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DIAGNOSTIC REPORT ON SOCIAL DIALOGUE AND COLLECTIVE BARGAINING IN JORDAN

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DIAGNOSTIC REPORT
ON SOCIAL DIALOGUE AND COLLECTIVE
BARGAINING IN JORDAN

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Overview:

What is Social Dialogue?

Social dialogue is a focused and formal social interaction between two or three parties. Social dialogue includes negotiation, consultation or the simple exchange of information between, and/or among, representatives of governments, employers and workers, on issues of common concern. These issues are often related to economic and social policy.

Social dialogue is currently the best known mechanism (as identified by the ILO) in developing better living and working conditions as well as working towards social justice. Social dialogue can be considered an instrument or methodology for good governance. The relevance of Social dialogue is not only related to globalization but also to any effort to improve the economy and make it more competitive helping to insure that societies are in general more stable and more equitable.

Enabling Conditions:

Social dialogue is a complex process. As such, for social dialogue to work smoothly and be effective, it requires several enabling conditions.

1. Strong, independent representative workers' and employers' organisations with the necessary technical capacity and access to information which is relevant to the issue being discussed in the social dialogue.
2. Respect for the fundamental rights of collective bargaining and freedom of association (as enshrined in ILO conventions n.87 and n.98) ¹.
3. The political will and commitment to engage in good faith in social dialogue by and for all of the relevant parties.
4. Appropriate institutional support to facilitate an effective dialogue.
5. Recognition by the individual social partners that each of the representatives are equal partners in the dialogue.

Forms of Social Dialogue:

Because social dialogue is a complex process, social dialogue can take many different forms. Dialogue is often a bipartisan process only between labour and management (or trade unions and employers' organizations), with or without indirect government involvement. Dialogue can also exist as a tripartite process, with the government as an official party to the dialogue. The focused search for consensus embodied in social dialogue can be informal or institutionalized. Often times consensus can only be reached with a combination of the two. Dialogue can take place at the national, regional or local level. Social dialogue can be inter-sectoral, sectoral or at enterprise level. Social dialogue institutions, such as economic and social councils, are often defined by their composition. They can be bipartite or tripartite. Tripartite actors are the representatives of governments, employers' and workers' organizations.

¹ Jordan has not ratified ILO convention no. 87. However, Freedom of Association is provided for in national legislation.

Typical Activities:

There are a variety of activities which are typically undertaken to facilitate social dialogue.

Three typical activities are:

1. Negotiation is an integral part and one of the most common forms of social dialogue. Parties engage in collective bargaining/negotiation at the enterprise, sectoral, regional, national and multinational level.
2. Consultation necessitates the engagement of relevant parties via an exchange of views. Consultation can evolve to more in-depth dialogue. Component parties to tripartite or bipartite bodies can participate in negotiations and the conclusion of formal agreements. Some component parties are only consultative or only provide information while others are empowered to reach binding agreements on the relevant parties (e.g. Governments, workers and employers).
3. Information sharing is a basic and indispensable element for effective social dialogue. Information sharing implies no real dialogue or action on the issues but nonetheless is an essential part of the processes by which dialogue and decisions take place.

Social Partners in Social Dialogue:

Social dialogue is a valuable method of promoting and protecting the interests of workers by integrating principles of democracy and human dignity to the workplace. As such, workers and their representative organizations are vital to effective social dialogue.

Freedom of association and the active recognition of the right to collective bargaining are the two fundamental principles and rights at work. Both are necessary and essential to the democratic process. Moreover, social dialogue is a well-tested instrument for managing social and economic change while maintaining consensus and stability in society.

Workers:

Workers and their organizations have improved their working conditions and wages through effective social dialogue and collective bargaining. In many instances, they have successfully expanded the breadth of collective bargaining to cover questions related to workers' protection (health & safety at the workplace), worker's social security schemes, workers' education and training, and even the involvement of workers in the management of enterprises. The main means by which workers participate in social dialogue is through trade union organizations at local, national, regional and international levels. As such, unions are indispensable instruments for working people to improve their quality of life and to encourage equitable and sustainable development of the society as a whole.

Employers:

Employers' organizations play an important role in helping society to establish the conditions necessary to achieve employment and living standards objectives. Employers' organizations express the needs of their enterprises in a manner that no agency or even individuals amongst their members can. Employers' organizations help enhance the success of their member enterprises by influencing the business environment, and by providing services which improve the performance of their individual members.

By providing member enterprises with information, advice and training, employer's organizations contribute to improving their operational efficiency. As a tripartite partner in social dialogue, employers' organizations effectively contribute to building relationships and understanding that reinforce the Decent Work Agenda.

