

Asian and Pacific Regional Round Table on
Roles of Enterprises and Society Partnerships
Bangkok, Thailand, 22-24 September 1999

**Human Resources Management, Corporate Citizenship
and Small Business Development**

Report on Proceedings

INTERNATIONAL LABOUR OFFICE
Regional Office for Asia and the Pacific

CONTENTS

Foreword	iii
Proceedings	1
Statement of common understanding.....	19
Annexes:	
I. Programme	23
II. Opening addresses	
• Ms Mitsuko Horiuchi, ILO Regional Director.....	28
• Mr Masaru Ishida, ILO Enterprise and Cooperative Development Department	31
• Mr Suwat Liptapanlop, Minister of Industry of Thailand	34
III. Closing session	
• Mr Ying Lun Fung, Labour Department, Hong Kong, China.....	37
• Mr S. Talwan, Department of Public Enterprises, India	39
• Mr. Steven Kates, Australian Chamber of Commerce and Industry.....	41
• Mr Abdul Halim Mansor, Malaysian Trades Union Congress	43
• Mr Masaru Ishida, ILO Enterprise and Cooperative Development Department	45
• Ms Mitsuko Horiuchi, ILO Regional Director.....	47
IV. Short bibliography	50
V. List of participants.....	51

FOREWORD

The Asian and Pacific Regional Roundtable on Roles of Enterprises and Society Partnerships brought together representatives from governments and the employers= and workers= organizations of 12 Asia-Pacific countries to determine how to overcome the social problems that still afflict our region during its recovery from the financial crisis.

For the first time in the region representatives from ministries of trade and industry joined their labour-ministry counterparts and other traditional ILO constituents at a meeting whose focus was on human resources management, entrepreneurship and corporate citizenship.

The major issues in each of these areas were set out in an extensive technical report (posted on the Internet at www.ilo.org/asia) to stimulate and guide discussion.

As new technologies and globalization lure many companies down the path of retrenchment, it is more important than ever for enterprises to make the most of their human assets by investing in skills development and giving employees a safe and healthy working environment. The successful companies of the 21st century will be those with a record of good industrial relations, no child labour and equal treatment of women and men.

As small and micro-enterprises have the greatest potential for job-creation **B** and therefore social integration **B** in today's globalized economy, it is fitting that best practices at this level also featured prominently in the debate.

In essence this comes down to no more than respect for the international labour standards adopted and promoted by the International Labour Organization.

I hope that this record of the proceedings of the Regional Roundtable will help ensure that the ideas discussed and solutions envisaged in Asia and the Pacific may contribute to better management practices everywhere.

Mitsuko Horiuchi
Regional Director
ILO (Asia Pacific)



**Report of the Asian and Pacific Regional Round Table
on Roles of Enterprises and Society Partnerships
(Bangkok, 22-24 September 1999)**

1. The Asian and Pacific Regional Round Table on Roles of Enterprises and Society Partnerships was held in Bangkok, Thailand, from 22 to 24 September 1999.

2. The Round Table was attended by 46 participants from 12 countries and one Special Administrative Region. They included 21 Government representatives from ministries of labour and industry as well as 13 Employer representatives and 12 Worker representatives. There were six special resource persons and a representative of the International Confederation of Free Trade Unions (ICFTU-APRO).

3. The Round Table comprised three technical sessions, whose themes were human resources management (HRM), corporate citizenship, and the employment potential of small business. Each technical session had two resource persons and was followed by tripartite working groups which discussed each theme in greater detail in order to reach a common understanding.

Opening session

4. Opening the meeting, the Regional Director for Asia and the Pacific said that enterprises had always been a core concern of the ILO's. Their evolution was as important as the growth of social institutions. Employers were on a par with workers and governments within the Organization. A recent major example of our concern for enterprises was the International Labour Conference's adoption of Recommendation 189 to promote the "fundamental role of small and medium-sized enterprises" in generating "full, productive and freely chosen employment".

5. The spread of the market economy and democratic process had, she said, made the quality of people's lives and the health of their country's economy more dependent than ever on the dynamism of enterprises. The Asian crisis had shown the far-reaching effects of globalisation. The whose inequalities globalisation had wrought in the region challenged the ILO's founding principle that "universal and lasting peace can be established only if it is based upon social justice."

6. The topics of this Round Table were closely related to the ILO's four strategic objectives. Sound human resources management was indispensable in the new world economy. The competitive edge in that economy increasingly lay in the knowledge and skills of the workforce. So she agreed with Mr Hiroshi Okuda, the President of Toyota Motors and the Chairman of Nikkeiren that "long-term vision and people-centred economic activities" were vital for corporate restructuring.

7. She recalled that, the 1995 World Summit for Social Development in Copenhagen had made a solemn commitment to the goal of full and productive employment and that to achieve this goal, it was necessary to create an environment in which enterprises had the incentive to generate "decent work". This was a particularly high priority in Asia which had the largest number of poor people in the world.

8. She denied that corporate citizenship was valid only in more advanced economies. This was plain from ILO successes in the region in respect of child labour, which had been achieved through the combined efforts of employers, workers and government.

9. It was important for the ILO to help create an enabling environment for all workers: women and men. In many parts of Asia, women were overworked, underpaid and left to their own devices. But progress was being made. The special problems faced by women entrepreneurs would, she promised, attract attention during the Round Table.

10. By helping to forge new partnerships and further the development of sustainable, responsible enterprises, the participants would, she was confident, demonstrate that the ILO was an organization of workers, employers *and* governments. This was the strength that enabled it to reach out and promote democratic, open societies based on a new vision of partnerships between governments, the social partners and civil society.

11. Speaking on behalf of the Director-General, the Director of the Enterprise and Cooperatives Development Department said that it was encouraging to see Asian countries on the way to rapid recovery from the crisis. He hoped that the Round Table would help the ILO's constituents find new paths for economic and social development that would be dramatically different from the past practices.

12. From the several crises that had hit various parts of the world, we had learned how to manage globalization more sensibly and wisely. Stabilization was necessary in the macro-economy and could be achieved through prudent fiscal and monetary policies, effective taxation policies and the availability of sufficient credit. Financial and capital markets had to be stabilized to give enterprises and working people confidence to make long-term investments in economic and social development.

13. A free market economy had to be developed in which the serious efforts and hard work of governments, employers, workers and enterprises would be properly rewarded. Social safety nets had been widely recognized as critically important for the income security of working people.

14. He stressed the importance of good corporate practices and of job creation through enterprise development. Enterprises in the global economy had to bear more responsibility for the financial, social and environmental consequences of their activities. Enterprises had to be accountable to their shareholders, investors, suppliers and creditors. More transparency was required along with effective supervisory mechanisms and “clean” management. For the ILO, human and social accountabilities in enterprise management would be major concerns.

15. Strategic human resources management was critical for long-term productivity and competitiveness. For future recovery and development, the challenge in human resources management was to develop cooperation and teamwork between employers and workers. Strategic management, participatory management and competency-based human resources management all had to be promoted.

16. He said that globalization required enterprises to improve economic and social performance and show respect for the environment wherever they operated. Fundamental human and workers’ rights could not be infringed. Corporate citizenship and social initiatives were expected of enterprises, and without them no enterprise could continue to be economically viable.

17. So far, he pointed out, globalization had not produced more and better employment. Workers who were no longer competitive in the global job market often had to turn to the informal sector. There was an urgent need in every country to create new jobs through the promotion of new businesses. Governments and employers’ and workers’ organizations had to create a policy environment that fostered more and better jobs for women and men.

18. Mr Suwat Liptapanlop, Minister of Industry of the Government of Thailand, said that the aims of the Round Table were in keeping with his ministry’s policy of strengthening the role of enterprises. They had made a significant contribution to economic and social development. The challenge posed by the turn of the century was to create a better society in which enterprises would mobilise the intelligence, skills and commitment of their workers through progressive human resources management and together adapt to technological change and global markets.

19. Small and medium-sized enterprise (SME) development was a priority for his Government. SMEs were the engine of growth and a very significant contributor to employment in most Asian countries. They played an important role in economic recovery. Before the crisis, SMEs in the manufacturing sector employed more than four million people in Thailand. Today, many SMEs were held back by a shortage of skilled

labour. Short and long-term strategies and a package of measures had been formulated to support the development of SMEs. Of four recent adopted sets of measures to encourage private investment, three were aimed at SMEs; tax and tariff measures; equity investment measures and measures to improve financing for SMEs.

20. He described his ministry's Master SME Plan. He anticipated that a law would be passed setting up a high-level policy-making SME promotion committee headed by the Prime Minister and an SME promotion office responsible for coordinating the SME action plan and managing an SME promotion fund.

21. Thailand would have an Institute for SME Development (ISMED), whose chief purpose was to spread information and provide support services to SMEs. The Ministry of Industry had initiated a large number of support programmes for SMEs seeking ISO 9000, 14,000 and 18,000 certification. To improve industrial competitiveness, the Ministry had prepared a Five-Year Industrial Restructuring Master Plan, which called for the restructuring of 13 priority industries.

22. He said that Thailand's Promotion of Rural Industrial Development Project, which had built partnerships between enterprises and rural communities, was a key instrument of poverty alleviation. Other ministerial priorities within the ambit of enterprises' social responsibility were worker training, job security, quality of life, safety and good environmental practices. Laws had been In collaboration with related agencies, such as the Ministry of Labour, Social and Welfare, the Ministry of Industry had initiated various laws to these ends. He offered cooperation of Thailand with other countries in sharing their experiences.

Technical sessions

Human Resources Management

23. An ILO expert introduced the technical session on Human Resources Management (HRM). He put four key questions to the Round Table:

- 1) What did HRM mean?
- 2) What was "progressive" HRM?
- 3) Who in enterprises and society had roles to play in developing and supporting sound HRM?
- 4) How could the various stakeholders best work together to attain sound HRM practices?

24. The expert said that managing human resources involved creating a comprehensive "people management environment" that encompassed and integrated five broad policy areas: (i) human resources flows, (ii) work systems, (iii) reward systems, (iv) employee influence systems and (v) employment practices. To help develop enterprise-

specific HRM strategies, it was useful to view HRM as the sum and interaction of five subsidiary functions corresponding to the five policy areas. He therefore distinguished between (i) human resources *allocation*, selection, assignment, and redeployment (HRA), (ii) human resources *best-utilisation* on the job and in the work context (HRB), (iii) human resources *commitment-building* (HRC), (iv) human resources *development* and workplace competence acquisition and application in a broad sense (HRD), and finally (v) human resources *employment relations* in the context of good employment practices including industrial relations and personnel administration (HRE). HRM is the sum of effective and equitable HRA, HRB, HRC, HRD and HRE, and HRM. Its outcomes are a result of policy choices made in functional areas ABCDE.

25. Each of the five policy areas that made up HRM involved three phases under human resources flows. At the inflow phase, HRM involved recruitment, assessment, selection, orientation and socialisation. As to internal human resources flow, the issues were evaluation of performance and potential, internal placement, promotion and demotion, and education and training. Human resources outflow concerned termination, outplacement and retirement.

