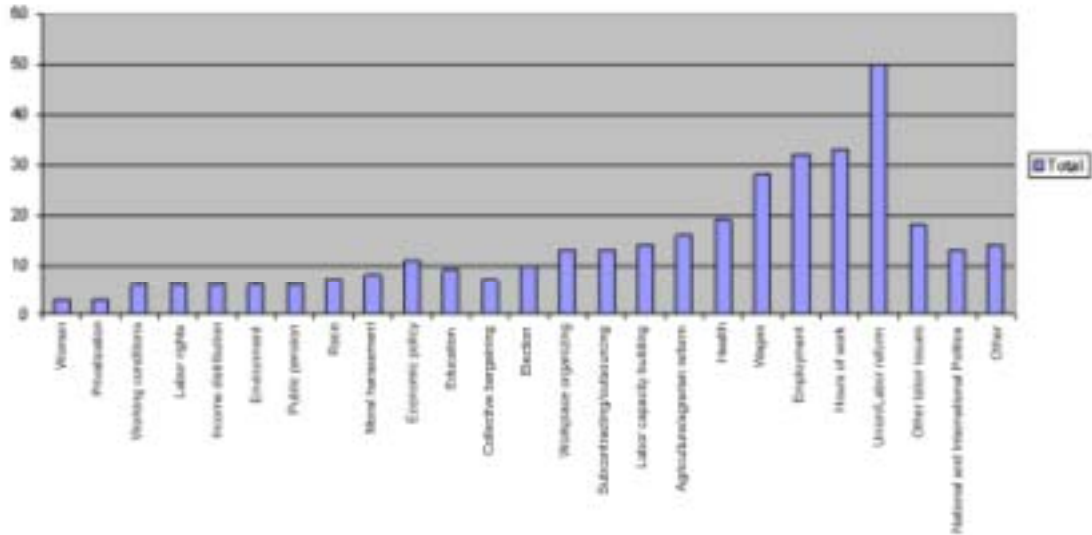


Source: IOS research conducted at the IX CONCUR, June 2006.

We must also highlight an incidence of answers pointing out expectations in regard to the implementation of environmental initiatives on the part of companies. This finding unmistakably demonstrates that there is a view among labour leaders that responsibility with regard to environmental impacts takes precedence over corporate social responsibility actions which often are seen as assistance, piecemeal and distant from the actual needs of the communities situated in company environs.

The main themes that, in the opinion of the delegates present at the CONCUR, should compose the next CUT agenda mostly coincide with Decent Work-related themes. Firstly, half of the unionists mention union and labour code reforms, as they may enable new forms of labour organization. Next, in decreasing order of importance, are cited hours of work, employment, wages, health, and reinforcing the first priority, other labour issues (Chart 6).

Chart 6 – Priorities for the CUT labour movement in the opinion of the delegates to the IX CONCUR



Source: IOS research conducted at the IX CONCUR, June 2006.

Other themes pointed out were agriculture and agrarian reform, labour capacity-building programs, national and international politics, subcontracting/outsourcing and workplace organizing.

It is worth recalling that the Congress’s general theme was “Work and Democracy: employment, income and rights to all working men and women”. In the document containing the resolutions approved at the IX CONCUR, the themes covered by the IOS survey are all present: Decent Work (pages 6 and 64), Environment (in Axis 3 – “State democratization, public policies and universalization of rights”, and on pages 64 and 74-76), Corporate Social Responsibility (in Axis 4 – “Strengthening of the CUT’s labour and organizing structure”, pages 67-68).

Many of the challenges mentioned by the CUT-affiliated delegates that took part in the IOS survey are present on the Decent Work Agenda. And the IOS, by proposing the adoption of Decent Work Indicators in Multinational Enterprises, is seeking to contribute with new elements to subsidize research, foster reflection, discussion and decision-making, and advance future practices designed to monitor the relation between Decent Work and development, herein understood as social development and economic growth.

