

## PARITARIAN INSTITUTIONS FOR SOCIAL PROTECTION AND SUSTAINABLE DEVELOPMENT

This paper is the result of reflections the Paritarian Institutions for provident action have carried out in the hopes of finding ways in which they can incorporate considerations of sustainable development in their activities and jobs.

### INTRODUCTION

The globalisation of economies, short term strategies for financial investment and growing climatic and social problems (human rights, poverty, etc.) have led an increasing number of players (unions, NGOs, and investors) to call on companies to take measures for sustainable development.

However, despite wide spread dissemination of Corporate Social Responsibility (CSR) concepts (helped along by the NRE law of 2001), there has been little impact on small companies and non-profit organisations, such as:

- state, regional and local authorities
- social economic organisations
- mutual benefit or paritarian organisations.

In fact, the work of Paritarian Institutions is in the general interest and their system of organisation is compatible with the values inherent in the objectives of sustainable development, such as:

- solidarity (intra and inter generational)
- objectives of performance and service quality
- social innovation and response to new social needs
- a continuing search for balance among the interests of the parties involved (workers, companies and members of national insurance plans).

Moreover, the specific nature of their activities (payment of health and retirement benefits, etc.):

- goes in the same direction as sustainable development
- does not generate significant impact on the environment even though the service sector has been called into question with regard to climate change (buildings, computer technology and employee movement).

The absence of direct immediate responsibility common to other sectors of activity does not mean questions should be avoided though.

CSR in 2007 is in a phase where the issues of sustainable development are being analysed in increasing detail by those concerned in company activities, such as: NGOs, long term investors, ethical managers, extra financial rating agencies

Each sector has to identify the strategic and relevant issues at stake, failing which the parties concerned will call them into question.

This means that the question of sustainable development must be posed for Paritarian Institutions.

This is why ORSE has convened the various players of the sector to:

- define the issues at stake for the sector
- highlight the practices of organisations that are voluntarily committed to sustainable development.

# SUMMARY

## Sustainable development in the Paritarian world

- **The issues involved in managing the implementation of sustainable development**
  - engaging Corporate Management
  - employee commitment
- The issues concerning the parties involved
  - **client relations:** companies, workers and pensioners
  - improving the quality of service
  - contributing to the well-being of workers, their families and pensioners
  - the fight against exclusion and preserving social ties
  - social efforts for social innovation
  - **employee relations**
    - . ensuring worker employability
    - . guaranteeing equal opportunity
- **relations with suppliers and sub-contractors**
- **relations with society as a whole**
- **Issues concerning investments** and the role of investors
  - the problem of investing institutional reserves (in the area of social aid and pensions)
  - the problem of employee savings
- **Environmental issues** implementing sustainable management of resources and waste
  - reacting to climate change
  - involving general management and employees in implementation procedures

## Issues at stake in relations between the parties involved and Paritarian committees

### **Relations with clients: workers, companies and pensioners**

Customers as well as workers; companies as well as pensioners are at the heart of Paritarian committee activities.

The notion of service quality is individual as well as collective and relies on a proximity relationship based on listening, dialogue and the professionalism of associates.

In fact, it is a reflection of the values of paritarianism and represents a competitive advantage in comparison with other social protection organisations. It relies on:

- an improvement in the quality of service offered to clients
- a more equitable access to information, notably through discussions of the advantages and inconveniences of new communication technologies (vocal servers, Internet sites and call centres)
  - pricing policies for call centres. More and more social organisations are resorting to special numbers to allow beneficiaries to contact them directly or obtain information concerning their dossiers. Pricing here is variable, complex and sometimes costly for the user.
- Contributing to the well being of workers, pensioners and their families.

- Helping beneficiaries throughout their lives. With an increase in longevity new social and health issues have appeared. Paritarian Institutions should anticipate the new needs of society and emerging risks. They should develop new products and services aimed at contributing to the well being of beneficiaries.

- Anticipating emerging risks  
Initiatives should be in line with economic and social change and take into account the emerging risks specific to the core activity of each Paritarian Institution.

- Carry out combined preventive actions with corporations  
In the health area, Paritarian Institutions can take action to respond to the needs and expectation of companies seeking to improve the quality of life of their employees.

### **Focusing on social action for social improvement**

One of the qualities of the Paritarian world is a readiness to aid beneficiaries in the most difficult moments, in situations not covered by regulations. Thanks to their mission of anticipating social developments linked to sociological, medical (ageing population, growing problems of dependence) and technological change, Paritarian Institutions generate high reactivity in relation to their beneficiaries.

The social innovations put into practice often anticipate regulations and arrangements eventually enjoyed by all social beneficiaries (i.e. products designed for dependents).

Such reactivity to changes in society should be preserved since it demonstrates the richness of paritarianism.

That's why social action should be thought of not just in terms of cost (the budget to be allocated) but also in terms of investment in logic of anticipation of social issues to be taken into account by the institution.