26. As to work systems, the areas of interest were: (i) broadly defined jobs, payment linked to productivity gains, job rotation, payment according to skills mastered, developmental organisational systems, methods and procedures, (ii) team assignments, team operation, evaluation by peers, self or peer supervision, and (iii) concern for learning and growth, minimum status differentiation and broad employee participation. In designing reward systems, attention should be paid to extrinsic rewards for employees, such as pay and benefits, advancement and job security, as well as intrinsic rewards, in the form of authority, accomplishment and job challenge. It was also pointed out that the factors of interpersonal climate, supervisory style, organisational culture and employee satisfaction and motivation were significant.

27. The expert differentiated two paradigms under the head of employee influence in HRM. One was the industrial relations paradigm, which embraced collective bargaining and other traditional labour management activities and interactions. The other paradigm was employee influence within the meaning of organisational development. This involved employees in devising or adjusting work systems and methods, implementing schemes such as quality circles, relying on employee suggestions for work methods improvements and similar such activities. Employee influence broadly referred to employee participation and organisational democracy, both of which were valuable. Autonomous working groups, quality circles and job enrichment efforts were specific important means of enhancing employee influence in enterprises. Representative participation, work councils, co-determination, producer co-operatives and self-determination also fostered greater employee influence. Lastly, it was observed that employment relations should include fair employment contracts, employment flexibility, effective dispute settlement mechanisms and equitable industrial relations practices.

28. *Progressive* HRM integrated five concerns: (i) economic efficiency and competitiveness, (ii) social equity and respect for people, (iii) product and service quality, (iv) concern for the environment, and (v) enterprise adaptability and innovation. These

concerns needed to be integrated operationally within the key policy choice areas of HRM. Those who could develop and help achieve increasingly progressive HRM were top management, line management and supervisors, the HR department and the employees, whether individually or through their representative organisations. For best results they should work together to advance progressive human resources management by jointly striving to reach desired outcomes in terms of efficiency, equity, quality, the environment and innovation in each HRM policy area. In that way, commitment, competence, and congruence of individual and organisational goals were attainable.

29. The expert then identified key determinants for choosing particular HRM policies. The first was a set of situational factors sensitive to the effects of globalisation. They were management philosophy, business strategy and conditions, the role of unions, and the nature of industrial relations. Other important situational factors were task and process technology, organisational culture, work force characteristics, labour market characteristics, national laws and regulations, and societal values and culture. A second set of factors influencing HRM policies arose out of stakeholders' interests and their relative divergence or convergence within the enterprise. The interests of shareholders, management, employee groups, government, the community, unions, customers and suppliers all exerted significant influences on an enterprise.

30. Summing up, the ILO expert referred to the sequential flow characteristic of HRM policies and practices. First of all, global and national conditions and trends that affect the enterprise need to be taken into account. Secondly, these conditions gave rise to other situational factors that influenced the choice and content of HRM policies. Lastly, stakeholders' interests played varying roles in further influencing the choice and content of HRM policies. The result was actual policy choices, which led to specific HRM content and practice. This content and practice produce human resources outcomes in terms of commitment, competence and congruence with short term and long-term consequences.

31. Mr M. Ogden, Skills Formation Officer of the Australian Council of Trade Unions, outlined his paper on "Post-Fordism, Sustainable Work Systems and Modern Human Resources Management".

32. He announced a paradigm-shift so that companies continued to set store by prices and costs but gave greater weight to quality and innovation. This had begun in the 1980s and accelerated in the 90s. Trade unions had welcomed this shift since it made the quality of work more important at within companies. This shift constituted a major challenge for both unions and management, though much of the creative urge for practical changes in work systems had come from the unions.

33. There had been many obstacles to change, such as management structure and hierarchy. Europe had made deliberate efforts to develop sustainable work systems. In Australia worker cynicism had widespread insofar as management emphasis remained on cost-cutting measures and flexibilization of labour. However, in most industries the

cost of labour was not the major cost. Therefore, to focus exclusively on labour costs was to lose sight of the true systemic problems undermining competitiveness.

34. Mr Ogden reported a strong correlation between the presence of trade unions and enterprise competitiveness. He also observed that companies with a high performance strategy and a unionized workforce had improved performance at twice the rate of non-unionized companies pursuing a similar strategy.

35. Companies needed to go for the "high road value-added economy", basing HRM on developing workers' competence and talent and making work systems a priority at all levels. In any event HRM strategies should be long-term, and unions should continue to promote the high road value-added approach as the most competitive and sustainable strategy. Management had to have a thorough understanding of the underlying basis for the paradigm-shift. Unions needed to build constructive organizational development approaches with management while retaining their autonomy and independent negotiating relationships with employers based on members' interests. The goal was a highly skilled, flexible, innovative and committed workforce to ensure long-term competitiveness.

36. Dr A. K. Srivastav of the ASTRA Group (Indonesia) summarized an Indonesian HRM case study conducted in Pamapersada Nusantara (Pama), Indonesia's most prominent contract mining company and a subsidiary of Astra's. Pama had introduced company-wide restructuring in response to globalisation and upgraded its technology, re-engineered processes, improved quality management, among other improvements. This entailed a new management information system, which improved systems and processes throughout the organization, changing organizational structure, roles and responsibilities, competence requirements, etc. The new demands placed on the organization as a result transformed Pama's approach to HRM.

37. The basic infrastructure for effective HRM lay in well-designed organizational structures and roles that cut across the HRM policy areas identified at the beginning of this session. The new organizational roles influenced employee motivation, involvement, commitment, well-being and performance. Aligning the roles with organizational structure, systems and processes resulted in upgrading and re-casting organizational roles themselves in a more effective guise.

38. Organizational development had laid the foundation for more robust HRM in Pama based on boosting the effectiveness of various organizational roles through a Process Based Role Analysis and Design (PROBRAD). Roles had been redesigned on a company-wide basis. The new designs contained all vital information about a role, including its mission, expectations, critical attributes and behavioural norms.

39. Dr Srivastav presented a concrete example of the process of role design and implementation. The Pama case study also showed how the effects on HRM of globalization. Well-designed organizational structures and roles were vital for HRM

policies to work. PROBRAD had shown its value for restructuring to make organizations and roles more effective. Application of PROBRAD in Pama had led to improved self-actualization of the role occupants and resulted in enhanced employee motivation, well-being and performance.

40. Dr Steven Kates, Chief Economist of the Australian Chamber of Commerce and Industry (ACCI), observed on behalf of the employers that free enterprise and competitive markets were the most effective way to manage an economy: they contributed to greater prosperity, raised the standard of living and broadened individual freedom.

41. Enterprises were a mix of labour, management and capital. Sound human resource management aligned company goals with its employees' personal goals. The people factor was crucial and put training and development on centre stage.

42. Other decisive components of HRM were recruitment, training/retraining, consultation, systems of pay, performance appraisal, promotion, performance-based pay, agreements with workers' representatives to improve competitiveness, etc.

43. Mr Abdul Halim Mansor, Deputy Secretary General of the Malaysian Trades Union Congress (MTUC), said on behalf of the workers that it was important to gain a firm grasp of how HRM could make for a better working environment. A strong commitment on the part of management to sound HRM resulting in an HRM culture implied strong bipartism, workers' education and planning for human resources development. A development focus should be placed on company achievements and shortcomings, and a company's product seen as an amalgam of everyone involved in the various stages of production and delivery. Sound HRM paid heed to management and workers' concerns alike, human resources development being in the interests of all. In any event the prime stakeholders in SMEs were the workers.

44. Alongside the Job Creation in Small and Medium-sized Enterprises Recommendation, 1998 (No. 189) the core labour conventions were critical for proper management of human resources. Without proper regard for standards, social dialogue and social protection HRM could have no meaning.

45. The challenges posed by corporate restructuring, re-engineering, downsizing and layoffs could be addressed but only on condition that worker participation was an integral part of any such process.

46. In a globalized economy SMEs faced problems of access to credit and were exposed to pressure and policy prescriptions from the international financial institutions. One important lesson of the Asian financial crisis was the need to work out solutions in common, involving players, such as the workers, who might otherwise have been excluded.

47. There was a need for vigorous governmental policy support to promote SMEs. In this area too, social dialogue among was paramount.

Corporate Citizenship

48. Chaired by Mr R. K. Somany, Chairman and Managing Director of Hindustan Sanitary Ware and Industries Ltd. (India), a technical session on corporate citizenship opened with a presentation by Mr Nobuo Tateisi, Chairman and Representative Director of the Omron Corporation and Vice-President of the Japan Federation of Employer's Association (Nikkeiren).

49. Mr Tateisi said that Japan could contribute to the recovery of crisis-rocked Asian countries in three ways: by ensuring the recovery of Japan's own economy to provide a market for Asian exports, working with economic restructuring programmes and embracing policies of liberalization and currency stabilization. The crisis notwithstanding, the future of manufacturing in Asia was bright thanks to a high level of savings, diligent and well-educated work force, and good infrastructure. Although the crisis had not led his company to pull out of the countries it had invested in, most other Japanese companies operating in those countries would do so according to a survey conducted by the Japan External Trade Organization (JETRO).

50. Mr Tateisi described the activities of his company, which had been established in 1933 and employed 23,500 people worldwide with aggregate sales of 555.3 billion yen (US\$ 4.6 billion). The company's management philosophy was encapsulated in its 'motto': "at work for a better life, a better world for all". Every morning Omron's employees recited the motto, which guided both business and community activities.

51. Omron contributed to its employees' well-being by giving them jobs and benefits, to their customers by offering useful products and services, to the country through tax payments and to the shareholders through dividends. But because the company benefitted from the local community, it had a duty to contribute to social and community activities. The company's Corporate Citizenship Group was in charge of community action.

52. Omron's corporate citizenship activities fell into four fields: social welfare, culture and arts, science and technology, and international cooperation.

53. Turning to the question of corporate ownership, Mr Tateisi pointed to the dichotomy between the Anglo-Saxon shareholder view and the 'Rhenish' stakeholder view. The Americans, like many others, had begun questioning the wisdom of management practices that resulted in massive layoffs to produce short-term profits. It was important, he said, to bear in mind both the economic and social aspects of a company's mission.

54. What was the proper response to stakeholders? It was, he submitted, fourfold: transparency, information disclosure, accountability and fairness. Companies had to their decision-making systems to respond to the society they belonged to and whose development was vital for them. Companies would be able to do business in future only by working with the community as good corporate citizens. With the advent of globalization, they also had to build harmonious relations with the rest of the world. It followed that companies had to create new social values, which he illustrated in a video presentation of Omron's factories employing disabled persons.

55. An ILO expert observed that there was no formal, universally accepted definition of corporate citizenship. But there was evidence that interest in corporate citizenship practices was growing. Most major corporations had put out statements of business principles and surveys of chief executive officers indicated that many of them though corporate social responsibility was important. There were more and more business coalitions concerned with these matters, some of them in developing countries like the Thai Business Initiative for Rural Development (TBIRD) and the Philippine Business for Social Progress (PBSB). The Global Compact that the UN Secretary General had announced at the 1999 World Economic Forum in Davos was another expression of the tide of interest in corporate citizenship

56. The reasons for businesses to adopt corporate citizenship practices ranged from philanthropic and to ethical reasons. Other motivations were the need to remain competitive and to comply with the law. As lobby and consumer groups became more and more influential, corporate citizenship and related initiatives offered a significant path to better corporate image and a way to safeguard brand integrity.