## **Index of Decent Work at Enterprise level**

The Brazilian Union Leaders understanding about Decent Work has motivated the Social Observatory to contribute with the discussion on the idea of Index. Despite the ILO efforts to disseminate worldwide the idea of decent work, corporations, governments, NGO's and even union leaders have different understanding about the decent work meanings, as it is exposed above. Depending on the focus, decent work can be understood as an anti-poverty policy, employment policy, anti-discrimination policy or a collection of measures for improving the conditions of work. In fact, the concept involves all those dimensions and more.

Many researchers have dedicated efforts to create a methodology that make feasible the transformation of an ILO's Decent Work concept in a quantitative index. According to ANKER, CHERNYSHEV and others (2003), the basic problem is how to measure decency of different jobs, enterprises and countries. And, more important, how this measure can be compared and monitored. They define three conditions in order to create an Index that is able to compare decent work among different countries. First, they remark the necessity "to translate the general concept of decent work into easily understandable characteristics of work". Second, they point out that statistical indicators should betoken those characteristics with an "acceptable degree of consistency, accuracy and cross-country comparability". Third, they suggest that these statistical activities and indicators should focus on a future improvement of the measurement of decent work.

The Social Observatory stimulates this debate oriented to a labour movement point of view. In other words, the institute aims to translate the general idea of decent work into characteristics for workers actions. In any case, the reach for statistical accuracy and comparability is the same. But the focus is centered on corporation's behavior more than government policies. And to remark this point of view is the expected contributions of Social Observatory's study for the future of decent work index improvement.

It's because the Social Observatory is sustained by the vision that the responsibility for the development of mechanisms that strengthen the globalization of rights is up to workers and their partners. The Decent Work Index is expected to contribute to the following issues:

- The need for concrete actions that support the globalization of rights on a national and international scale.
- The defense of the social and environmental clause in international commerce and for the formation of economic blocks for the protection and broadening of union and social rights.
- The need to promote information, diagnoses and knowledge about economic and social changes.
- The need for initiatives that connect union activity with other social subjects.

This approach comprehends national level policies and it aims at actions or programs conducted by governments or national agencies. But the decent work concept appears also as an opportunity to stress the importance of the implementation and evaluation of workers rights at work place level. Decent work idea can be understood as a set of rules that must be followed by any corporation, local or transnational. In addition, it opens to the labour movement the possibility of monitoring the work place conditions and workers quality of live. In order to assess how decent the work at specific company is, the monitoring process requires a quantitative measure that is able to synthesize all dimensions of the concept in one index number.

The proposal of Social Observatory is to create an indicator to measure the level of decent work practices at company plants. It shall be a picture of the work conditions inside the plants at a specific moment. This idea is different to collect data with the purpose to formulate general policies. The main application of the Decent Work Index proposed by IOS is the monitoring process of corporation's behavior, made by unions or NGO's.

The goal of the Social Observatory project is to strengthen national and international union activity, providing workers a tool that can contribute to the promotion and respect of social rights. It represents a political view to analyze and verify nationally and internationally the application of social and labour principles and regulations by companies or governments. This is reflected on the proposed Index.

Therefore, the monitoring process of decent work requires methodological procedures that take into consideration the different weights each item that compose the concept has according to its relevance for the labour movement. It means that it is necessary to establish the level of importance of each item before measuring the decent work at any company.

For this reason, the Social Observatory Index is different from others Decent Work Index. One of the most expressive efforts in this field is the proposal of Decent Work Enterprise (DWE) by Guy Standing (2003: p.v). According his own words, the DWE was a result of more than a decade of surveys of many enterprises, conducted by a team of experts in many countries across the world. On his paper, Standing starts by the following question:

*"What type of workplace and what type of work practices would constitute an environment in which decent work was being encouraged? We can start by stating that it is presumed that any such firm should adhere to the laws and regulations of the country in which it is operating. In other words, a commitment to the ILO's Fundamental Principles is taken as given for the sake of identifying a decent work workplace."*

The author of DWE continues his proposal posing this question: "What principles and practices would constitute a Decent Work Enterprise for the 21 century? If one believes in the idea of decent work, one should be able to devise a reasonable answer to this complex question" (STANDING, 2003: p.11). The answer proposed by Social Observatory is divided into three sets of indicators. Each one has a relative weight and tries to represent the importance the labour movement assigns to each dimension of the Decent Work concept.