Government:

Labour administration (whether tripartite or bipartite) within government has two principal roles to play in social dialogue.

1. Promoters under the ILO international labour standards. Labour administrations are made responsible for promoting consultation between/with the social partners. Moreover they oversee and enforce the taking of suitable actions to ensure that consultations are regular and effective. Labour administrations advocate the creation of explicit procedures...within the national context...at the behest of the government... to safeguard and facilitate participation by the social partners.

2. Champions of labour administration furnishing instruments to encourage dialogue between the social partners. Government plays several roles, including employer of the public sector. Labour administration must take part as a tripartite partner, to encourage interaction, facilitate and support discussion and assist in finding support for its policies and actions. The substance of social dialogue is certainly not limited to «issues related to ILO activities», but includes matters associated with areas of labour administration at the national level. This includes securing social peace as a necessary requirement for improving productivity in work and fostering economic and social development. Labour administration activities (at the national level) regarding consultation should specifically require the creation of consultation bodies attached to ministerial structures, as well as establishing permanent secretariats as a means to ensure sustainability and efficiency.

Why is Social Dialogue Important?

Social Dialogue relates to the discussions, consultations, negotiations and joint actions undertaken by social partner organizations representing the two sides of industry (management and labour). Social Dialogue should always seek to build and support the national practices of social dialogue. Additionally, the process of dialogue between management and labour is also the mechanism by which the social partners assist in the formulation of social standards.

The European Commission (EC) has established specialized and recognized structures for developing social partners and their roles (ETUC, UEAPME, Business Europe and CEEP etc) within Europe. Since 1985, the EC has been working with social partners to encourage best practice across a broad range of areas. The EC stresses the need for strong and robust social dialogue, particularly during corporate restructuring. It is clear from research (MIRE) that the process of social dialogue (for workers) is often just as important as the outcomes.

Successful restructuring usually involves an active partnership between management and workforce –requiring strong social dialogue. In addition to complying with legal requirements there is a business case for social dialogue. Workforce consultation can help reduce opposition to the proposed restructuring as workers are more likely to feel that their views and interests have been heard and accounted for. Additionally, a consultative approach also encourages a consensual process. Such 'buy in', or at least acceptance of the restructuring process can reduce disruptions to the employer from workers adversely affected by restructuring and also reassure those workers not directly affected about their employer's commitment to treating the workforce fairly.

This process is only effective if workers believe that their trade unions are vigorously promoting their welfare and are not acting only as a tool of management. For trade unions to be effective during restructuring, they must be seen to be independent from the employer, while working constructively with the employer. In a survey of EURELECTRIC partners' restructuring experiences one trade union representative mentioned "open and frank discussions are held before any decisions are made" supporting the opinion that it is possible to have deliberations before making decisions, despite the challenges facing employers during restructuring.

One of the advantages to employers of consultations with trade unions regarding restructuring is cost. Employers can lower the cost of consultation with the workforce through entering into social dialogue with trade unions as the collective opinion of the workers rather than establishing a mechanism to facilitate collective consultation or to directly communicate with workers in groups or individually.

The Case of Jordan:

Introduction:

Jordan's social dialogue structure has evolved over the years. Today, Jordan maintains many of the institutions which typically facilitate social dialogue. The Jordanian Economic and Social Council (ESC) was established in 2007 with funding from the European Union. The ESC is currently funded by the central government and has representatives from four sectors (government, business owners, labour representatives and civil society organizations). As such, the ESC is well placed to facilitate true and comprehensive social dialogue. The ESC typically is reactive and addresses issues sent for deliberation by the government. The ESC has as of yet not developed a more mature and proactive role in Jordan.

Many of the business owner representatives are in fact the heads of various chambers of commerce and industry in addition to a few actual business owners. Chambers of Industry and Commerce were created through the issuance of specific laws. As such, chambers are mandatory organizations and are heavily influenced by government.

Labour representatives at ESC include sectoral labour representatives (Electricity workers, textile workers, etc.) The ESC membership also includes the management of the General Federation of Labour Unions who have 200,000 members² from 17 individual labour unions³.

To be official, all unions have to be registered with the Ministry of Labour) and can only exist if they are one of the 17 identified occupations. A union can only be registered with the agreement of the General Federation of Jordanian Trade Unions (GFJTU). This means that the establishment of an independent union is difficult because of organizational issues related to getting officially organized and recognized, receiving membership payments, opening accounts, etc⁴.