57. Corporate citizenship is chiefly concerned with human rights, environmental protection, supply chain relations, employee rights and community development. A recent ILO study of codes of conduct adopted in 211 enterprises indicated that the priority labour issues were occupational safety and health, equal opportunity, child labour, wages, forced labour, freedom of association and collective bargaining.

58. National legislation generally laid down minimum standards for corporate citizenship practice. Useful guidance was to be had in instruments like the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, several charters of the International Chamber of Commerce (ICC), guidelines for multi-national corporations promulgated by the Organization for Economic Cooperation and Development (OECD) and such sectoral initiatives as the "responsible care" programme in the chemical sector. Enterprises could also refer to the general framework embodied in the Universal Declaration on Human Rights, the Declaration on Fundamental Principles and Rights at Work together with the Rio Declaration on Sustainable Development.

59. What lessons had been learnt so far in the area of corporate citizenship practices? Programmes could only be effective when senior management was fully committed and involved in. What is more, the overall objectives of a programme must be clearly reflected in enterprise policy as a whole. As to programme design, capacity building, long term relations with stakeholders, implementation partnerships between the enterprise and such other groups as local government and non-governmental organizations were all crucial.

60. Dr. H.J. Mohamad Thalma, Executive Director of the Workers Institute of Technology (WIT), Malaysia, explained that the WIT had been established by the Transport Workers Union in 1977 at Port Kelang. Its basic objective was to permit workers to exercise their basic rights to technical training and development opportunities. By 1986 WIT's overall annual capacity had climbed to 2,000 students. Academically the Institute comprised three main centers of excellence in the fields of electrical, automotive, civil engineering, as well as a continuing education center, each offering a four tier-programme structure delivered along modular lines.

61. WIT had trained some 12,000 students so far. Programme costs had been covered variously by the students themselves, by sponsoring industries or through aid donations from international agencies. The Institute worked closely with the private sector and employers providing equipment and other important inputs. The WIT exemplified productive partnerships between the trade union movement, enterprises and the Government to help workers acquire the skills they would need to remain competitive in the future.

62. Questions from the floor were raised about the relative productivity of disabled workers and the poaching of trained workers.

The employment potential of small business

63. Chaired by Mr Abdul Halim Manso, Deputy Secretary-General of the Malaysian Trade Union Congress, a technical session on the employment potential of small business was introduced by an ILO expert. He said that, the promotion of small enterprises in Asian countries was the more pressing because of the problems of joblessness and underemployment they faced. Small enterprises could generate decent, remunerative employment as long as their vitality delivered higher productivity and income levels. But there were many constraints on their growth and development.

64. Larger enterprises could promote smaller ones, but it would be wrong for large concerns to regard smaller ones as a source of materials and services produced using cheap labour. The view larger concerns had of smaller business depended on the nature of the competitive environment. The ILO, governments and social partners all played a role in promoting small enterprises by establishing linkages to larger enterprises.

65. Ms Chen Ying, Deputy Director-General, CEDA (China Enterprise Development Association) presented a case study on the development of small and medium sized enterprises (including township and village enterprises) in the People's Republic of China. She observed that small enterprises were very important in China, particularly where unemployment was widespread. There were more than 10 million small and medium enterprises contributing 50 per cent of GDP, creating 73 per cent of jobs and absorbing 230 million rural workers, most of whom began working in small and medium enterprises since 1978.

66. Since the late 1960s, China had seen various measures in favour of SMEs, including nine new laws and regulations since 1978. Among them were the township enterprise law, the Chinese/foreign cooperative enterprise law and private enterprise regulations. In April 1999 the Promotion of Small-Medium Enterprise Law was framed.

67. Multi-ownership businesses had been promoted and the non state-owned economy was recognised as a key part of the national economy. Development of the non-public economy was being encouraged in major cities. This presupposed cooperation with foreign investors and horizontal groupings across regions and industrial sectors. Redundant workers were invited to open private businesses and investment in high technology industries from private businesses was welcome. The restructuring of state-owned enterprises went hand in hand with the promotion of SMEs.

68. Ms Chen Ying reported that the China Enterprise Development Association, with its 360,000 members, was active in training entrepreneurs, publishing and disseminating relevant information and offering consulting services.

69. Mr Lalit Varma, general manager (materials) of the Eicher group in India, described the group's support for the small enterprises that supply its manufacturing inputs. Eicher regards its suppliers throughout India as part of the group's extended family. Those suppliers are small businesses. Through its Small Business Unit, it offers them such support services as business management training, consulting for expansion, technical training and advice on insurance and loans through financial institutions.

70. Mr Varma said the Group wanted to "make a difference to the world" and was active in community development projects which supported schools, established a charity eye-hospital and worked to preserve the country's cultural and archaeological heritage.

71. The group attributed recent growth in sales, workforce and profits to its corporate citizenship programmes and business support.

72. In a discussion session participants considered the characteristics of quality jobs in small enterprises. Because of the limited size and capacity of small enterprises, job quality had to be viewed in perspective. It was said that an emphasis

should be placed on voluntary initiatives in respect of minimum requirements for safe working conditions and affordable social protection.

73. As to the status of trade unions in China, it was announced that the country had more than 20 workers' unions.

74. The driving force that pushed small enterprises to innovate and improve in Eicher's case lay in the productivity and profitability gains that technology and skills development brought. The Eicher Group saw a competitive advantage in small enterprises which could often produce more efficiently than larger ones. Their efficiency fostered lower costs and employment creation.

75. Commenting from the floor, participants observed that small businesses often subsidized larger enterprises by allowing them to make late payments. In Nepal, for example, Value Added Tax (VAT) had placed a disproportionate burden on small business, and the procedures needed simplifying.

Open sessions

International Small Enterprise Programme (ISEP) and technical activities

76. Chaired by the ILO's Regional Director for Asia and the Pacific, the open session on the ILO's International Small Enterprise Programme (ISEP) and selected technical activities was introduced by an ILO expert.

77. He pointed out that most of the jobs being created throughout the world were in SMEs, which held a potential for quality employment opportunities under improved conditions. It was in light of this that the ILO launched its International Small Enterprise Programme (ISEP) in 1998 to support member States' efforts to promote a supportive small business environment. The Programme was specifically conceived to provide assistance for implementing the Job Creation in Small and medium-Sized Enterprises Recommendation, 1998 (No. 189).

78. ISEP was designed as a comprehensive, integrated high-impact programme to help unlock the job creation potential of SMEs by promoting the entrepreneurial spirit. It covered five fields: (i) policy and regulatory reform, (ii) business development services, (iii) start-and-improve-your-business management training, (iv) job quality, and (v) gender issues. ISEP offered States technical assistance and financial support for small enterprise development programmes; useful publications; and fora in which to exchange information and plan joint activities.

79. Job quality, gender mainstreaming, working conditions, social protection, labour relations and the elimination of child labour had featured prominently in the ILO's SME development activities. These were implemented in four ways: (i) best international practice assistance, (ii) donor resource mobilization for technical cooperation projects, (iii) exchange of staff, data and materials, (iv) and conferences. They were coordinated

and delivered by the ILO's multidisciplinary advisory teams (MDTs), three of which covered Asia and the Pacific. An illustration was given of technical assistance to Thailand in enterprise promotion.

ILO/Japan intercountry project on Strategic approaches towards employment promotion (China)

80. An example of ILO technical cooperation in the Asian region was explained by the Chief Technical Adviser of the ILO/Japan project on rural employment promotion through micro-enterprise development in China.

81. The employment situation in China was characterized by labour migration of young and often unskilled workers from rural districts to jobs in new urban industries. Increasing under-employment in rural areas had led the Chinese government to take an interest in exploring rural employment promotion strategies. The ILO's project was implemented in three provinces in 1997 on a pilot basis in partnership with the Chinese government at provincial, country and township levels to explore approaches to micro-enterprise development and self-employment in the rural areas.

82. The chief aim was to generate employment in rural areas by providing micro-credit and training. The approach adopted was deliberately multidisciplinary, flexible and learning-oriented.

83. The project had evolved by stages from observation of existing local practices, to critical assessment of those practices and studying the lessons to be learned from experience gained in other countries, the role of international staff being that of advisers to help governmental counterparts develop programmes as they themselves saw fit.

84. The project had concentrated on (i) household based self-employment, (ii) group-oriented self-employment, (iii) individual micro-enterprises, (iv) sub-contracting, and (v) placing training-centre graduates. It had helped identify and expand market opportunities; given training in credit utilization, enterprise development and organizational techniques; mobilized local resources and set up a rural employment fund to operate a micro-credit programme; provided skills development training and follow-up; and trained government officials to plan, implement and monitor employment promotion schemes.

85. The project's success could be measured by the number of micro-credit loans disbursed, the amount disbursed in other loans and the number of people trained and employed with its support.

86. Among the lessons already learned was the need to diversify the businesses targeted so as to develop a wider range of micro-enterprises offering greater employment opportunities to the poor. Micro-entrepreneurs returning from urban areas with new skills and understanding of markets were prime candidates for start-ups and could create vast employment opportunities in rural areas.

Start/Improve-Your-Business Project (Viet Nam)

87. A second example of ILO technical cooperation in Asia was discussed by the Chief Technical Adviser of the ILO/SIDA project Start/Improve Your Business in Viet Nam (SIYB). The project supported the Vietnam Chamber of Commerce and Industry (VCCI) in its efforts to extend its services to the small enterprise sector. Financed by the Swedish development agency SIDA, the ILO provided technical assistance to deliver high-quality business development services to managers and small business owners.

88. The project (i) worked with a diverse range of partner organizations, (ii) developed training material relevant to the Vietnamese situation in light of international and local practice, (iii) used modern communications technology such as the Internet and compact disks (CDs) in all its activities, (iv) developed strategic alliances with credit institutions, government organizations and other enterprise development practitioners, (v) responded to local needs and opportunities, and (vi) maintained linkages with other ILO projects and programmes in other countries.

89. Though the project had not yet been running for a full year, there was already evidence of an impact. Its training workshops were highly valued and partner organizations were already delivering start-your-business (SYB) workshops to entrepreneurs. As a result, it was likely that the project target of training 4,500 entrepreneurs within three years would be attained.

90. The VCCI and partner organizations welcomed the training of staff to manage the national SIYB programme and conduct SIYB workshops. Important new materials and resources had also been developed, including new small business training and resource materials, a national database and publications compiling advice for entrepreneurs, etc. The project had put up a bilingual website to make information and resources available to partner organizations. A national network of partner organizations involved in small enterprise development had been set up with linkages to national credit schemes, all to the benefit of the VCCI's position as an advocate of the small enterprise sector. The project had shown how the creation of more and better jobs could help resolve problems left over from the Asian financial crisis.