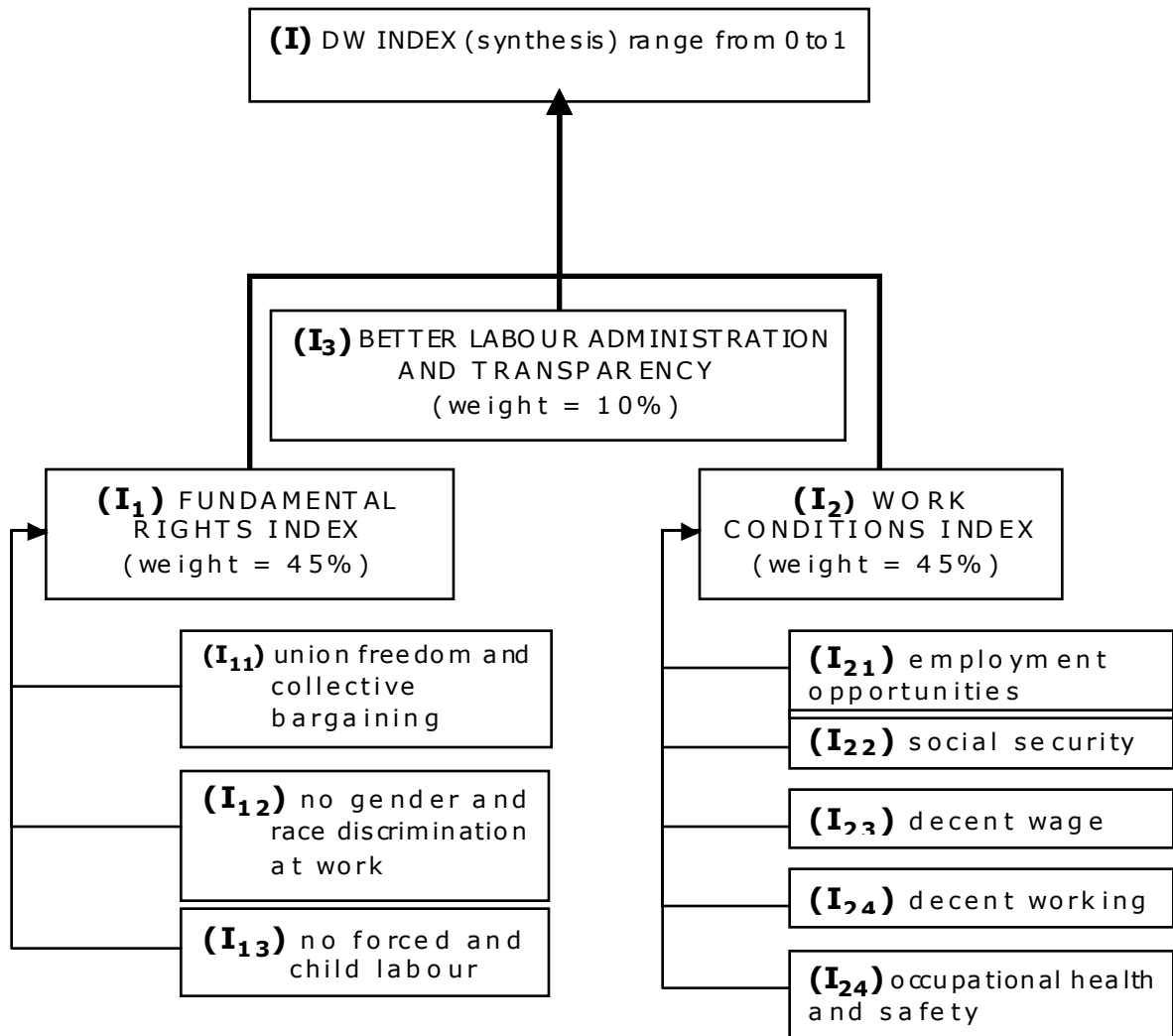
The outset practice to be verified, based on the experience of Social Observatory, is the level of freedom of association. Decent work practices do not exist without free unions. Researches have demonstrated that the respect for labor rights and the improvement of work conditions are not one-sided compromises. When corporations adopt good programs of Social Responsibility or sign the Global Compact commandments but ignoring the presence of union and creating difficulties for the free association of workers, as a rule the decent work concept is not in fact implemented. So, it is also important to verify the process of collective bargaining.