Creation of a company level trade union requires a minimum of 50 founding members in the same occupation. Because of the large percentage of MSMEs in Jordan's commercial / company demographics, it is difficult to reach the threshold of 50 founding members in smaller companies. Moreover, the dependency on foreign workers made it more difficult in the past as founding members have to be Jordanian⁵. As such, the level of private sector unionization

2 https://en.wikipedia.org/wiki/General_Federation_of_Jordanian_Trade_Unions

3 Ibid

4 Social Dialogue in Morocco, Tunisia and Jordan - Regulations and realities of social dialogue, European Commission, Page 99, 2015

5 Social Dialogue in Morocco, Tunisia and Jordan - Regulations and realities of social dialogue, European Commission, Page 96, 2015

6 An ILO committee requested from the Government of Jordan that necessary legislative measures be taken to enable foreign workers to

is estimated at only 10-12%⁷.

At present only 17 (occupation based) trade unions exist. The existing tripartite committee stipulates the occupations in which trade unions may be established. Since trade union establishment is fixed by specific occupation, the ability to engage in meaningful economic cluster based dialogue is impeded. The result of this is that economic development challenges are not holistically addressed because no single union can have a comprehensive view of the economic and technical challenges being faced.

Under current Jordanian law, any seven Jordanians can associate and register an association. Jordanian Civil Society Organizations must register with relevant ministries and must register at the Association Registry at the Ministry of Social Development (MoSD). These associations have restrictions on them to accepting grant funding. Funding must be authorized by the prime ministry. This is a recent bureaucratic requirement in light of recent regional instability. Diagnosis of Attitudes and Positions of Employers' Associations with Regard to Social

Dialogue:

Background:

Corporate demographics in Jordan indicate that approximately 98% of all registered companies are considered micro, small and medium enterprises (MSMEs)⁸. Two thirds of the MSME's employ less than 19 employees. As such, there is little labour concentration in Jordanian businesses and little capital concentration in the majority of private sector businesses.

The government of Jordan is the single largest employer in the country with estimates reaching 52% of the work force⁹. Moreover, a recent survey, completed by the Ministry of Planning and International Cooperation (MoPIC) indicates that 44% of the labour force work is in the informal sector . This is extremely important because growth of the informal sector is typically facilitated by high taxes, costly compliance, lengthy, expensive and cumbersome registration procedures, and lax enforcement of the law. As such, the government is competing with the private sector¹⁰ (employers) and employees for the income which private sector employers and employees generate. Recently, the Jordanian Social Security Corporation (SSC) increased its social security requirements from 16.7% of salary (paid collectively by both employers and employees) to 21%. This is making formal employment more costly for employers. As such, fewer and fewer people are being formally employed.

All registered companies, must be members of either the Chamber of Commerce or the Chamber of Industry. The Amman Chamber of Industry (ACI) was established by law in 1962 as a non-profit organization representing the industrial sector in Jordan. ACI's membership totals around 8000 varying in size from large, medium and small enterprises. In 2005, the Jordan Chamber of industry (JCI) was formed which integrated all national industrial chambers from different governorates. JCI now has a membership of approximately 18,000 companies. The Amman Chamber of Commerce (ACC) was founded in the 1923, and is, the oldest Jordanian Chamber of Commerce. ACC currently operates according to the provisions of Temporary Law No. (73) for the year 2003 which integrated all commercial chambers

become founding members and leaders of trade unions and employers' associations in Jordan. Social Dialogue in Morocco, Tunisia and Jordan - Regulations and realities of social dialogue, European Commission, Page 91, 2015

7 Social Dialogue in Morocco, Tunisia and Jordan - Regulations and realities of social dialogue, European Commission, Page 90, 2015

8 http://worldsmeexpo.hktdc.com/pdf/2011/SeminarRoom_C/Dec_3/1630_1800_24/2_AA1-Ahmad.pdf

9 http://www.venture-mag.com/index.php?option=com_k2&view=item&id=337:jordan%E2%80%99s-informal-economy&Itemid=12&limitstart=2320

10 Ibid

from different governorates. Over 100,000 companies are registered with the Chambers of Commerce in Jordan.

Board membership in the Chamber of Industry and Chamber of Commerce is not open to all members. In the Chamber of Industry, board membership is open to those companies with a capital above Jordan Dinar 30,000 and who employ at least 10 employees (and pay social security for them). Thus, in JCI only about 2,000 companies out of 18,000 are eligible to participate at the board level. The Jordan Chamber of Commerce is similar. As such, well established vested interests are well served by the Chambers.

Since the Chambers of Commerce and Industry are established by law, and therefore mandatory, they fall under the purview of the Ministry of Industry and Trade. As such, the selection of the Chairpersons of the Chambers is generally supported or influenced by government. To a great extent this is because of a fear of large, potentially politicized, collective organizations with financial means. Thus, although the employer organizations represent employers, they do so under the watchful eye of government.