Women's entrepreneurship

91. Chaired by Ms Chen Ying, Deputy Director-General, China Enterprise Directors' Association, an open session on women's entrepreneurship heard an ILO expert review the challenges facing women entrepreneurs in the region. Their position was weaker than men's when it came to bargaining. There were also legislative barriers concerning inheritance and property rights, bargaining in the labour market, market restrictions, inadequate infrastructure, difficulties obtaining credit, lack of gender awareness and sensitivity and pressures within the family.

92. Women entrepreneurs from Bangladesh (Ms Rokia Rahman), Indonesia (Ms Suryani Sf. Motik) and Nepal (Ms Shyam Batan Shresta) discussed the challenges they had to overcome. In Bangladesh, the most widespread problem was gaining access to

credit. That was also true in Indonesia, where the formal banking sector was generally male-dominated. In Nepal patience and endurance were required to become a woman entrepreneur.

93. Women entrepreneurs from China (Ms Ximan Yu), the Philippines (Ms Grace Abella) and Thailand (Ms Sumontha Tonvongal and Ms Champhorn Phisanbut) made statements in the light of their own experience. Ms. Yu explained how expanding business activities in China could benefit women. Ms Abella pointed out that women-owned businesses in the Philippines were still confined to the small and medium-sized category. She suggested that this could be changed by promoting women role models. Ms Tonvongal and Ms Phisanbut discussed the increasingly prominent role played by women executives in Thailand despite all the obstacles.

Closing session

94. The participants approved a statement of common understanding framed in three working groups.

95. Speaking on behalf of the ministers responsible for labour, Mr Ying Lun Fung said that globalization coupled with the Asian economic crisis had provided new challenges to bring about recovery, reduce high unemployment and balance social equity and economic growth as well as opportunities to review our potential and identify weaknesses, cooperate with social partners and broader society and make necessary adjustments. The inputs from experts and group work on human resource management, corporate citizenship and small enterprise development would help the participants to meet these challenges. He and others in the Government considered their major role was to create an environment conducive to economic growth and social development, thus, would strive to remove red-tape and provide support services for enterprise development, human resource management and corporate citizenship. The Government would play the role of a facilitator, motivator and catalyst.

96. In human resource management, they were committed to promoting effective labour-management communication, joint consultation and voluntary negotiation at the enterprise level. At the industry and national levels, they would promote and facilitate the establishment of tripartite consultation mechanisms. It was important for the Government to provide guidelines and information on best practices and logistical support to the social partners. Long-term strategies of education and training, focusing on the development of competencies, life-long learning and retraining, needed to be developed. The Governments role in human resource development was to provide an overall policy and framework and ensure the quality of skills standards and training providers. They should collaborate with social partners to identify changes in labour markets and skill requirements.

97. The high unemployment and underemployment caused by the crisis required that the Governments should review and improve their social security system. He stressed that it was necessary for each nation to consider their stages of political, economic and social conditions in formulating their economic and social policies. Only through partnerships involving the Government, private enterprises, employers

associations, workers organizations and other civil partners could long-term economic and social development be sustained.

98. Mr S. Talwar, speaking on behalf of the ministries responsible for enterprise development, said that there was a greater emphasis then before on economic reforms, liberalization and deregulation today. Large enterprises, SMEs and state-owned enterprises were encouraged to adopt new human resource management practices that balanced the interests of employees and enterprises and showed commitment to all stakeholders.

99. In corporate citizenship Governments could take the lead by establishing sound practices through state-owned enterprises and extended social benefits. There were instances of large private enterprises contributing to enterprise development and social partnership through community-related activities. Enterprises increasingly realized that the community at large was the ultimate stakeholder and that islands of prosperity would not survive in the midst of grinding poverty. The practices needed to be more widely replicated.

100. SMEs had acquired a crucial place in the socio-economic development due to their employment potential, which would be even more relevant in the context of liberalization, privatization and globalization resulting in unemployment. It was necessary for the Government to develop policies and initiatives such as duty and tax concessions, priority sector lending, financial subsidies and grants, support for modernization and quality upgrading, training facilities. They also needed to intensify programmes to develop infrastructure and entrepreneurship for small-scale industries, self-employment and micro-enterprises. The ILO could play a catalytic role by organizing SME business development programmes, maintaining data for technological developments and market information. A regional round table meeting on privatization would be useful in this regard.

101. The most important obligations for enterprises were maintaining good community relations, a human-centered approach, and by ensuring ethical conduct. Increased attention needed to be placed on massive retraining programmes for upgrading the quality of human resources and employment generation.

102. Mr Steven Kates, on behalf of the Employers, said that the meeting had dealt with issues central to improving the living standards of workers and their families across the world, and the way in which we conducted our affairs through better national and international institutions.

103. Human resources management provided the means for ensuring that workers were productive within their own places of work, while also, to the greatest extent possible, contributing to the overall goals of the enterprise. We were trying to produce a better world in which we could all enjoy rising prosperity and greater personal freedom.

104. Generally, employers aim to exceed basic legislative requirements and be good corporate citizens as part of their basic philosophy. The excellent and admirable example provided by Mr Tateisi was not an unusual one.

105. The last topic for discussion by the meeting had been small business in relation to quality job creation, and also, importantly, gender equality. In a purely economic sense, women, representing half the world's ability and talent, must be given the opportunity to contribute to productivity, but moreover, their personal aspirations need to be met. It was therefore now recognized that women should be encouraged to participate in all areas. As discussed in the meeting, part of the very concept of gender equality was the leadership role of women as entrepreneurs owning their businesses as well as managing businesses owned by others.

106. He hoped that the texts they had helped develop would be used to further develop policies which could create the prosperity and freedom which the ILO had been designed to promote.

107. Mr Abdul Halim Mansor, speaking on behalf of the Workers, was pleased to see that the statement of common understanding reflected the role trade union organizations could and should play in human resource management and development. It was in the interest of all partners that trade union organizations be involved in human resources management at enterprise, industry and national levels. A recent scientific report had found that increases in productivity in labour productivity in unionized workplaces was almost double compared to non-unionized workplaces. He suggested that the ILO should collect such studies to be used as resource materials for future discussions.

108. He concluded that this meeting and its results would place a higher priority on human resource development and management on the trade union agenda.

109. The Director of the ILO's Enterprise and Cooperative Development Department said that they had learned much from the Round Table. He was convinced that the whole learning process would be useful in guiding future work on policy development with regard to enterprise and society partnerships at national, institutional and enterprise levels.

110. The dramatic experiences of spectacular growth over two decades and the sudden economic crisis in the region should be shared by policy makers around the world and new methods of globalization had to be explored.

111. The Regional Director of the ILO's Asia Pacific region pointed out that enterprise promotion was a central component of the ILO's. The aim was not only to produce viable and sustainable enterprises but also to raise living standards and permit personal fulfilment. She assured that Round Table its thinking would provide valuable guidance as the ILO worked towards the four strategic objectives set by the Director-General.

112. She closed the meeting by quoting a vision of business in the 21st century articulated by Mr Tateisi. He foresaw a new management style committed to human values, industrial relations, a balance between efficiency and creativity, and concern for community and the global environment. In short, the pursuit of social goals as vigorously as profits.

Statement of Common Understanding

Human resources management

Human resources management (HRM) is working towards corporate goals. It is the practice of managing and developing human resources effectively and efficiently in order to enhance the productivity and competitiveness of an enterprise. HRM is an integral part of total corporate management and involves workers in pursuing enterprise objectives of efficiency and productivity through the optimal utilization of individual talent and expertise.

Sound HRM policy should endeavour to create an overall work culture and environment in which individuals can regard themselves as part of a productive system that is fair and where there can be a clear recognition of the mutual and shared interests that exist between employees and enterprises, and their main stakeholders. Sound HRM policy is one that keeps a business viable while maintaining harmonious labour relations. Worker involvement is a significant feature and essential condition for attaining sound HRM goals.

Fair, transparent and consistent principles, procedures and processes are a prerequisite for this and should be applied in managing the workforce. Every effort should also be made to build upon and develop workers' competencies and skills. The work environment should offer open and effective communication channels at all levels of the enterprise and between levels. Sound human resource policy should be responsive to the interests of all employees and the development of their careers.

Sound HRM policy and practice also involve:

- 1) cooperative labour management relations;
- 2) education and training integrated with enterprise systems of knowledge and technology;
- 3) motivation and incentives based on equitable reward systems and schemes;
- 4) safeguarding employee health and working conditions.

A major challenge is the need for new or upgraded management and union skills so that both may adapt effectively and jointly to emerging trends in the external environment of the enterprise. The enhancement of these skills needs to take place through improved communications, training and career development. A strong commitment also needs to be developed by the private sector to implementing sound HRM policies. Where present, trade unions resistance to change should be addressed constructively. Resistance to change and inflexible attitudes are problematic whether on the part of employers or unions. Government, for its part, should make greater and more effective efforts to provide assistance and create a facilitating environment for HRM policies by implementing improved legislative or regulatory frameworks for the development of sound HRM practice.

More specific problems and challenges to HRM include the following:

- 1) a fair and constructive management of human resources and enterprise adjustments including retrenchments and redundancies where necessary, through improved consultations and participation;
- 2) the creation of mechanisms that foster employees involvement where appropriate;
- 3) better addressing the job security needs of employees particularly in relation to sub-contracting and informalization;
- 4) developing the potential of human resources under a reinforced partnership between management, employees and unions;
- 5) stepping up efforts and programmes to help employees attain a better appreciation of corporate goals and such problems as cost pressures;
- 6) dealing more effectively with the larger workers' issues concerning health, safety and levels of pay;
- 7) providing training and upgrading skills on a continuing basis; and
- 8) coping with shortages of skilled labour.

To enhance human resources management at the enterprise level the ILO's constituents may wish to act as follows:

- 1) Governments should find more effective means of bringing enterprises and trade unions together to achieve the necessary competitive edge;
- 2) Governments can also contribute to a more flexible and adaptable educational and training system able to turn out more competent people with market-oriented skills;
- 3) Governments should provide or improve social security and social safety nets;
- 4) Effective life-long learning schemes that view education and training as necessities rather than luxuries should be developed.

Mutual trust could be further enhanced by implementing the rights spelled out in the ILO's *Declaration on fundamental principles and rights at work*. HRM-related instruments could be applied and international "best practices" in HRM could be benchmarked and promoted.

Employers, workers and government should work closely together to create a strong economic environment in which competitive enterprises may flourish and enterprise adjustments be better managed. All social partners should work to build an environment conducive to sound HRM through management training and workers' education and training.

Corporate citizenship practice

Under the principle of "voluntariness" all corporate citizenship practices must be subscribed to as a matter of choice. The relevant organizing principles are compliance, conscience and competitiveness. Compliance with legal obligations (such as labour laws and environmental requirements) as a threshold standard for good corporate citizenship practice. Philanthropic and ethical principles may offer motivation to go further. Competitive strategies may also give a significant role to corporate citizenship practices.

Good corporate citizenship practice must be a continuing effort insulated from changes in economic conditions and management. It should be an effort that involves, whenever possible, all levels of the organization.

Corporate citizenship programmes must not discriminate against anyone on grounds of race, creed, culture, religion, gender, disability, etc.

Disadvantaged groups may be an important target for corporate citizenship programmes. But their needs may be met more successfully by government social welfare programmes.

