



Social dialogue and competence development:

THE ROLE OF MALTA'S SOCIAL PARTNERS

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ABSTRACT

Under the impact of the global financial crisis (2007-8), the European Commission has become more focused on safeguarding the economic stability and financial viability of member states than on its social policies. This trend is particularly evident in the lower emphasis attached to the practice of social dialogue at both the European level and that of the member states. More recently, however, as the EU economy is slowly recovering, new initiatives are being undertaken to restore social dialogue to its rightful place among EU institutions and operations.

This paper looks critically at the practice of social dialogue in Malta. It assesses the roles played by the social partners – particularly the trade unions – in social dialogue and suggests that the effectiveness of these roles may be significantly enhanced through professional training, better organisation, devolution of authority structures and the further development of the competences of both the main protagonists and of the lower participants in the social dialogue institutions.

THE LOCAL CONTEXT

The importance of human resources for Malta's social and economic development is widely acknowledged. Some neighbouring countries, well endowed with rich mineral resources, fail to enjoy our living standards. This achievement may be attributed to our social and political organisation, cultural and communal traditions, and particularly the skills and competences of our human resources. In

fact, throughout recent history, despite many setbacks and changing economic circumstances, the adaptability of our people has contributed significantly to the effective confrontation of successive challenges.

As a result, from a global perspective, Malta may be perceived as having a relatively cohesive, secure and robust society, without major social disruptions, deep rooted antagonism or economic inequalities. Undoubtedly, this 'outside view' contrasts sharply with that of many 'insiders' who are often keenly aware of local shortcomings. Nevertheless, in comparison with many other countries, Malta stands out as a small, peaceful and relatively 'harmonious society'. This state of affairs is particularly evident in the arena of industrial relations where the practice of social dialogue has been well established for many years.¹

Since Malta's accession to the EU, there has been a further, gradual development from the traditional confrontational 'British model' of industrial relations to the corporatist European social model. As a result of EU membership, social dialogue in Malta has acquired a new lease of life.² Ever since the official recognition of trade unions and the right to strike in the post-World War II era, the practice of bilateral negotiations between employers and trade unions about wages and other conditions of employment has become established as a characteristic feature of industrial relations. The public and private institutional set up, as well as the full range of proceedings leading to the resolution of trade disputes, are enshrined in law.³ The institutions and established processes of industrial relations include the recognition and registration of trade unions and employer organisations, the legitimate resort to strikes and lockouts, the provision of mediation and conciliation, the legally binding collective agreements and, when all else fails, the compulsory resolution of disputes through industrial tribunals. Most disputes emerge and are

1 As a result of free, bilateral collective bargaining carried out between employers and trade unions, industrial relations in most of Malta's main enterprises are regulated by periodic collective agreements.

2 European social dialogue is enshrined in the Treaty establishing the European Community (OJ, C202, 2016: art 138, 139, et) and it is promoted by the European Commission as an instrument for a better governance and promotion of social and economic reforms. The aim of social dialogue is to improve European governance through the involvement of the social partners in decision-making and implementation. This principle has been endorsed in many EU treaties since the original Treaty of Rome (1957) and has been included explicitly in the Single European Act (1986), the Treaty of Amsterdam (1997) and the Lisbon Treaty (2009). More recently, the EU Parliament, Commission and Council have proclaimed the *European Pillar of Social Rights* (2017) which promotes 'the autonomy and the right to collective action of the social partners and their right to be involved in designing and implementing employment and social policies by means of collective agreements'.

3 Principally the *Employment and Industrial Relations Act* (Cap 452, as amended) and a number of Legal Notices covering a wide range of sectors and specific employment situations which are promulgated under its auspices.

settled through direct interaction between employers and unions and often involve the government, both in its direct role as Malta's main employer and through the mediation and conciliation services offered freely by the Department of Industrial and Employment Relations (DIER). Industrial relations in Malta are normally carried out at the enterprise level and very rarely at sectoral level; except in the case of the professional grades in the public sector and in government departments.

During the past few decades, the practice of national level bargaining has been gaining ground and a number of institutions were established specifically for this purpose. Notably, these include the Malta Council for Economic and Social Development (MCESD) and the Employment Relations Board (ERB). The roles played by the social partners in these bodies are mainly advisory to government in the formulation of policies and in the enactment of labour legislation. There are also other institutions where the social partners perform an executive role, such as in the Occupational Health and Safety Authority where the social partners sit on the Authority's highest Board *ex officio*. There are other institutions such as the Jobsplus Corporation⁴ where representatives of the social partners play an active role in the corporation's policy formulation, even if they do so in a personal capacity.