In the past government influence has been very important as government has been a key driver of economic growth. Government was able to drive growth because it was the recipient of politically motivated foreign aid in amounts which far exceed the economic ability of the country. Thus, the private sector, particularly well-established vested interests, seeks to maintain good relations with government through the board of directors of the individual chambers.

Since most companies in Jordan are classified a Micro, Small or Medium Enterprises (MSMEs), with the majority being micro and small, employee concentrations are weak. As such, most employees in enterprises deal with disputes in a very direct manner with the owners and management of the companies. Moreover, MSMEs provide limited added value to the economy. Therefore, the profitability and resiliency of most MSME's is low. As such, it is difficult for workers to engage in productive dialogue because there is little financial institutional capability or incentive to engage.

There are a few cases in which social dialogue between workers and employees is done through unions. These cases are generally for public shareholding companies and/or companies whom operate in regulated industries (electricity, petroleum refining, telecommunications, phosphates, potash, airlines, ports and transportation). From the discussions with the employers, dialogue revolves around extractive practices (improving health insurance, increasing wages, etc.) not about improving productivity of the companies themselves. This is basically because, as protected industries these particular companies have the ability to pass on the costs to the end consumer. This is less true for public shareholding companies. The Jordanian Economic and Social Council (ECOSOC) was formed in 2007 by a Royal decree. The objective of the ECOSOC is to provide economic and social counsel to the executive branch. Currently the ECOSOC's members include representatives from: Labour (e.g. Federation of Labour Unions), Employers (chambers of industry and commerce as well as business owners), Civil Society Organizations and Academia. ECOSOC membership is by government appointment. Moreover, the budget of ECOSOC comes from the government central budget.

Thus, although ECOSOC contains the necessary member representation, it has not been a mechanism for true dialogue. The government requests the ECOSOC to provide an opinion and input on specific issues. As such, dialogue through the ECOSOC is reactive instead of proactive. ECOSOC only deals with issues and challenges put forth by government.

Additionally, there have been a few economic and developmental dialogue initiatives. These initiatives can be considered a series of one-off initiatives and not a national, structured formal process. These include: Jordan Vision 2020 (JV 2020), Scenario 2020, the IT Focused Reach Initiative and Jordan Vision 2025. All these initiatives which used dialogue culminated in a document, not a process.

1. JV 2020 was Jordan's only private sector led economic initiative. JV 2020 was initially launched in 1999 (V1.0) and then again in 2006 (V2.0). JV 2020 brought together 26 national business associations who entered into a formal structured process of defining Jordan's economic future. JV 2020 brought private sector players and public sector actors such as the Ministry of Planning and International Cooperation (MoPIC), the Ministry of Industry and Trade (MoIT), in addition to the Jordan Investment Board (JIB). No employee representatives were included in JV 2020.

2. Jordan 2020 Scenarios: A futuristic study organized by the Jordanian Higher Council for Science and Technology (HCST) to enable decision makers to develop policies built on scientific studies through different scenarios, towards shaping alternative future visions to confront challenges to come. A consultative steering committee supervised the first phase of the project. Five committees (Natural resources, Human resources, Economics, Society, and culture.) were also formed for the different dimensions, made up of experts in the field¹¹. The committees recruited experts/an expert to prepare a reference paper for the different scenarios in each of the dimensions mentioned. Individual papers were reviewed and discussed for each dimension and were used in formulating different scenarios for Jordan. Representatives of public and private sector institutions and all sectors of Jordanian society attended the seminars¹².

3. REACH Initiative: The Information Technology Association of Jordan (INT@J) was originally tasked by His Majesty King Abdullah, to craft a national strategy to develop and grow the ICT sector in Jordan. The REACH initiative has had many updates, the most recent in 2016. INT@J led the initiative and recruited the efforts and ideas of the Jordanian ICT sector. INT@J invited the public sector to participate in the various REACH initiatives. The level of government participation was directly related to the representatives involved. REACH was an effective development tool but did not include representatives from employees, as ICT is predominantly a white collar industry.

4. Jordan Vision 2025: JV 2025 is a national Economic Blueprint, to develop the national economy, lead the path in achieving sustainable growth and enhancing economic reforms. JV 2025 is based on 20 developmental priorities, it crafts a path for the future and determines the integrated economic and social framework that will govern the economic and social policies based on providing opportunities for all. JV 2025 is an outcome of major consultative and collaborative efforts. Citizens, civil society organization, political parties and business associations were provided with the opportunity to contribute to the document. JV 2020¹³ also incorporated previous efforts and initiatives such as; the National Agenda, the National Employment Strategy, the Poverty Reduction Strategy and previous sectoral strategies. As such, JV 2025 represents the most comprehensive dialogue methodology used in Jordan¹³.