To encourage good corporate citizenship practice it will be useful to:

- 1) Acknowledge successful corporate citizenship initiatives and promote them as role models;
- 2) Tap the media to spread relevant information and raise awareness;
- 3) Establish mechanisms to share information about successful and unsuccessful experiences;
- 4) Promote voluntary codes of conduct.

Governments, employers and workers may contribute in the following ways:

Governments

- 1) Providing fiscal and other incentives;
- 2) Making awards, etc. for outstanding achievement;
- 3) Promoting regular dialogue between those involved in corporate citizenship practices;
- 4) Raising awareness through the use of media, public relations campaigns and other public information activities.

Employers

- 1) Promoting corporate citizenship practices among their members;
- 2) Promoting shareholder understanding of corporate citizenship issues;
- 3) Encouraging transparency and visible corporate citizenship practices, to which reference could be made in mission statements.

Workers

- 1) Taking part in corporate citizenship initiatives;
- 2) Supporting corporate citizenship programmes, including workers' education.

The employment potential of small businesses

Appropriate policies, regulatory environments and programmes for tapping the employment potential of small businesses involve the following:

- 1) Fiscal and monetary policies sensitive to the needs of small businesses;
- 2) Wider access to credit facilities;
- 3) Tax concessions for small businesses;
- 4) Simplified regulations and procedures requiring less paperwork;
- 5) Support services (e.g. technology, training, development information, marketing and promotional guidance, etc.)
- 6) One-stop service centers for registration and licensing;
- 7) Fostering partnerships between large and small businesses;
- 8) Better infrastructure;
- 9) Improved access to IT capacity;
- 10) Greater public-procurement opportunities;
- 11) Compliance with basic labour standards.

Cross-cutting issues of job quality and gender to be addressed in promoting small businesses are as follows:

Job Quality

- 1) Occupational safety and health;
- 2) Awareness/education programmes for owners, managers and workers;
- 3) Broader information and training.

Gender

- 1) Equal access for women to training, credit facilities, etc.;
- 2) Equal pay for work of equal value;
- 3) Gender awareness training and promotional campaigns;
- 4) Promoting employment opportunities for women;
- 5) Childcare assistance;
- 6) Gender-sensitive entrepreneurship development programmes.

Recommended institutional mechanisms for promoting the employment potential of small business include the following:

Constituents

- 1) Compiling and disseminating relevant information;
- 2) Developing representative associations to assist small businesses
- 3) Associating social partners in collaborative efforts to develop small business and suitable employment policies.

ILO

- 1) Broadening entrepreneurship development activities.

Annex I: Programme

ILO Asian and Pacific Regional Round Table
on
Roles of Enterprise and Society Partnerships
Bangkok, 22-24 September 1999
(Amari Watergate Hotel, Petchburi Road)

PROGRAMME

Wednesday, 22 September 1999

08:00 – 09:00	Registration
09:00 – 09:45	Inaugural session
	Addresses: Ms Mitsuko Horiuchi, ILO Regional Director, Asia Pacific Region
	Mr Masaru Ishida, Director, Enterprise and Cooperative Development Department (ENTERPRISE), ILO Headquarters
	Inauguration by H.E. Mr Suwat Liptapanlop, Minister of Industry, Thailand
09:45 – 10:05	Tea/coffee break
10:05 – 10:10	Chairperson: Ms Mitsuko Horiuchi, ILO Regional Director
10:10 – 10:30	Presentation of ILO Technical Report for Discussion: Human Resources Management, Corporate Citizenship and Small Business Development (Mr Max Iacono, ILO Enterprise Specialist)
10:30 – 12:10	<i>Technical Session I: Human resource management practice</i>
	Chairperson: Mr Donglin Li, Director-General, Ministry of Labour and Social Security, China
	Introduced by: Mr Max Iacono, ILO Enterprise Specialist

- Presentations by: - Mr M. Ogden, Skills Formation Officer, Australian Council of Trade Unions, Australia
 - Dr A.K. Srivastav, Advisor, ASTRA Group, Indonesia

Discussion

- 12:10 – 12:30 Introduction to Working group session
 12:30 – 14:00 Lunch break
 14:00 – 15:30 ***Working group session on Technical Session 1***
 15:30 – 15:50 Tea/coffee break
 15:50 – 16:20 Group Presentation
 16:20 – 18:00 Special Open Session: Presentations on ILO’s International Small Enterprise Programme (ISEP) and Selected Technical Cooperation Activities

Presentation by Mr Gerry Finnegan, ILO Enterprise Specialist

Presentations by: Mr Satoshi Sasaki, Chief Technical Adviser, ILO/Japan Inter-country Project on Strategic Approaches Towards Employment Promotion, China

Mr David Lamotte, Chief Technical Adviser, ILO/SIDA Project on Start/Improve Your Business, Viet Nam

Discussion

- 18:30 – 20:00 Reception hosted by ILO Regional Director

Thursday, 23 September 1999

- 08:30 – 10:30 ***Technical Session 2: Corporate citizenship practice***

Chairperson: Mr R.K. Somany, Chairman & Managing Director, Hindustan Sanitaryware & Industries Ltd., India

Introduction of Guest Speaker by Mr M. Ishida

Special Guest Lecture by Mr Nubuo Tateisi, Chairman,
OMRON, Japan and Vice-President NIKKEIREN
- Video Film on company practices for
workers' benefits

Technical session 2 continued

Presentation by: Mr Michael Henriques, Chief,
ILO Enterprise Management Branch
Presentation:

- Dr Haji M. Thalha, Executive
Director, Workers' Institute
of Technology (WIT),
Malaysia

Discussion

10:30 – 10:45

Tea/coffee

10:45 – 12:00

Working group session on Technical Session 2

12:00 – 12:30

Group Presentations

12:30 – 14:00

Lunch Break

14:00 – 15:40

Technical Session 3: Employment potential of small business

Chairperson: Mr Abdul Halim Mansor, Deputy Secretary-
General, Malaysian Trades Union Congress

Introduced by: Mr Gopal Joshi, ILO Enterprise Specialist

Presentations by: Ms Chen Ying, Deputy Director-General,
Chinese Enterprise Directors Association
(CEDA), China

Mr Lalit Varma, General Manager,
(Materials), Eicher Group, India

Discussion

15:40 – 16:00

Tea/coffee break

16:00 – 17:30

Working group session on Technical Session 3

17:30 – 18:00

Group Presentations

Friday, 24 September 1999

09:00 – 10:40

Special Open Session: Women's Entrepreneurship

Chairperson: Ms Chen Ying, Deputy Director-General, CEDA

Presentations by Ms Jyoti Tuladhar, ILO Gender Specialist, and Invited Women Entrepreneurs:

Presentations by:

1. Ms Rokia A. Rahman
Private Entrepreneur, Bangladesh
2. Ms Suryani Sf. Motik
Vice Chairman, Swarna Bhumi Foundation, Indonesia
3. Mrs Shyan Batan Shresta
Federation of Nepalese Chambers of Commerce & Industry, Nepal

Interventions by:

4. Ms Sumontha Tonvongval
ECONTHAI (Employers' Confederation of Thai Trade and Industry), Thailand
5. Ms Grace Abella
Personnel Management Association of the Philippines, Philippines
6. Ms Chanporn Phisanbut
ECOT (Employers' Confederation of Thailand)
7. Ms Ximan Yu
CEDA (China Enterprise Directors Association), People's Republic of China

Discussion

10:40 – 11:00

Tea/coffee break

11:00 – 12:30

Presentation of Common Understanding of each session
Closing session

Statement by Representative of:

- **Government**
 - Mr Ying Lun Fung
Senior Labour Officer (Development)
Labour Department, Hong Kong (China)

- Mr S. Talwar
Joint Secretary
Department of Public Enterprises
Ministry of Industry, India

- **Employers**
 - Mr Steven Kates
Chief Economist
Australian Chamber of Commerce and Industry

- **Workers**
 - Mr Abdul Halim Mansor
Deputy Secretary General
Malaysian Trades Union Congress

Remarks by Mr Masaru Ishida

Closing remarks by Ms Mitsuko Horiuchi

13:30 – 16:00

Visit to Toyota assembly plant in Samutprakarn

Annex II. Opening addresses

Inaugural address
by
Ms Mitsuko Horiuchi
Regional Director
Asia Pacific Region

Honourable Minister,
Distinguished Resource Persons,
Ladies and gentlemen,

It is a pleasure for me to welcome you all to this Asia and Pacific Round Table on Roles of Enterprises and Society Partnerships.

I would like first to thank the Honourable Minister of Industry, Mr Suwat Liptapanlob for gracing this meeting with his presence and accepting our invitation to deliver the inaugural address.

I also wish to thank the resource persons who have come to share with us important examples of good practice in our region. Their contributions will set the stage for the high level of discussions and debate ahead.

Ladies and gentlemen,

During its 80 years of existence the ILO has helped to establish a social framework in which to address the broader issues confronting working people everywhere.

Enterprises have always been a core concern of the ILO's. Its commitment to social justice for all ensures that the evolution of enterprises is as important to us as the growth of social institutions. Within our Organization, enterprise representatives are on a par with those of workers and governments.

As recently as 1998 the International Labour Conference adopted a new Recommendation designed to promote the "fundamental role of small and medium-sized enterprises" in generating "full, productive and freely chosen employment".

Today, countries in every corner of the world have embraced the principles of market economies and democratic process. As a result, the quality of people's lives and the health of their country's economy depends more than ever on the dynamism of enterprises, particularly those in the private sector.

Ladies and gentlemen,

The Asian crisis, from which recovery is underway, has shown how far-reaching the effects of globalization are in East and South-East Asia. Those effects – some

beneficial, many not – may have been felt more strongly here than in any other part of the world.

The prosperity and inequalities wrought by globalization in our region go to the very principles on which the ILO was founded. As stated in the ILO Constitution, “universal and lasting peace can be established only if it is based upon social justice”.

The crisis, which left millions without proper employment and plunged them into poverty, represents a stark challenge for the international community generally and the ILO in particular.

In his aptly titled report to this year’s International Labour Conference, *Decent Work*, Director-General Juan Somavia observed that the crisis in emerging markets had “made evident the need for a strong social framework to underpin the search for a new financial architecture”.

But Mr Somavia’s strategy goes much further. Noting that “the primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity”, he has defined four strategic objectives:

1. fundamental principles and rights at work;
2. decent employment and income for women and men;
3. social protection for all; and
4. tripartism and social dialogue.

There is only one way to achieve those goals, and it is by working together.

The topics you have come here to consider are all closely related to the achievement of these goals. As globalization and new technologies step up competition on a scale never seen before, we know that human resources management will make an ever greater difference in the new world economy.

The competitive edge in that economy lies in the knowledge and skills of the workforce. Mr Hiroshi Okuda, the President of Toyota Motors, recently stressed in a popular Japanese magazine, the importance of “long-term vision and people-centred economic activity” for corporate restructuring. In his recent book, *The Economics of Compassion*, Kenneth Galbraith makes a very similar call for social accountability in the public and private sectors.