On almost all occasions, the individuals who actually participate in national social dialogue are the chief executives or other top officials of their own social partner organisations. In practice, this means that a small number of persons normally participate actively in a long series of meeting after meeting where they discuss matters of national interest and on behalf of their own organisations. Furthermore, these same individuals are regularly involved in meetings abroad organised by the cross industry European partner organisations.⁵ Additionally, these top officials are also 'compelled' to participate in media programs as these activities are regarded as an important way of communicating with their own members and with the public at large. These tasks are over and above their normal administrative and executive duties attached to their substantive roles as the top officials of their own organisations.

4 Although the presence of the social partners on the Jobsplus Board (formerly known as the *Employment and Training Corporation*) is not embedded in its statute, members from the main employers' association and the trade unions are normally appointed by successive governments in a personal capacity.

5 These are principally: BusinessEurope, CEEP, UAPME and ETUC. To these a number of sectoral and trade organisations are also added. Attendance at these meetings for participants from Malta normally involves a minimum commitment of two or three days.

In the course of carrying out their social dialogue negotiations, particularly at the ERB⁶, the representatives of employers and workers generally tend to lay aside their individual and organisational differences and pull the same rope on behalf of the common interests of their constituents.

The social partners' role in social dialogue normally requires their involvement in the process of negotiation with their opposite members. The ultimate aim is that of reaching a compromise which would, at the very least, satisfy the minimum requirements of their constituents. Their role embodies a wide range of abilities and demands a mastery of political, psychological, economic and leadership skills. The incumbents normally acquire these qualities by experience, cumulatively over the years, through a process of trial and error. This would have started and subsequently pruned from time to time, when they were effectively building up their careers within their respective organisations. Essentially, social dialogue is the process of negotiation by which the social partners seek agreement to work together on policies and activities. It takes place at enterprise, national and at European level.⁷ 'Bipartite' social dialogue brings together workers and employers, whereas 'tripartite' social dialogue also involves government or EU representatives.

What is proposed in this paper is that these qualities and abilities should ideally be distributed among a wider range of participants and transmitted beyond the jurisdiction of the top officials of their own organisations. It appears that the present concentration of authority and the constant focus on the top officials of the social partner organisations reflects the limitations of adequate organisational support which is typical of the small size of Malta's economy and society. Yet, as a full member, Malta participates in all major EU institutions and the protagonists are expected to rub shoulders and interact with their colleagues with professional backing from much larger countries. It is proposed that such challenges may be effectively met by means of a policy which promotes a wider devolution of authority from the top echelons to the lower tiers of the social partner organisations and a more active participation by these cadres in decision making. Such devolution may be facilitated through systematic programmes of professional, formal and informal training on behalf of the protagonists within these organisations.

6 The tripartite membership of the ERB is specified in EIRA as follows: the employers are represented by members from the Malta Employers' Association, the Malta Chamber of Commerce and Industry, the Chamber of Small and Medium Sized Enterprises and the Malta Hotels and Restaurants' Association. On their part, the workers are represented by members from the General Workers' Union, the Confederation of Malta Trade Unions, the United Workers' Union and the Forum of Maltese Unions. There are also members representing the Government. These include the Director of the Department of Industrial and Employment Relations as Deputy Chairman and three others appointed by the Minister responsible for industrial relations. There is also an independent Chairman.

7 As noted above, to date the incidence of sectoral bargaining is limited in Malta.

It should be further noted that the required kind of professional training of the social partners should be directed at imparting transformative and not merely reproductive values and bargaining systems (Zammit, 2014). This caveat is applicable to all the social partners and particularly for educational courses administered to trade union activists. The focus on trade unions among the social partners – and specifically on trade union education in the remaining part of this paper – is posited on the basis of their critical role in social dialogue.

TRADE UNION EDUCATION FOR SOCIAL DIALOGUE

Trade union education may be described as 'reproductive', when it promotes workers' militancy and solidarity against the predominant 'paternalist' culture which traditionally legitimised the established managerial prerogatives. These are the kind of values and practices highly relevant to the traditional 'confrontational' approach to industrial relations. It should be clearly stated that no trade union leader could or even should totally abandon the militant role which throughout history has provided the clarion call of workers to rally behind their union leaders, develop solidarity and resort to collective action. When that happens, trade unions are rightly criticised for having 'been tamed' and for 'losing their teeth'. Trade unions must always remain closely in touch with their own grass roots. Whatever the circumstances, their aim should always remain that of defending and advancing the working and living conditions of their members and of the working class generally.

However, the function of unions as equal partners in social dialogue may demand greater collaboration within a corporatist setup and, under certain circumstances, this may be the more effective way for them to realise their vocation. In order to be effective, such a policy needs to be propagated and assimilated through 'transformative' programmes of trade union education. In the long run, this policy needs to be disseminated among a wide range of union officials through both formal and informal channels so as to enable and empower them to fill the shoes of their predecessors. Significantly, 'transformative' trade union education is highly relevant to the current situation in Malta, where union and employer representation has become effectively established and is placed on an equal footing along with other protagonists of national social dialogue.

