
IOE PERSPECTIVES ON THE POST 2015 DEVELOPMENT AGENDA JANUARY 2013



INTERNATIONAL ORGANISATION OF EMPLOYERS

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EXECUTIVE SUMMARY

Private enterprises produce goods and services that people need and want to consume. They provide jobs and income, supporting workers, families, communities and societies. Through the investments they make, they help the economy to grow and more jobs to be created. The business community will unite its efforts in the areas of education and skills development, productivity improvement and targeted financial support for sustainable enterprises. This will stimulate the development of innovative solutions to deliver sustainable development.

However the recipe for sustainable development will not be the same for each country or region. The ingredients available will have to be intelligently mixed from those on offer so that they can set each country on their own path to sustainability.

THE IOE PERSPECTIVE

The IOE believes that employment is central to all of the themes identified as challenges in the debate on millenium and sustainable development goals - poverty, human development, jobs and livelihoods. The challenges of the last few years have shown us that economic growth without sustainable job creation has not been an adequate response to deliver sustainable development. Governments and business must focus on creating the climate for enterprises to generate jobs that are serving a market demand.

Aid and support from all organisations must be targetted at providing long-term self-sustaining outcomes to address the root causes of the challenges and not just aimed at providing palliative solutions.

JOB AND ENTERPRISE GROWTH ARE KEY

Job creation is the priority challenge to address: The challenge of creating jobs is not solely a cyclical matter it is profoundly structural and will last well into the period of the new development goals post 2015. The world is experiencing major long term shifts in trading patterns, financial flows, national industrial structures, resource availability and constraints and economic growth rates, amongst many other factors. All of these will change the environment for job creation in terms of the availability of resources, drivers for innovation, where the jobs are located, which jobs will continue and which will change or disappear, the types and number of jobs that will be created, etc.

Jobs are essential for social cohesion: Jobs provide incomes and livelihoods, employment offers social status and allows community integration and can facilitate greater economic and social equity. This applies in industrialized countries, in the BRICs, in middle income countries, and in developing nations. Different dynamics may be at play, but governments in all categories of nations are and will be facing significant social unrest caused by the lack of employment opportunities, for all of active working age. However it is particularly so for the prospects for young people and those leaving school in the next ten years. Unless this is tackled we will face the consequences of social dislocation and inequity.

Enterprises are the source of jobs: In all countries, the overwhelming majority of new employment opportunities will be created by enterprises. To tackle poverty, human development, jobs, and livelihoods, the focus has to be on providing the conditions for enterprises to make the investments and initiatives that will create new employment.

STIMULATING SUSTAINABLE ENTERPRISE GROWTH ACROSS THE REGIONS

The main drivers to stimulate innovation and investment for the growth of sustainable jobs and enterprises are not the same for all countries as their resources, demographics, cultures, industrialisation levels, service provision, economic and political profiles differ. A careful analysis has to be made of the current position, the desired effect and the likely success of the tools that may help to achieve it.

- In industrialized countries, the service sector accounts for the majority of all jobs and will provide the opportunities for growth and job creation in the future. Measures fine-tuned to stimulate such growth should focus on promoting service-sector opportunities rather than on primary and secondary sectors where increasing productivity and international cost competition could limit employment growth opportunities. Shifting taxation away from employment and towards consumption and removing barriers to flexible employment would feature strongly.
- In middle income countries, where manufacturing is still an important source of employment and income growth, measures to encourage foreign investment, investment in education and skills training, and focus on urban development and youth employment would provide the appropriate stimuli for sustainability.
- In developing countries measures to facilitate business start ups, reduction in corruption, more efficient tax systems and investment in infrastructure would stimulate growth and job creation to increase real incomes.

Different geographical and cultural imperatives affect each region and any specific reforms or assistance must be structured to take these differences into account. For some it may be creating basic infrastructure and for others it may be improving or maintaining infrastructure critical to enterprise and economic development, and job creation

Increased regional integration can facilitate resilience and become an accelerator for development both regionally and globally.

CREATING THE RIGHT REGULATORY ENVIRONMENT FOR BUSINESSES TO THRIVE

Sustainable enterprises are the foundation of future growth and development. International organisations, national and regional governments and businesses themselves must deliver a better environment for doing business world-wide.

Improving the sustainability and productivity of enterprises and their capacity to innovate, consolidate, grow, expand and employ will be at the heart of growth and resilience to future economic downturns and achieving sustainable development. This means delivering a better and more reliable environment for doing business, which will build on:

- A stable macro-economic and regulatory environment, supported by better fiscal and economic policies.
- Reviewing regulation affecting business to ensure it creates a conducive environment for doing business and has a pro-employment impact whilst also meeting its regulatory purpose.
- Protecting property rights and the rule of law and ensuring efficient law enforcement systems.

FACILITATING INVESTMENT FOR BUSINESSES

Essential finance for growth must be made available on a more accessible and cost effective basis. A range of measures can support delivery of essential finance and investment, including:

- Investment promotion, including Foreign Direct Investment, sound economic management, and good governance.