The essential elements of their shared vision for reform are well known. During a Symposium on the Asian crisis in Geneva last March Governing Body, our constituents spelled them out:

- (a) Democracy as a guarantor of basic human rights, of transparent and hence sound economic and social policies, and of social justice;
- (b) Social dialogue for sustaining democracy and open policy debate; and
- (c) Strong systems of social protection.

Ladies and gentlemen,

When heads of State and Government met in Copenhagen in 1995 at a historic World Summit for Social Development they made a solemn commitment to the goal of full and productive employment. We believe that this goal can be attained, however threatening the pace of technological change, however high the level of competition worldwide.

To succeed, we need only create an environment in which enterprises have the incentive to put their money into employment creation. In designing those incentives, we must, as the title of Mr Somavia's report suggests, aim not just for *any* work, but *decent* work.

In our region, which, unfortunately, is home to the world's largest share of poor people, there can be no higher priority than the creation of decent work for all. Hence, the importance of the task that brings us together today.

Ladies and gentlemen,

There may be some here today who feel that corporate citizenship can apply only at more advanced stages of economic development. To reassure them, I shall take a single example: that of child labour. In his June address to the International Labour Conference US President Clinton cited our success in eliminating child labour from the soccer ball industry in Pakistan. Just two years ago, he noted, thousands of children under the age of 14 were stitching soccer balls full time for 50 companies. In collaboration with UNICEF, the ILO has taken those children out of that industry and given them a chance to go to school, while continuing to monitor the results.

Such efforts are a tribute to the ILO's consensual approach based on the combined efforts of concerned, responsible employers, workers and governments.

Our efforts must also be directed to the creation of an enabling environment for all workers, women and men. In many parts of Asia, women are overworked, underpaid and left to their own devices. In more and more sectors and occupations, however, progress is being made. We shall no doubt learn more at this meeting about the special problems facing women entrepreneurs and how to overcome them.

Ladies and gentlemen,

By helping to forge new partnerships and furthering the development of thriving and responsible enterprises your work will demonstrate, better than any speeches, that we are an organization of workers, governments *and* employers.

That is our greatest strength. It is a strength that enables us to reach out and promote democratic, open societies based on a new vision of partnerships between government, social partners and civil society.

I wish you very fruitful deliberations.

Inaugural address
by
Mr M. Ishida
Director
ILO Enterprise and Cooperative Development Department

Honourable ministers, excellency, distinguished participants, ladies and gentlemen!

It is my great honour to represent the ILO Enterprise and Cooperative Development Department and address this important meeting to discuss “new paradigms to stimulate recovery from financial crisis in the Asian and Pacific region”. On behalf of the Director-General of the ILO as well as the Executive Director of the Employment Sector, I would like to express our sincere thanks for your kind participation in this important meeting.

It is most encouraging to see that Asian countries are now on the way to rapid recovery from the economic crisis. We expect that this meeting will assist our constituents in finding new means of coping with recovery for further economic and social development. Such new ways forward could be significantly different from past practices. We should not take the same road, by which countries in the region have become trapped in the crisis after such spectacular growth over some 20 years since the 1970s.

A great lesson has been learned from the Asian crisis as well as from its contagious effects on the Russian Federation and Latin America. The challenge was how we could manage globalization more sensibly and wisely. Five factors are considered to be critically important for success in the future management of globalization.

Firstly, stabilization is necessary in the macro-economy. Prudent fiscal and monetary policies have to stabilize inflation and the balance of payments. Effective taxation policies should provide working people and investors with good motivation to work hard and save well in order to increase domestic and foreign capital investment. Sufficient credit should be made available to finance working capital in enterprise management. These are essential to promote investment, competitiveness, economic growth and employment.

Secondly, the financial and capital markets must be stabilized to give enterprises and working people enough confidence to make long-term investment efforts for economic and social development. Stability is necessary in the foreign exchange market – even in the stock exchange – as well as in the short-term financial market. Sensible control will have to be exercised over short-term speculative capital flows, particularly hedge funds and other speculative hot money.

In the entirely open market economy, the financial and capital markets tend to be very volatile. Occasionally, they can be terribly violent, and get out of governments’ control. Such volatility undermines the steady investment of enterprises and sacrifices the serious efforts of the hard-working population. The free market economy should not be over-ridden by speculation and gambling. We need to develop a free market economy

in which the serious efforts and hard work of governments, employers, workers and enterprises are properly rewarded.

Social safety nets have been widely recognized as being critically important for the income security of the working population. In the face of serious credit crunch at times of crisis, enterprises tend to be on the verge of bankruptcy, and then need to restructure their own business for survival. This often involves redundancy programmes to displace workers.

Being prepared for such eventualities can in the future be effective in improving the income security of displaced workers. Social safety nets can also be effective measures for social and political stabilization, without which little economic and social development can take place in the long term.

Although we cannot stress enough the importance of stability in the macro-economy and financial and capital markets, including social and political stability, the right corporate conduct is also indispensable together with job creation by enterprise development, particularly by SMEs. Corporate behaviour and job creation are the subjects we are going to discuss this week in this meeting.

Business globalization demands that enterprises be increasingly more responsible in the financial, social and environmental aspects of their activities. Good corporate governance must ensure the financial accountability of enterprises for shareholders, investors, suppliers and creditors. More and more transparency and visibility are required along with effective supervisory mechanisms and clean management, doing away with any corruption or bribery.

The major concerns of the ILO with respect to corporate conduct are human and social accountabilities in enterprise management. Strategic human resources management is critical to creating long-term productivity and competitiveness in the global market. The challenge in human resources management for the future recovery and development process is how to develop the right behaviour of employees and managers, i.e. cooperation and team work while increasing their commitment to the long-term success of the enterprise together with competency to create uniqueness and distinctiveness in the market place.

It is not something tangible like innovative technology, but rather intangible. We may call it human capital, which needs to be developed to generate quality products and services for increased customer satisfaction. This is the way to create a competitive edge and overcome global competition. Strategic management and bottom-up participatory management will have to be promoted together with well defined competency-based human resources management.

Business globalization requires that enterprises come up with higher economic performance simultaneously with good social performance and environmental practices, not only in their own home countries but also in host countries. In fact, in everything that enterprises do today fundamental human and workers' rights need to be protected while at the same time ensuring good environmental practices. No company is expected to prosper by sacrificing employees, suppliers, customers, investors and other stakeholders in the global community, including the natural environment.

Today, business is managed across borders by foreign direct investment, global supply chains, mergers and acquisitions, strategic alliance. These global business strategies will be taking place more and more in the future to enable enterprises to be more efficient and competitive in the global market. Unfortunately, such strategies are often accompanied by restructuring and downsizing for increased cost-competitiveness.

What tends to be sacrificed in the process are employment, human, social and community values, as well as the environment. Corporate citizenship and enterprise social initiatives are more and more expected for enterprise globalization to be economically viable and socially responsive.

Until now globalization has not been very conducive to employment in terms of both quantity and quality. Unemployment has increased everywhere in the world. Job insecurity is widespread while inequality is growing in income distribution together with deterioration in working conditions. Those who have dropped out of global competition can often find new job opportunities in the informal sector.

It is now an urgent task for every country to create new jobs by promoting new business and enterprise development. The governments, employers' and workers' organizations are expected to create a more favourable macro-economic environment and legal framework for providing more and better job opportunities for men and women.

Over the next three days we plan to discuss these critical issues at the enterprise level. It is enterprise which can create employment and income for long-term economic and social development. Appropriate measures are badly needed for successful enterprise development. This is the key to success in the management of globalization.

This meeting has been designed to exchange experiences and views about these critically important issues by discussing related conceptual frameworks and practical case studies. We hope that the meeting will be a great learning opportunity for all of us to develop and implement appropriate enterprise development policies by sharing information, knowledge and experiences among resource persons, participants and the ILO.

I wish all of you a very good meeting. Thank you very much.

Inaugural address
by
Mr Suwat Liptapanlop
Minister of Industry

Ms Horiuchi, Assistant Director-General responsible for ILO Activities in Asia and Pacific,
Representative from ILO Headquarters,
Distinguished Delegates,
Ladies and Gentlemen:

It gives me a great pleasure and honour to inaugurate the ILO Asia and Pacific Regional Round Table on the Role of Enterprises and Society Partnerships this morning. Let me, first of all, extend a warm welcome to all of you attending this Round Table meeting.

This meeting meets with the Ministry of Industry's policy to strengthen the role of enterprises which we believe that have contributed to the economic and social development. I do appreciate the ILO's efforts in organizing this meeting to provide an opportunity for all participants to discuss and exchange ideas and experience on best practices of partnerships between enterprise and society with regard to job creation, right environment and good working relationships.

We are all well aware that the world of business in the next century is going to be a very different world than at present. It is the challenge that we have to prepare ourselves to make a better society where the enterprises realize their role to mobilize the intelligence, skills and commitments of employees through progressive human resource management and employee involvement approaches. There should be new approaches to tailor organizational structures and working relationships in response to technological change and the global market.

The Minister of Industry has put up many plans, strategies, and measures in order to cope up with such challenges. The development of Small and Medium Enterprises or SMEs, as I would like to mention, is one of our main attention. SMEs are considered the engine of economic growth in most Asian economies by their sheer number and by virtue of their significant contributions to employment generation, value added and foreign exchange earnings and savings, as well as other economic and social contributions. As such, the Ministry of Industry has taken it seriously to revitalize the economy which was heavily hit by the crisis since the middle of 1997 through the SMEs promotion.

Before the crisis, it was noted that employment in the manufacturing and service sector was 7.3 million persons. Out of that, about 4.5 million persons were employed in the manufacturing sector, of which not less than 4 million persons were in SMEs. Unfortunately, due to the economic downturn, it forced the enterprises to have massive lay-offs of their employees. Apart from the unemployment situation, SMEs also face

with incompetent workers and unskilled labours which lead to limitations of innovation and creativity of new products.

To solve the above-mentioned problems, short term and long term strategies and massive measures have been formulated to support the sustainable development of SMEs.

Most recently, the Cabinet approved, on the tenth of August 1999, a set of measures to encourage private investment in an attempt to further promote economic recovery. This new set of measures consists of four parts, three of which are in direct relation to the promotion of SMEs. They are tax and tariff measures; equity investment measures; and measures to improve financing for small and medium enterprises.

The Ministry of Industry also unveiled an SME master plan which corporates three strategies and six targets dealing with managerial and technology upgrading; manpower development; expanding market exposure; strengthening financial capabilities; improving the business environment; and cultivating micro enterprises.

The implementation of the SME master plan is expected to coincide with the passage of the SME law which creates a high-level policy making SME promotion committee headed by the Prime Minister and an SME promotion office which is responsible for coordinating the formulation of the SME action plan and for managing the SME promotion fund.

With a view to ensuring sustained development of SMEs and strengthening SMEs' competitiveness, the Cabinet approved in principle on the fifth of April 1999 the establishment of the Institute for SME Development (ISMED). The Development of Industrial Promotion, Ministry of Industry is a core collaborating agency, jointly with Thammasart University, with support from a number of foreign organizations such as JETRO, JICA, JSBC, and so forth. The main objective of the Institute for SME Development (ISMED) is to disseminate knowledge and provide support services to SMEs nationwide in upgrading SME personnel through highly effective training and advisory methods and tools.

