

“B-READY” WILL UNDERMINE LABOUR RIGHTS AND SOCIAL PROTECTION

Despite elaborate metrics and promises to include core labour standards, b-ready will promote the erosion of labour standards across the globe and undermine social protection.

The Business Ready (“B-Ready”) index scores countries on ten different “topics” that affect the business environment and ranks countries based on their scores. The relationship between workers and their employers cannot be characterised by a simple metric aggregated among others; it is a contested relationship based on a legal framework of negotiations, mediated by social dialogue. B-Ready claims to balance the need for worker protection with the need for flexibility for companies, but it falls far short. As it is currently constructed, B-Ready will promote low wages and precarious work while undermining social protection. The concern of unions is that this serves to continue a race to the bottom, between countries, based on biased criteria and a poorly designed methodology.

B-Ready does track and, to a degree promote, measures that are fundamentally important to workers including freedom of association, collective bargaining, the eradication of child labour, non-discrimination, and occupational safety and health. This is a positive step. However the project only considers the social benefits of de facto provisions of law. While nearly every country in the world has some

protections in law for occupational health and safety, the implementation of the law and its impacts are the relevant metric for understanding working conditions. Moreover, the ILO Fundamental Principles and Rights at Work are more than a simple checklist to weigh against other factors. As it is currently constructed the impact of B-Ready will not be to promote decent work around the world, nor be consistent with promoting the ILO core labour standards but will serve to undermine well-functioning labour markets by placing a disproportionate weight on cutting costs and worker protections.

The ITUC has both methodological and policy concerns with how the labour topic of B-Ready is constructed and how it might be implemented, and we oppose its inclusion in the B-Ready rankings. In this we concur with the [External Review Panel](#) commissioned by the Bank in 2020 to investigate the *Doing Business Report*, which recommended that the Bank “Restore and improve the “Employing Workers” indicator as part of the Doing Business indicators, but do not rank countries based on this information.”

B-Ready's approach to scoring promotes low wages and precarity

- While B-Ready does award points to countries that have a minimum wage in the private sector (Indicator 1.1.1)—either by law or by collective bargaining agreement—no consideration is given regarding the adequacy of minimum wages. Moreover, the scoring system seriously undermines adequacy objectives. Not only are the points awarded for a minimum wage undermined by points awarded for wages that do not pose a burden for business (Indicator 1.2.2), but the wage indicator is further eroded by the weight given to low labour costs in the structure of firm surveys about hiring (Indicator 3.2).
- B-Ready moreover promotes precarious work by penalising any limitation on the use of short-term contracts (Indicator 1.2.1). B-Ready notably sees no potential social benefit to these restrictions, unlike policies such as a minimum wage, dismissal requirements, and health and safety standards.

Setting a minimum wage is a complex social process that cannot be reduced to one measure based on an economist's calculations, nor can it be left to an entrepreneur's simple assessment of whether they might have hired more workers with lower wages—absent any analysis of whether their business is in fact productive or growing.

- Similarly, B-Ready awards points to countries that require a severance payment and notice period for terminated workers (Indicator 1.1.5). However, by the same mechanism as the wage, it undermines these points in a two-part operation: first by awarding additional points for providing flexibility with these matters (Indicator 1.2.5), and ultimately by according great weight to firms' assessments of whether their country requires a burdensome notice period or severance amount (Indicator 3.2).
- This is misguided. At a time when employers are increasingly cavalier in avoiding legal requirements through contract arrangements, the benefit workers receive from the stability of a long-term contract is as important as the value B-Ready finds in these other indicators.
- Finally, B-Ready promotes excessive working hours through positively scoring countries based on the availability of overtime and night work (Indicator 1.2.1). While some additional points are granted for those countries that provide a wage premium for overtime work, it is nevertheless problematic that B-Ready appears to score countries favourably where the incidence of such work is prevalent.
- Many policies have potential benefits to workers, firms, or both but the B-Ready systematically downplays these benefits by, for example, ignoring the benefit to firms of implementing occupational safety and health protections or taking action to prohibit child or forced labour. A modern workplace and modern economy requires considerations of much more than this reductionist interpretation of what it takes to demonstrate respect for fundamental workers' rights.

B-Ready penalizes comprehensive social protection systems

- While B-Ready awards points for the public provision of unemployment insurance, healthcare, and a retirement pension, its scoring system undermines the actual provision of these key social protections by strongly penalising funding social protection through employer contributions. In fact, B-Ready's methodology appears to award more points for foregoing contribution-based social protection.

Tax-financed social protection schemes largely tend to fund smaller-scale, targeted programmes (i.e., social assistance) rather than broad-based social security. While tax-financed schemes can be particularly helpful in providing social protection floors to those who have not been able to build up sufficient contributions, such schemes should be considered as a complement to broad-based social security where both employers and workers contribute, rather than as a replacement.

B-Ready's preference for cutting contribution-based social protections is radical and dangerous, and deviates from agreed international labour standards – including ILO Convention 102 - and recent international commitments on social protection. Notably, the 2021 **Resolution and Conclusions of the International Labour Conference on Social Security** – unanimously adopted by governments, employers and workers' organisations— calls on Member States to “complement social

protection floors, ensuring adequate and higher levels of contributory social security based on solidarity in financing and a fair division of contributions between employers and workers”. B-Ready's approach moreover deviates from the recently agreed **Joint Statement on Principles on Financing Universal Social Protection** by the Global Partnership on Universal Social Protection – which the World Bank itself is a part of– which reaffirms the importance of both contributory and tax-financed schemes and calls for a comprehensive mix of financing sources.

- While a country receives 16.68 rescaled points for providing unemployment insurance, healthcare, and a retirement pension (Indicators 2.1.1, 2.1.2, 2.1.3), it receives 16.68 additional points by funding these benefits entirely through taxation (Indicators 2.1.1, 2.1.2, 2.1.3). It gives 9.68 points for the absence of any legal mandate to pay for these benefits directly (Indicator 1.2.3) and 33.33 more points for having a low contribution cost to benefits as determined by employer surveys (Indicator 3.1.1).

By this calculation, avoiding any employer contribution to social protection is worth nearly four times as many points (59.69 points) as the provisions of these social protections in the first place (16.68). A country where employer contributions are avoided will still receive nearly three times as many points (43.01) than providing these benefits with a mandated employer contribution (16.68).

B-Ready does not rely on unbiased sources

- Consultations with lawyers and surveys of firms are B-Ready's only data inputs for the labour topic. Notably, the World Bank confirmed that it will not seek to balance the inputs or analysis between lawyers who represent workers and those who represent employers.
 - While attorneys will be consulted on questions of de jure worker protections and public service provision, analysis of de facto conditions depends entirely on firm surveys. This undermines the analysis: the efficiency and effectiveness of labour inspectorates, for example, cannot be adequately monitored by companies alone which have an obvious interest in speedy exoneration for labour violations. Workers are deeply interested in the de facto work of labour inspectorates and must be involved.
 - Workers or worker organisations are not consulted at any point in the research process, and any input they provide must be "verified" by the business sector.
-