11 <http://www foresight-platform.eu/wp-content/uploads/2011/04/EFMN-Brief-No.-80-The-Jordan-2020-Scenarios-Project.pdf>

12 Ibid

13 https://www.wto.org/english/tratop_e/tp_r_e/g325_e.pdf

For social dialogue to be effective and meaningful, participating parties (government, labour and employers) must agree on issues, priorities and desired outcomes. As such, agreeing on a national economic vision is a necessity as well as identifying underlying national issues and priorities. Once an agreement is reached the three parties can engage in meaningful dialogue. Without agreement no meaningful dialogue can take place as common issues not agreed upon. Jordan has not yet reached this level of maturity. The three parties remain stuck in an obsolete paradigm. A common vision of prosperity between the tripartite parties and their individual roles and responsibilities in achieving it needs to be defined.

Should an agreement on an economic vision and issues and priorities be reached, the three parties need to develop collective skills, cumulative experience and a structured methodology to engage in effective dialogue. Without such skills and structured methodology the three parties will spend much time engaged in frustrating activity. Currently, employers, employees and government operate as if the government is likely to remain the single engine of economic growth despite clear indications that this economic paradigm is at the end of its tenure.

National Research on the Role and Positions of National Member Associations in the Social

Dialogue Process on the Company's Plan:

Generally speaking, national member associations do not participate through a social dialogue process in developing their individual companies' plans. There are several reasons for this:

1. The corporate planning process is generally short term in nature and not long term. Planning has generally been reactive instead of proactive. This is to a great extent because of the continuous modification of the business environment through changes in tax laws, social security laws, etc. Thus, little management effort is spent on long term planning. Management effort is spent on maintaining company survival and as such both company owners and employees are victims of a government crafted non-competitive business environment.
2. Jordan (employers, employees and government) have not yet settled on a long term economic vision with defined growth targets and target economic sectors. Therefore, there is little defined economic or social development context to engage in dialogue about.
3. The majority of employers are micro, small and medium enterprises, with the majority of these being micro and small. Thus, members of employer organizations and fragmented employee organizations are incapable of engaging effectively on economic and workforce competitiveness issues. Both employer and employee organizations need an economic vision to work off from. Till yet, such a vision does not exist.
4. Lack of previous cumulative experience in engaging in dialogue between the three relevant party's means that their Interactive and interdependent roles not understood nor well developed. This is true at a government level, employer level and employee level.
5. Government generally operates unilaterally as far the development and implementation of laws, taxes and fees. Although the government does attempt to engage the private sector and possibly sometimes employee unions/institutions, the government is seen as the largest engine of growth and the largest single employer. As such, government decisions benefit the largest employee group, which are not allowed to have a union or to organize.
6. Jordan has fragmented national member/employee associations. There are associations for garment workers, electricity workers, transportation workers, etc. Each of these associations represents a mere slice of the private sector workforce. As such, they are uni-dimensional and only represent the needs of the workers in a specific economic sector. Therefore, they do not carry any collective economic weight. There exists a Federation of Jordanian

Labour Unions which represents all employee representative organizations. The Federation is however heavily controlled/ influenced by government. Its current leadership, which has government support, has remained unchanged for quite some time.

7. Jordan does not have a history of formal social dialogue. Informal dialogue does exist and can be quite effective. The existing dialogue does not generally address economic and development needs. All parties (government, employers and employee organizations) need to understand that tripartite engagement is needed to develop and sustain long term prosperity

Overview and Role and Position of Employer Organizations in Social Dialogue:

There are several employer organizations in Jordan. The most well established and influential organizations are the Chambers of Industry and Chambers of Commerce. These two chambers were established via a law and membership in them is mandatory. All registered companies must be members of the Chamber of Industry or the Chamber of Commerce. The majority of Jordanian registered companies (micro, small and medium enterprises) are not represented in the chambers. The larger companies (capital greater than JD 30,000 and who employ more than ten employees) are eligible for board representation. As such, only about 2,000 of the 18,000 registered companies are eligible for board membership in the Chamber of Industry. The same requirements exist for companies registered at the Chamber of Commerce (established in 1923) and the number of registered companies at the Chamber of Commerce is over 100,000. The Chairpersons and board members of these employer organizations are generally supported by and influenced by the government. Social dialogue as such is limited to government requests and what larger participants see as challenges. Thus, the requests of the majority of Jordanian registered companies (MSMEs) may be disregarded and remain unaddressed.