Moreover, in today's context, with globalization and trade liberalization permeating all aspects of business life, there is a growing need to strengthen SMEs and enhance their competitiveness. These twin factors, which are offshoot of our commitments to the world community such as the World Trade Organization, ASEAN, APEC, to name just a few, pose new challenges and threats to SMEs. The conformity to quality standards at international, regional, and national level has taken on an increasing importance and asserts itself more and more as a determining factor of competitiveness. As such, the Ministry of Industry has initiated a large number of support programs for SMEs seeking for international standards attainment like ISO 9000, ISO 14000, or ISO 18000.

In light of improving Thailand's industrial competitiveness, the Ministry of Industry prepared a Five-Year Industrial Restructuring Master Plan (IRMP) which outlines basic strategies and guidelines to improve the industrial competitiveness. The Master Plan calls for the restructuring of 13 priority industries by implementing 300 projects and provides clear directions in shaping the future of various industries. For

example, moving towards production of higher value-added products, creating production and trading alliances, to name but a few.

Ladies and Gentlemen,

I would like to mention here that we also have designed various sorts of rural industrialization. Our Promotion of Rural Industrial Development Project (PRID) is one of the successful schemes which provides partnerships between the enterprises and rural community. We believe this will be one of the most important instrument in poverty alleviation. We also consider the role of enterprises' social responsibility to provide training to their workers and pay more attention to their security, quality of life, safety and good environmental condition.

We believe that in an age of globalization, quality of products are essential due to the free trade and fierce competition in the global market. It is therefore necessary that enterprises need to play an important role in training their workers to be able to produce quality products with particular attention to cleaner technology and environmental concerns. It is also expected that there will more and more flow of labour from one country to another country in an age of long term globalization. We have therefore prepared ourselves to face such trend through various promotional schemes especially the provision of credit for SMEs and various forms of consulting services to SMEs as well as the tripartite cooperation assistance schemes giving the opportunity for village-based workers to share the ownership in doing the business in the long run. The Ministry of Industry has enacted various laws dealing with safety in working, health condition, motivation on employer and employee relationships, etc. The activities are undertaken in cooperation with related agencies, such as, the Ministry of Labour, Social and Welfare.

Thailand stands ready to cooperate with other countries in sharing our experience in this area. I do hope that this round table meeting will provide all of us here with more innovative enterprise-level initiatives to solve the economic crisis and bring about more prosperity in the region.

Finally, I wish this meeting every success and hope that you will have a fruitful and pleasant meeting. May I also wish all participants from abroad an enjoyable stay in Thailand

Thank you.

Annex III: Closing session

Statement on behalf of the ministries of labour
by
Mr Ying Lun Fung

The Honourable Ms Horiuchi,
The Honourable Mr Ishida,
Distinguished resource persons,
Ladies and gentlemen,

It is my great honour to represent Government representatives of the Ministries responsible for labour to deliver our concluding statements. First of all, I would like to thank Ms Horiuchi and the ILO for organizing such a meaning conference, so that we can have a forum to exchange views with our social partners on the important issues of human resource management, corporate citizenship and small business development.

I also wish to thank all the learned resource persons who have shared with us their invaluable experience and offered us excellent assistance in our deliberation and presentations; and the Chairman of various technical sessions, whose excellent efforts have made the preparation of the Statement of Common Understanding possible.

Last but not the least, I must express my sincere appreciation to the Secretariat and everyone responsible for logistics. They have enabled the conference to proceed smoothly and made our stay in Thailand pleasant.

Ladies and gentlemen,

Globalization coupled with the Asian economic crisis have given us new challenges and opportunities. How can we bring our economy back to recovery, how should we tackle the problem of high employment and its negative social consequences, and how can we ensure social equity while pursuing economic growth? These are challenges which all of us are facing today. On the other hand, we also see opportunities to review our political, social and economic systems and identify the weaknesses therein; to cooperate with social partners and broader society, and most importantly to make necessary adjustments to the existing systems such that we can emerge even more robust and competitive than ever before.

In the past two and a half days, we have shared the experience of experts and had brain-storming sessions among ourselves on the improvement of human resource management practices, the promotion of corporate citizenship and the development of the employment potential of small business. These are all critical measures to help us meet our challenges.

I am sure each of us will bring home new ideas of how to address those issues. We in the Government consider that our major role is to create an environment conducive to economic growth and social development. We would strive to remove red-tapes and provide supporting services for the development of enterprises, good human resource management practices and corporate citizenship. In this respect, Governments play the role of facilitator, motivator and catalyst.

In the area of human resource management, we are committed to promoting effective labour-management communication, joint consultation and voluntary negotiation at the enterprise levels. At the industrial level and national level, we would promote and facilitate the establishment of tripartite consultation mechanisms. In this respect, we consider it important for the Government to provide employers, employees and their respective associations with guidelines and information on best practices, and give them logistical supports wherever necessary and practicable.

As regards human resource development we are of the view that a long term strategy regarding education and training must be developed. The strategy should focus on the development of competent individuals with market oriented skills. It should incorporate life-long learning and retraining schemes which enable employees to cope with the changing demand of the labour market.

The Government's role is to provide an overall policy and system framework for training, and ensure the quality for skills standards and training providers. Government should also collaborate with social partners to identify the labour market changes and skill requirements.

Ladies and gentlemen,

In a civil society we must help individuals who are least capable of helping themselves. In the wake of the economic crisis, the unemployment and under employment rate in this region has dramatically increased. Governments should therefore, carefully review and improve where necessary their social security systems with a view to providing an effective safety net for those affected.

We must also note that different nations are in different stages of political, economic and social development. In formulating its economic and social policies, each nation should take account of its national conditions.

Finally I wish to reiterate one message which has reverberated loud and clear in this conference, i.e. the need for Governments, private enterprises, employers=associations, workers=organizations and other civil partners to collaborate in various labour, economic and social issues. It is only through such partnership that long-term economic and social development can be sustained.

We look forward to the continual cooperation with our social partners at the national and international levels.

Thank you.

Statement on behalf of the ministries
responsible for enterprise development
by
Mr S. Talwar

Governments are to-day mostly performing the role of a facilitator and monitoring rather than of a regulator. There is a greater emphasis on economic reforms, liberalisation and deregulation.

Corporate houses, i.e. big industrial groups, SMEs and State owned Enterprises are being encouraged to adopt new management practices for Human Resource Management. The focus of HRM should be to create an environment and work culture wherein there is identification of mutuality of interest between the employees and enterprise and undeterred commitment towards all stakeholders.

In Corporate Citizenship Activities or CCA, government provides inputs by establishing sound practices through SOEs to achieve its socio-economic objectives and by extending social benefits like housing, educational, medical and health care, including hospitals, etc. There are also instances of corporate houses contributing to enterprise development and societal partnership through community related activities. It is increasingly being recognised by industry that the community at large is the ultimate stakeholder in any enterprise and that the islands of prosperity can not survive in the midst of grinding poverty. Many corporate houses are undertaking welfare activities for improving the quality of life of the local community. These practices need to be replicated by others too.

SMEs have acquired a vital place in the socio-economic development of most of the countries of the region due to their employment generating potential. Their relevance becomes all the more significant in present economic scenario, when liberalisation, privatisation and globalization are resulting in shrinkage of employment opportunities.

The government policies and initiatives like duty and tax concessions, priority sector lending, financial subsidies and grants, support for modernisation and quality upgradation, training facilities for skill development, etc., serve as incentives to the entrepreneurs to set up SMEs.

The governments need to intensify programmes of integrated infrastructural development for providing facilities like power, water, communication, etc., and entrepreneurship development, which could facilitate setting up of Small Scale Industries and generate self-employment opportunities in tiny and micro-enterprises.

SMEs due to their inherent resource constraints are unable to pursue regular R&D activities, gain access to latest technological developments and lack market-information. These very often serve as impediment in developing linkages with large industrial houses. It is in this back drop that the ILO can play a catalytic role by organising SME Business Development Programmes, maintain data-base for latest technological developments and market information to which SMEs could have easy access. Training programmes could be organized on regional basis.

I would like to avail this opportunity to suggest that ILO may organize a workshop or round table on privatization, its impact on work force and strategies to protect interest of the work force.

The future must bring a greater commitment of industry, workers group and society working together with active support of government to cure some of the social ills that are facing the region today. It is extremely desired that a balance is struck between preserving the private enterprise system and ensuring that business acts responsibly for betterment of all concerned. The most important obligations are maintaining good community relations, humanization approach, obligation to the consumer which includes all individuals, groups and companies and improving ethical conduct. Increased attention needs to be placed on massive retraining programmes for upgrading the quality of human resources and employment generation.

Last but not the least, on behalf of Government representatives I would like to thank the ILO for this opportunity. I am confident that the deliberation of this round table will go a long way in benefiting all in development of HRM, CCA & SMEs in the future.

Statement on behalf of the employers
by
Dr Steven Kates

Thank you Mr Chairman.

Let me begin by thanking the ILO for organizing and hosting this meeting. Globalization is a fact of life but is often only thought of in terms of the free flow of goods and services. At this meeting we have seen another dimension which is the free flow of ideas across borders.

The meeting has dealt with issues which are central to improving the living standards of workers and their families across the world. We have been considering ways in which we can improve, through better national and international institutions, the way in which we conduct our affairs.

The first issue was Human Resources Management which is a piece of jargon which basically means how we can ensure that workers are productive within their own places of work but also that those places of work are managed in a way in which the potential for each employee is enhanced to the greatest extent possible consistent with the goals of the enterprise.

We have been considering the way in which training and education, career development, equitable pay systems can contribute to the personal goals of workers and the organizational goals of management. We are trying to produce a better world in which we can all enjoy rising prosperity and greater personal freedom.

As part of this effort, we have discussed good corporate citizenship. It is my own experience working with employers that their aims have been to exceed basic legislative requirements and that being good corporate citizens is part of their own philosophy of life.

The excellent and admirable example provided by Mr Teteishi is an outstanding example of what is a not unusual experience amongst many employers.

The last of the issues we dealt with was small business in relation to quality, but also, and I believe very importantly, the issue of gender equity.

Half the world, and half the world's ability and talents, are found amongst women. In purely economic terms it is inefficient to exclude so much ability from being able to contribute to world productivity.

But the issues go well beyond questions of productivity and extend to the personal aspirations of women so that they are not excluded from any area of human endeavour. It is now recognized that women should be encouraged to participate in all areas and this meeting has helped promote this extraordinarily important objective.

And as we discussed, part of the very concept of gender equity is the leadership role of women not just in the labour market but as entrepreneurs owning their own businesses as well as managing businesses owned by others.

In closing I would like to thank the ILO Secretariat for their work in organizing this meeting. The preparation of the agenda and the smooth running of the conference is entirely due to their efforts. We have all at different times had to organize our own meetings so that we all know how difficult it is. We would therefore like to congratulate the Secretariat for a job well done.

I would also like to thank my colleagues on the employer side of the house for their cooperation and assistance and also Mr Chacko and Mr Crowe for their advice on a number of very delicate issues. Their assistance has been invaluable.