- The development of the financial sector and its institutions, building their capacity and enhancing their lending resources to finance investment, growth, and provide venture capital.
- Appropriate mechanisms, including Guarantee Funds to increase the investment resources available for enterprises, especially SMEs, and which can assume a level of commercial risk to encourage lending.
- Greater transparency, innovation and flexibility on lending criteria and an increased range of financing options.
- Introducing investment and tax incentives as well as expanding investment promotion to attract foreign direct investment and as well as domestic investment.
- Keeping interest rates as low as possible consistent with a stable macroeconomic environment.

FACILITATING THE PHYSICAL CONDITIONS FOR BUSINESSES TO OPERATE

All countries need to ensure that they have the right physical conditions for businesses to operate. Some will have to develop these whilst others will have to repair or renew unserviceable facilities. Investing in basic infrastructure (potentially financed through public-private partnerships), including road and rail infrastructure; electricity generation and supply, including renewable energy; and information and communication technologies, will be key to providing the basics for enterprise development.

STIMULATING INNOVATION AND VALUE ADDED PRODUCTIVITY

Enterprises need support in improving productivity, innovation and competitiveness. This can come from governments, international organisations and the private sector to

- Increase access to technology and foster a culture of innovation.
- Promote a culture of productivity and quality, as well as a shared vision among employers, workers and governments of the benefits such a culture brings to society.
- Promote opportunities for shared experiences and mutual learning between business.
- Stimulate productivity which can be enhanced by higher value-added products and diversifying economies.

SUPPORTING INCLUSIVE GROWTH

The opportunity must be provided for all to contribute and gain from job and enterprise growth by

- creating the right conditions to integrate vulnerable groups and the informal economy into the mainstream of economic activities.
- promoting security and eliminating conflicts that have had a destabilizing effect on economies and communities.
- respecting the fundamental principles and rights at work developed through social dialogue.

EDUCATION AS A KEY TO FUTURE SUSTAINABLE ADVANCEMENT

Improving education, vocational training and life-long learning is a critical foundation for future social, economic and sustainable advancement. Governments and business must make mutually reinforcing efforts to deliver real improvements in basic education as well as vocational and technical training and lifelong learning.

Basic education should provide core literacy, numeracy and employability skills to all. Education systems should also develop entrepreneurship and management skills as well as recognize the role of enterprises in the economy. There should be greater recognition of the need to integrate education, training and learning systems throughout education and business.

Governments must

- more actively work with business to understand the educational and training outcomes that employers need for job creation. Governments should establish clear measurement systems and consultation structures to engage with employers on policy formulation and the training needs of each industry.
- promote public/private partnerships, integration and information sharing across training and education systems.
- develop targeted cooperative programmes and policies to address the loss of skills to other economies. Social factors, including demographics and health status present particular challenges for education, training and productivity.

Businesses should

- through its employers' organisations, provide governments with up-to-date relevant information on labour market and skills needs to support effective decision making.
- cooperate with government and other services to provide career advice, information and guidance to support school leavers entering into relevant, rewarding, sustainable careers which contribute to their communities and the development of their nations.
- work with training and employment services to enhance the employability of job seekers and their capacity to re-enter the labour market.
- contribute to the improvement of business management education to better equip business leaders to lead enterprises in increasingly globalised markets.

UNLOCKING THE GROWTH POTENTIAL OF SMALL TO MEDIUM SIZED ENTERPRISES

Small to medium sized enterprises provide the opportunities for jobs growth the world needs. These enterprises require specific attention and assistance because of the particular challenges they face in terms of lack of access to education, infrastructure and government services. Properly targeted reforms, including the formalisation of the economy, can unlock the growth potential of this sector as a critical tool of development. Lack of access to finance is a major obstacle to growth and development, particularly for SMEs. Governments and financial institutions need to take active measures to ensure more finance is made available for job creating investment.

A range of interlinked measures can help tackle these problems, focused on:

- economic development and sustained economic growth.
- improving education and training to deliver employable school leavers.
- regulatory reform to redress legal, regulatory and administrative barriers to formalisation.
- better facilitating and supporting the registration and early stage growth of new businesses (including access to credit, financial support, often at the micro level).
- sound, open transparent government, free from corruption and inefficiency, which strives to make investment and partnership opportunities accessible to new, smaller businesses.
- boosting youth and women's entrepreneurship opportunities, vulnerable groups, including through partnerships.

WORKING IN PARTNERSHIP TO DELIVER GROWTH

Governments must work together with business, through their representative organisations of employers, as fundamental partners in addressing the development challenges and implementing the priority solutions required for economies to grow, enterprises to develop and job opportunities to be created.

Business must work closely with governments, financial institutions and others, through mechanisms including public-private partnerships, to secure the finance, investment know-how and resources essential to expand businesses, create jobs and contribute to the growth of their economies.

The IOE is the largest network of the private sector in the world. It is the only recognized organisation representing the interests of employers in social and labour matters at the international level. Today, the IOE represents 151 national business organisations in 143 countries. Business and their representative organisations stand ready to play their part in the recovery from the global financial and economic crisis and assume their proper role in global sustainable development.

The IOE recognises that this debate will evolve over time and will make further timely inputs to the discussions.