Other employer organizations exist. These are mostly voluntary organizations and mostly sector specific. These organizations include/have included the information Technology Association of Jordan (INT@J), Jordan Garment and Textile Exporters (JGATE) Association, Jordan Europe Business Association (JEBA), Jordan Inbound Tourism Association (JITOA), EDAMA, among others. These associations are either sector specific (tourism, information technology, garments, clean technology) or member specific (companies that deal with the USA, Europe, etc.). All employer organizations must be registered with a relevant government ministry or agency.

Voluntary associations have the ability to engage in limited dialogue with government. However, such dialogue is generally sector specific or highly specialized in nature. Moreover, because these employer organizations have a small membership they carry little weight seeking only to solve sector specific challenges. Therefore, there are continuous lost opportunities for more substantial dialogue with government and employee organizations.

Cases Studies: Diagnosis of 20 companies; Statement of Places of Social Dialogue within the Company; Practice of Collective Bargaining:

Company Name	Type of Company	Sector	Management of Disputes	Employee Compensation
Romo International	Proprietorship	Manufacturing	Individual worker dialogue with management. Internal labour policies (by-laws) in accordance with Jordanian labour law.	Studied manner, Profit sharing
Khalifeh Advanced Industries Group	Limited Liability	Manufacturing	Managed individually and collectively through a workers' union in accordance with labour law and internal by-laws.	Documented incentive system exists
Trico Taweela Company	Simple partnership	Textiles	Managed individually and collectively through a workers' union in accordance with labour law and internal by-laws.	Documented compensation and incentive system exists.
Al-Araj Meat Processing	Proprietorship	Food stuffs	Through individual communication by employees with their direct supervisor and/or owner.	Undocumented promise/agreement to raise salaries at least twice a year in accordance with employee's skills and performance.
Reem	Limited Liability	Food stuffs	Management of disputes in accordance with labour law. Dialogue with workers is through individual communication by employees with their direct supervisor.	There is a documented incentive system which is employed
Awni Abu Saad for plastics Manufacturing	Prop	Plastics	Disputes are managed on a personal and individual level. Labour law is the foundation.	Undocumented employee compensation system.
Miss Gold for Packaging and Filling		Printing and Packaging	Disputes and labour relations are managed individually in accordance with Jordanian labour law.	HR department has developed a defined and documented compensation and incentive system.
Al-Hadaf International Company	Limited Liability	Printing and Packaging	Managed through internal by-laws and the labour law	Undocumented employee compensation system.
Wasef Shammout and Partners	Proprietorship	Printing and Packaging	Disputes managed through internal policies which are in accordance with labour law with the addition of a few items.	Undocumented employee compensation system.
Jazeera Plastic Manufacturing	Limited Liability	Plastics Manufacturing	Disputes are governed by labour law and are dealt with on an individual basis.	Undocumented employee compensation system.
Jordanian Factory for Metal Smelting	Limited Liability	Metal Recycling	The majority of worker disputes are individual (not organized). Dialogue with workers is per the company's by-laws. Company by-laws are in accordance with labour law...nothing additional.	There is an HR department which operates according to instructions, vision and policy received from upper management and not according to a proper scientific method. Probably have a written incentive or compensation system.
Super Doors	Limited Liability Company	Manufacturing	Dialogue with workers is per the company's by-laws. Majority of disputes are individual (not organized) and are usually handled by the worker's supervisor.	A personnel department with management incentivizes workers with performance/ production based incentives and delivering work without production problems.

Company Name	Type of Company	Sector	Management of Disputes	Employee Compensation
Mohammad Abu Haltam Investment Group	Limited Liability Company	Manufacturing	Two agreements regulate the relationship with workers; Labour Law and Training agreements. Disputes between workers and management within the company are individual (not organized). Regular discussions and meetings between departmental managers and foreman. Foremen communicate workers' issues. Worker complaints are usually individual and related to the feeling that workers are not receiving their due rights.	Documented compensation and incentive system?
Mango Contracting	Limited Liability	Contracting	MC has internal by-laws which addresses employee's rights - based on Labour Law but provides additional benefits to workers. MC has no collective agreements with employees. Dialogue with workers is usually done individually with the management. Collective dialogue usually happens when MC gets a lot of work. They use delivery deadlines this to create leverage with management.	HR department has developed a documented compensation and incentive system?
Seima Industries for Renewable Energy	Limited Liability	Renewable Energy	Developed internal labour policies in a positive and mutually beneficial manner which parallels the law and which takes into consideration the employees and the company's interest in a balanced manner. Transparent communication between the employee and management even for the smallest disputes and requests. Disputes can be group or individual.	Documented compensation and incentive system?
SIPES Paint	Limited Liability	Chemical Industry	Internal labour by-laws have been approved by the Ministry of Labour and are in accordance with the Labour Law. Dispute management between workers and the company is direct between the individual worker and the management (person to person) or with management through the HR Department.	Documented compensation and incentive system.
LaFarge Cement	Public Share-Holding	Mining	Lafarge has internal by-laws which addresses employee's rights. Lafarge also has collective agreements with employees which take into consideration the labour law. Dialogue with workers is through the workers union of the cement sector with the management of Lafarge.	Documented compensation and incentive system.