The first set of indicators must be associated to freedom of association and collective bargaining. These can be understood as union's point of view for the idea of "Social Dialogue". In addition to that, the respect for the basic rights completes the core indicators: discrimination at work, forced and child labour. These practices must be verified not only inside the plant, but also along the supply chain. Usually

the main problem of forced and child labour is outside the factory plant: it occurs at the supplier's productions. The basic labour rights are the first set of indicators and represents 45% of the Index weight. The "Work Conditions" compound the second set of indicators of Decent Work Index proposed by Social Observatory. This item includes the employment opportunities, social security, decent wage, decent working time and occupational health and safety. This set of indicator has also 45% of the Index total weight. The last set of indicator is related to transparency and policies developed by the companies in order to promote a better labour administration, which corresponds to 10% of the Index weight.

So, the first draft of IOS for a Decent Work INDEX at enterprise level has the intention to remark the importance of some aspects of the concept that are important according to the labour movement in Brazil. The importance order of the items that compose the Decent Work Index and framework of the Index is exposed below.

Diagram 1 - Draft Proposal for Decent Work Index



Each set of indicator is composed by another set of "sub indicators" necessary to describe the real conditions at local place. These "sub indicators" in fact are variables that still will be verified. They are a collection of data gathered from

different sources of information, including secondary data and a survey with the employees.

All "sub indicators" and Indicator shall be converted into a normalized score range from 0 to 1, according to the formula:

$$I = (\text{Actual value} - \text{Minimum value}) / (\text{Maximum value} - \text{Minimum value})$$

The data sources are planned to be collected following three steps:

First is the negotiation process. Corporation is invited as a partner and the union is invited to participate and organize a group of researchers. At this moment some companies have an apparent willingness to participate in the proposed study. Others cooperate and show interest to collaborate. The company receives a list of information required for the research.

Second step of the study continues through two distinct moments: the Document Research including survey of secondary data available at the union, as well as the collection of information through other sources such as public documents, the print and broadcast media, previously conducted studies, published works, the Internet and others, in order to provide better economic, social and political background to the scope of the study. The state, federal and municipal entities surveyed for information included: the Superintendence or Environmental Protection Institute; The Secretariat of Development and the Environment, (DRT) The Regional Labour Office, (MTE) The Ministry of Labour and Employment, and the (TRT) Regional Labour Court. The empirical research included a survey and qualitative interviews with workers.

The last step primarily considered the following activities: analysis and handling of the data and information collected; calculation of the index and preparation of the final results that were presented to the Union and the Company, after all the publication of the study results.

In summary, the data sources are collected from company information or governmental national data source, but also having secondary data from unions, local or regional governmental agencies and a survey with a sample of workers at each plant analyzed. The IOS proposal is an attempt to contribute with the dissemination of ILO Decent Work concept. At same time, is intends to be a monitoring tool for labour movement and social actors interested in the struggle for better work conditions and implementation of the labour rights.

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