### **Employee relations within institutions**

A few of the issues at stake are:

- the employability of workers, developing an aptitude for change  
Jobs in the social protection sector have gone through considerable change in the past decades.

A number of jobs were originally devoted merely to handling dossiers. These have developed to include functions of providing advice and orientation for beneficiaries.

- Affirmation of non discrimination and equal opportunity principles, such as:
  - development of sexual equality
  - maintenance of employment of older workers
  - improved integration of the handicapped
  - fighting racial discrimination.

### **Relations with suppliers and subcontractors**

Just as in a private company, purchases are at the centre of operations of an Institution. A Paritarian Institution should thus be considered as a contracting party with the same obligations of respecting engagements with suppliers.

## **Issues involved in the financial investments of Paritarian Institutions and the role of investors**

Paritarian Institutions belong to social protection groups that manage retirement as well as provident funds.

As far as retirement is concerned, Paritarian Institutions function on a pay-as-you-go basis and have no role as an investment fund. Nevertheless, the surpluses shown on Agirc/Arrco accounts do offer investment possibilities.

In the case of provident funds, Paritarian Institutions must keep provisions on hand to cover engagements for annuities and death benefits. These provisions, which are partially in shares, can be invested according to socially responsible criteria.

A number of Paritarian Institutions have opted for managing SRI funds for their pension, provident and worker savings sections.

## **Environmental issues**

Even if the impact of Paritarian Institutions on the environment is slight compared to the industrial sector it is not negligible.

In order to improve environmental performance, they must define and implement environmental policies adapted to their sector. Action can be taken along two lines:

### **• Sustainable construction**

Buildings have significant impact on the environment in terms of consumption of resources, CO2 emissions and generation of waste. Sustainable construction procures direct economic benefits and reduces the impact of real estate on the environment.

Institutions can lead the way in managing environmental quality by integrating eco-construction principles in the design, use and renovation of buildings (HQE notably).

### **• Optimising worker transportation**

At stake: 70% of greenhouse gases are produced by the transport of goods or people. Paritarian Institutions might act in the areas of:

- company vehicles (green label with respect to long term rentals)
- transporting merchandise
- business visits (limiting employee movements thanks to video conferences, interactive information sites, etc.)
- travelling to and from work (environmental and also social impact with a drop in road accidents)

Paritarianism in all of its forms (occupational training, insurance, unemployment and social protection) is an original method of management where representatives of labour and management work together to ensure the protection of employees throughout their lives.

This style of management is now more than 50 years old and has successfully entered the 3rd millennium

Paritarianism is a model that has proved its worth in continually adopting to social, economic, technological and demographic changes

There is no lack of obstacles though:

- External obstacles
  - economic globalisation with financial markets oriented to the short term
  - regular calling into question of a system managed by the social partners.
- Internal obstacles
  - capacity to anticipate changes in society
  - capacity of being visible in comparison to the other players, especially in the provident area
  - capacity for modernisation and a logic of rationalising costs
  - capacity for mobilising its representatives at all levels (from management to the level of the social partners).

Today Paritarianism gives the impression of having arrived at its limits and the idea of social responsibility represents an opportunity for questioning Paritarian Institutions on the ties that bind their individual constituents:

- Their employees who have displayed remarkable skill of adaptation over recent years to changes in their jobs and functions.
- Their clients who are of a special nature since they are employees and their beneficiaries as well as companies. These “clients” are also decision makers.
- The surrounding economic and social fabric. Paritarian Institutions have proved themselves indispensable in all areas, even when the areas are under tension or in isolated rural zones.
- Those impacted by environmental issues.

The very purpose of Paritarian Institutions is to guarantee intergenerational links and allow future generations to live in better conditions than their elders.

This is the reason why institutions must mobilise in favour of environmental protection (the fight against global warming, poverty, etc.) where the objective is the future existence of our planet.

A discussion concerning the participating members should be part of any discussion of the issues of sustainable development relating to the workings of our social protection systems.

This is well understood by companies engaged in a course of responsible social action. They include provident institutions, unemployment agencies and social security organisations.

They are only at the start and understand that much remains to be done to firmly anchor a sustainable development strategy.

This is the reason why ORSE hopes to invest firmly alongside them to help structure policies, provide attendant tools and share with the largest number possible the initiatives of a few pioneering institutions.

For ORSE, Paritarianism transmits the same values as the concept of Corporate Social Responsibility: i.e. performance, innovation and solidarity.

Paritarianism like Corporate Social Responsibility creates conditions for dialogue and cooperation among the parties involved (employees and companies for paritarianism; employees, companies, shareholders and neighbouring establishments for CSR) that lead to balance in collective decision-making.

An operational dimension needs to be added to the daily operations of Paritarian Institutions.

ORSE will spare no effort to permit such an exchange in the Paritarian world so that objectives of sustainable development will play a permanent role.