Company Name	Type of Company	Sector	Management of Disputes	Employee Compensation
Miran Chocolate Company	Limited Liability	Food Stuffs	Relationship between management and employees is defined by Jordanian labour law. Disputes are addressed through direct dialogue between labourers and the company's management and dealt with on a case by case and individual basis.	Undocumented employee compensation system?
Arab Tech Jardaneh	Limited Liability	Contracting and Engineering	<p>1. There are three associations and unions which were created and organized through laws and are mandatory institutions.</p> <p>a. Engineers Union b. Engineering Office Committee c. Jordan Building Council</p> <p>Disputes between engineering employees are addressed by the engineering union. Collective bargaining is with the union. Other disputes are handled individually.</p>	HR department has developed a defined and documented compensation and incentive system.
Jordan Petroleum Refining Company	Public Shareholding	Refining	<p>Petrochemical workers do have a union. Disputes are resolved through discussions with the Union. JPRC management typically receives requests every two years from the union. Experience shows that the requests revolve around the following:</p> <p>a. An increase in Salaries (JPRC now pays 16 months) b. Health insurance to include their families c. End of employment compensation d. Housing loans to cover loans that employees are having difficulty paying back e. Employee investments f. Securing daily workers (putting them on the payroll)</p> <p>There is no dialogue. JPRC receives requests and are given a time to respond.</p> <p>1. There are requests from workers and requests from the engineers. Not the same union.</p> <p>a. Workers will strike if engineers receive a raise or additional benefits. b. Fragmented requests</p> <p>2. Workers threaten JPRC with strikes.</p> <p>3. The workers have never come forth with positive and productive ideas. They are purely extractive.</p> <p>4. Workers have no concept of rights and responsibilities towards JPRC. Purely confrontational and extractive.</p>	HR department has developed a defined and documented compensation and incentive system.

Company Name	Type of Company	Sector	Management of Disputes	Employee Compensation
Al-Zay	Public Shareholding	Clothing	<p>Jordan has no culture of social dialogue to address disputes. It was learned from the MoL. MoL helped formalize and structure the engagement of dialog.</p> <p>Employee Union is Textile Workers' Union. The union attempted to develop a very confrontational relationship with Al-Zay. Started the first strike Management decided to not be confrontational and decided to be transparent and open with workers. Management wanted to create a constructive dialogue. Union leadership wanted to confront. Socialists became heroes in the short term</p> <p>Management explained to workers how Al-Zay made money. Based on this workers saw what was possible and rational to ask for. This was a process of education for the workers. Education helped create a more productive coexistence. Education helped workers understand what was possible and who was delusional.</p> <p>There is a strong case to promote transparency to engage in constructive and meaningful dialogue. With the opening of QIZ's Jordanian workers became a minority. A lot of imported expat workers. Expats reduced the effectiveness of workers unions.</p>	HR department has developed a defined and documented compensation and incentive system.

Recommendations on the Specific Needs of Each Social Partner and Action Plan on Capacity Building:

General Recommendations:

1. Dialogue Skills: Each social party (government, employer organizations and employee organizations) need to be trained on formal dialogue skills and methodologies. The methodologies need to define the expected roles of each party and the limitations of each party.
2. Formal Adoption: Dialogue must be accepted as an organized and formal means with which to address economic and social issues. Acceptance comes with a national requirement for all/specific suggested economic and social policies to be addressed first through a formal consultative process between government, employer organizations and employee organizations. Few government decisions should be allowed without going through a formal dialogue/consultative process. The requirement for formality is important as it will generate an agreed upon dialogue methodology as well as develop national cumulative experience and specialization in dialogue.

Currently, the Economic and Social Council is an official institution promoting social dialogue. However, its role is not as active or engaged as it could be. The Economic and Social Council's role should be promoted further or other national organizations could be recruited to address specialized issues.