An evaluation of the educational strategies – both formal and informal – organised over the years by Malta's two main unions⁸ demonstrates that they have generally promoted reproductive policies and that the promotion of transformative policies has been limited. Both unions have their own education section for the

8 The General Workers' Union (GWU), and the Union of United Workers' (UHM) whose collective membership amounts to around 76% of all union membership.

organisation of formal educational activities both on behalf of their officials and the rank and file. Nonetheless, the unions' commitment to educational policies is generally low, unsustainable over long periods and generally regarded as a soft option. The unions' interest in educational initiatives tends to be sporadic and only resurfaces from time to time in response to individual initiatives.

A glaring example of reproductive educational policy is when the GWU, through its public meetings, conferences and particularly through its own popular, daily, working class newspaper, constantly expresses and fosters its militant subculture as an integral part of its negotiating armoury. The union stresses among its members the importance of maintaining working class solidarity, their allegiance and determination to follow the instructions of the union and political leadership. This is propagated as an important tool in its industrial relations arsenal, in order to strengthen the union's claims with both public and private employers. However, there are also many instances over the years when the GWU has collaborated with employers in order to secure jobs and to promote social and economic policies for the benefit of members and of the general population. The members' solidarity is generally enforced through its reproductive educational policies.

There is one epoch, however, in the GWU's history when it became fully committed to a transformative form of workers' education. It was during the period following the mid-1970's when the union went all out to promote a novel form of industrial relations: one based on the concept of workers' participation in industry. The union's attention for a few decades became focused on promoting workers' participation at Malta Drydocks: an enterprise which used to be a major, publicly owned industry and a traditional, working class stronghold. The union collaborated fully with some academics at the University of Malta in establishing the Workers' Participation Development Centre⁹ as a main source of imparting transformative workers' education both at the Drydocks and beyond. However, under the weight of sustained financial losses, the system of workers' participation was later abandoned as the industry was downsized and eventually privatised. As a result of this adverse experience, transformative workers' education was again relegated among the lower priorities. Significantly, during that epoch, the GWU's educational efforts were inspired and implemented in tandem with the Labour Government's industrial policy. This was partly the outcome of the Union's links with the Labour Party with whom it has maintained close collaboration over the years, both through

9 The WPDC was established in 1981 and has since been renamed the Centre for Labour Studies. Its main objectives were to conduct research, educational and consultancy activities in support of workers' participation. The UHM, through its membership of the Confederation of Malta Trade Unions, also collaborated in the setting up of the Centre.

their formal links and through the common allegiances of their rank and file.

Like the GWU, the UHM has its own section responsible for organising formal educational courses on various subjects for its own officials and members. These functional activities are intended to promote the union's functions. From time to time, the union also commissions research from professionals to assist in the formulation of its own policies.

One of the Union's initiatives stands out: it is based on a report, published in 2012 which was officially endorsed by all the leaders of Malta's political parties and by all the social partners represented on the MCESD. The stated aim of this project was to implement pragmatic Active Labour Market Policies (ALMP) in terms of the European Employment Strategy and was aimed at addressing the perceived shortcomings of Malta's labour market. The highlights of the document include the adoption of relevant education and training programmes for the enhancement of working skills together with a more comprehensive forecasting exercise of future demand for skills. The paper reviews the ALMP experiences in Malta and a number of successful experiences in other EU countries. On the basis of these experiences, the paper makes a number of policy recommendations meant to put in place an efficient and effective ALMP policy; supported by all social partner. These requests included:

1. A central counselling team made up of government representatives, trade-unions, employers' representatives, education sector representatives, economists and political parties.
2. Training budgets, which would be at the forefront of trade union requests during collective agreement negotiations.
3. A National 'Skills Council' involving social partners and other experts to regularly meet, discuss and update training strategy in order to cater for the latest developments in demand for skills.

In 2013, soon after the general elections, the new government launched a new strategy which was largely based on the UHM's ALMP document; the social partners were invited to play an active part in the implementation of its policy recommendations. Since then, Malta has achieved almost full employment and has even become an importer of labour from abroad; both to fill highly technical and also low skilled occupations. The major unions are also playing an active part in job placements and are paid by the government for this service. The unions are also represented in the policy making bodies of the main vocational training institutions. All this bodes well for the provision of the functional skills among workers which are sorely needed in a booming economy.

However, the extent to which the unions avail themselves of the opportunities offered by social dialogue to raise the creative competencies of their own officials through professional training in reproductive and transformative skills remains an open question. As noted above, the attainment and wider distribution of both these competencies is essential for the social partners to fully realise the potential of social dialogue.

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