3. Economic Identity: For social dialogue to be relevant, the three social parties need to agree on what is nationally relevant. Jordan needs to develop an economic identity for itself. As of yet this has not yet been done. From this economic identity the role of government will be defined as well as the defined time bound outcomes/Key Performance Indicators that the government should work towards achieving and facilitating. The economic identity should identify the economic sectors/clusters which will be promoted and supported as engines of private sector growth.

The Ministry of Planning and International Cooperation (MoPIC) has developed the Jordan Vision 2025 (JV 2025) Economic Vision in consultation with the private sector and employer organizations. The JV 2025 document is a good starting point for developing a national economic identity. The document should be used as an initial foundation document and built upon. Future adjustments to the JV 2025 document and future development documents should formally include both employee and employer organizations.

4. Technical Skills: The government generally has well developed technical skills. Employer and employee organizations do not possess the same level of technical competency. This has led to much frustration by government when engaging employer and employee organizations as their inputs are generally weak and nondescript.

Employee organizations do not think about their potentially effective role in improving the competitiveness of the Jordanian economy through supporting relevant employee training and certification programs to address national and sectoral economic developmental goals. Rather, employee organizations are focused on wages and benefits levels only. This type of dialogue is only effective in protected and/or regulated industries which tend to be large in size in Jordan. The majority of companies in Jordan are MSMEs and as such, they themselves are generally disorganized and ill represented in employer organizations.

Employer organizations and the Jordanian economy are dominated by Micro, Small and Medium Enterprises (MSMEs). Because of their small size MSMEs are generally organizationally incapable of addressing general strategic economic challenges or identifying specific labour requirements to improve their individual competitiveness. Most MSMEs are trapped in survival mode. As such, MSMEs within target sectors need technical assistance in helping identify the competitive challenges they face, suggested solutions as well as determining the labour requirements (skills and competencies) to develop and sustain sector competitiveness. Such assistance will provide studied content with which to engage in social dialogue.

Government has technical skills but needs formal skills to engage owner and employee organizations effectively. It is recommended the all parties to social dialogue receive training on formal social dialogue methods. It is also recommended that the government engage owner and employee organizations in long-term, multi-year initiatives in which a formal social dialogue methodology is used such that cumulative social dialogue experience is developed. A reasonable institution to initiate such training can be the Economic and Social Council as it has already engaged employer and employee institutions as well as government.

Issues	Questions
Existing Social dialogue	What are typical issues covered in existing social dialogue?
	What are the typical practices and methods used to engage in social dialogue?
	Are discussions limited to salary and benefits or do they cover larger sector concerns such as competitiveness?
Method of Social Dialogue	How does engagement start?
	Is there a process for engagement which is usually followed? What does it look like?
	Are employee representatives trained to engage? Or is it random?
	Is engagement documented? Are results of dialogue and engagement documented?
	How do employers engage in social dialogue?
	Who engages from the private sector? The GM, Owner, HR or personnel?
	What are the types of discussion?
Levers of influence	What are the levers of influence for employees with employers?
	Do these levers actually exist? Or do results of dialogue demonstrate something different?
Impact of Added Value	Does the low level of added value in most Jordanian industries affect the ability to engage in social dialogue.
	Does social dialogue increase as the level of added value increase (profitability and competitiveness)?
Impact of Enterprise Scale	Is social dialogue hindered by the predominance of MSMEs in Jordan? Could this be a structural issue?
	Do we witness social dialogue in large established service companies such as banks and telecommunications companies?
Effect of Unemployment levels?	Does the relatively high unemployment rate affect the ability to engage in effective social dialogue?
	Is Social dialogue ever used to improve the productivity and competitiveness of institutions?
Effect of cost structures?	How do taxes and social security affect the ability to engage in social dialogue?
	If most existing companies are marginally profitable, can there be social dialogue?
Large Public Sector	How does the large public sector, with over 42% of the workforce, impact the possibility of social dialogue?

1. Company Data:

- a. Type of registration (proprietorship, LLC, Private shareholding, Public Shareholding)

2. Legal relationship between the company and labour:

- a. Labour law
- b. Articles of Association
- c. Company union
- d. Labour representatives

3. Structure of internal dialogue between management and labour

- a. Direct with owners
- b. Through the existing management structure
- c. Through an organized union or labour representatives

4. Types of labour disputes

- a. Individual
- b. Collective
- c. Adversarial
- d. Friendly/cooperative

5. Existence of HR functions addressing/dealing with:

- a. Dialogue with workers
- b. Vocational and technical training
- c. Employee benefits, remuneration, compensation, penalties, etc.

6. The manner in which economic crises are dealt with by labour

- a. Cooperatively
- b. Individually by management
- c. Etc.



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