And lastly, I would like to thank our colleagues on the other side of the house. Without the cooperation of the union delegates, the achievement of agreed texts for the three documents before the meeting could not have been achieved and I thank them for it.

We now look forward to the further development of these issues at other forums within the ILO but we on the employer side hope that the texts we have helped develop will be used to further develop policies which can create the prosperity and freedom which the ILO was designed to promote.

Statement on behalf of the workers
by
Mr Abdul Halim Mansor

The three day seminar under the theme **A**Role of Enterprises and Society Partnerships@ from 22 to 24 September 1999 organized by the Regional Office of ILO at Bangkok has been an extremely interesting and productive seminar from the perspective of the workers group. We wish to congratulate the secretariat at ILO Bangkok for the excellent programme put together by them, the ever ready assistance given by the professionals within the ILO not only from Bangkok but also from Manila and Geneva and in particular the enthusiasm shown by both the Regional Director, Ms Mitsuko Horiuchi and her Deputy Mr. Reuben Dudley; the administrative staff manning the secretariat and rendering all forms of assistance is deeply appreciated by the workers group.

The workers group wish to congratulate all the paper writers, both presented as well as the country reports and the resource persons - the combined input in the technical and special sessions were very thought provoking and useful.

The chairpersons of the various sessions did a good job to conduct the sessions professionally and to summarise the working group deliberations in a nutshell. Their efforts successfully crystallized the various thoughts and ideas put forward by the enthusiastic participants.

The methodology of the seminar in the form of technical and open sessions, working group sessions compels all participants to focus on the topic at hand and share our thoughts and ideas in those areas for the benefit of society.

The workers group returns some enriched by the tremendous learning experience here as well as happy to have contributed usefully to the deliberations.

Having said that, it is my pleasure to inform you, that the reports from of the different session have been fully endorsed by the representatives of the workers= organizations in this meeting. The common understandings are the result of long deliberations among the chairpersons of the different groups. Sometimes they had to spend long time in order to reach a common understanding.

Frankly speaking, there was some concern in our group when we looked at the negotiated texts. Some texts spoke only about workers and not about their trade union organizations and the role these organizations can and should play in human resource management and human resource development. However, on a very last moment, some changes have been made. I wish to thank the employers= delegation for its cooperation in this respect.

We, indeed, think that workers= organization can play an important role in human resource development. Both on enterprise, industry and national level. And I think it is in the interest of all partners that trade union organizations are involved.

The SCIENTIFIC AMERICAN, a publication on technology and business economics, in its edition of August 1998, concludes - on the basis of research of data collected from more than 1,500 workplaces - that the positive change in labour productivity in unionized workplaces is almost double compared to non-unionized workplaces. The same study said that the change in labour productivity is considerably negative in workplaces where the workers or their organization was not involved.

It may be interesting for future discussion in the ILO that the office pulls the results of this and similar studies together as resource material.

I thank you all, in particular you Ms Horiuchi for providing us with this excellent opportunity to discuss very important issues which, unfortunately, are not getting the highest priority in our day-to-day work. This meeting, and its results, will certainly support a higher priority of human resource development and management on the trade union agenda.

Thank you very much.

Remarks
by
Mr Masaru Ishida
Director
ILO Enterprise and Cooperative Development Department

Distinguished participants, ladies and gentlemen,

I would now like to make some brief remarks on the three-day Asian and Pacific Regional Round Table Meeting on “Roles of Enterprises and Society Partnerships”.

First of all, I was most impressed by your great enthusiasm and your hard work in discussing the roles that enterprises are expected to play for society in the course of recovery from the economic crisis and for future economic and social development. We have learned a lot of lessons throughout all of the sessions. I found the case studies and special open sessions very interesting and effective in the learning process together with the in-depth discussions on the subjects outlined in the overview paper. I am sure that the whole learning process will be useful in guiding our future work on policy development with regard to enterprises and society partnerships at the national, institutional and enterprise levels.

The ILO plans to organize the Second ILO Enterprise Forum in Geneva on 5-6 November 1999 to discuss these same subjects at the international level. We shall take full advantage of the output of this meeting, and input it into the global forum so that what we have discussed here can be utilized for policy development at the global level.

The Asian and Pacific region has witnessed the most dramatic experiences in globalization, i.e. such great, spectacular economic growth over the past two decades coupled with such a sudden economic crisis over recent years. And now we expect to see the same kind of dramatic recovery and development.

Over the past three days we have discussed a number of enterprise issues in connection with crisis management. This regional experience needs to be fully shared by policy makers around the world, and new methods of globalization need to be explored based upon the lessons learned by the Asian and Pacific region for better management of globalization during the next millennium.

I hope the new millennium will be much better than the present one. It is our hope that we shall continue to think and work together for the sake of more balanced economic and social development in the future.

I should like to take this opportunity to express our hearty thanks for your great contribution to this fruitful and successful meeting. I would also like to say a special word of thanks to Mrs. Horiuchi and our colleagues from the Regional Office for their most efficient administrative help and support in organizing and implementing this important meeting so successfully. Special thanks must also go to the ENTREPRISE

MDT Specialists in the region for their technical inputs, and particularly to Mr. Max Iacono for his special contribution to the excellent overview paper that kicked off and stimulated the whole discussion process.

I wish you all every success in the work that awaits you when you get back to your respective countries, and “bon voyage”!

Closing Remarks
by
Ms Mitsuko Horiuchi
Regional Director
Asia Pacific Region

Distinguished Representatives of Governments, Employers' and Workers' Organizations, Resource Persons, Entrepreneurs, Ladies and Gentlemen,

Let me begin by congratulating you on your valuable work at this Meeting, which has seen a fertile exchange of experiences and ideas concerning enterprise and society partnerships.

Our tripartite constituents were enriched by the presence of representatives from ministries of industry and enterprise development. The contributions you made, in the technical sessions, group work and in the preparation of statements of common understanding sharpened our understanding of the critical issues in the three key areas of human resource management, corporate citizenship and the employment potential of small businesses.

For the ILO, enterprise promotion is a decisive feature of our core concern: putting people to work, by which I of course mean "decent" work. The aim, plainly, is not only to produce viable, sustainable enterprises but also to raise living standards and permit personal fulfilment.

You have shown us a considerable variety of approaches to enterprise promotion. The initiatives you have described, be they governments', employers' or workers', have captured our attention and fired our imagination. Is it any wonder then that you succeeded in forging partnerships where before people had to go it alone? As we heard earlier this morning, the working groups achieved a common understanding on each of the three technical topics.

As to human resources management, you acknowledged that people are the key to sustainable, competitive enterprises. Today's changing business environment and mounting competition for a place in global markets has taught managers to rely on human resources for the flexibility and innovative qualities that can make their enterprises **winners**.

The interests employees and employers have in common are also shared with their main stakeholders, which include suppliers, investors and customers. It takes harmonious labour relations to develop and maintain successful partnerships and these, as we know, always rest on open and effective lines of communication.

There must also be continuing programmes to upgrade the skills of managers and workers alike.

You recognize that the virtually unending restructuring prompted by the need to maintain flexibility and competitiveness poses very special challenges. Retrenchment and redundancies have become a reality. But they can succeed and proceed only on the basis of consultation and participation.

These are the essential components of effective human resources management.

Your deliberations on corporate citizenship identified a range of driving forces behind the innovations we are seeing in this area. Though legislation sets minimal rules governing corporate behaviour, it makes good business sense to pursue a socially oriented competitive strategy.

A brand name and corporate image can be a company's most valuable asset. It is also a **vulnerable** asset, which is under constant scrutiny on the part of consumers and lobby groups whose access to information and ability to spread it are growing every day thanks to modern telecommunications.

Corporate citizenship may not improve business in the short term, you urge employers and management to rise to the occasion by involving every employee at every level in a programme of corporate citizenship that rallies the support of all stakeholders.

You called on constituents to support broader application of citizenship measures. Governments can help by calling attention to outstanding citizenship achievement areas and making it easier to exchange information on good-practice initiatives. They can also offer tax breaks and stimulate dialogue between the social partners and others concerned.

Employers and workers can promote citizenship values and work to increase capacity in their organizations to the benefit long-term partnerships.

Small and medium enterprise development is central to employment creation. You want this employment potential tapped not just for more jobs, but also for quality jobs quality in terms of safety and health, wages and social protection.

You drew particular attention to the challenges facing women entrepreneurs and women employed in SMEs.

The policy and regulatory environment is of utmost importance to SME promotion. In many cases rules should be simpler to let SMEs move ahead unhindered.

Government services and procedures can be administered through "one-stop shops" that make it easier to access information and facilities. ILO Recommendation 189, you point out, offers helpful guidance on this.

You see employers' and workers' organizations contributing by spelling out the needs and concerns of the SME sector with policy makers. Larger enterprises too, you observe, can help develop SMEs and you recommend a range of business development services.

Ladies and gentlemen,

The results of this Round Table will be put to the Second ILO Enterprise Forum in Geneva on 5 and 6 of November of this year. They will make a practical difference to that Forum. They will also be a part of the follow-up to the Social Summit, which relies on enterprises as an important element to fulfil its commitments.

As Regional Director for Asia and the Pacific, I can assure you that your suggestions will provide valuable guidance as we develop our various programmes in pursuit of the ILO's strategic objectives.

There are many welcome signs of recovery from the Asian crisis. But to stave off future crises Asia needs competitive and sustainable enterprises with social justice. Your cooperation and work will help limit the risks of another crisis.

I would like to pay tribute to the Employers' and Workers' spokespersons, Mr. Steven Kates and Mr. Abdul Halim Mansor and to the several Government representatives, who have in their different, yet basically common, expressions conveyed the view that enterprise development, employment generation and social protection are shared concerns and responsibilities.

I also wish to thank the many people in this room and outside it who helped to make this Round Table a success. Particularly, my thanks to Mr Ishida, Director, ENTREPRISE, and his colleagues from the Department and Specialists in the region, as well as to the employers' and workers' officials from Headquarters and the region, whose valuable inputs have helped us immensely. Behind the scenes, my staff in the Regional Department, as always, have supported this meeting most capably. My thanks to you.

It is fitting to close this meeting with a vision of business in the 21st century. It was articulated by our distinguished guest speaker, Mr Tateisi, who foresees a new management style characterized by:

- industrial relations emphasizing human values;
- a balance between efficiency and creativity;
- the pursuit of social goals as vigorously as profit; and lastly
- concern for community and the global environment.

I thank you all for participating so actively in this Round Table and wish those of you travelling back home a safe journey.

Annex IV: Short bibliography

ILO documents

Human resources management, corporate citizenship and small business development, Regional Office for Asia and the Pacific, Bangkok, 1999.

Lloyd, D. and W. Salter: *Corporate social responsibility and working conditions in the Philippines*. SEAPAT, Manila, 1999.

Marcovitch, J.: *Privatization, restructuring and economic democracy synthesis report*. Enterprise and Cooperative Development Department.

The Job creation in Small and Medium-sized Enterprises Recommendation, 1998 (No. 189), Geneva.

Skills in Asia and the Pacific: Why training matters, Terminal report for discussion at the Tripartite Asian and Pacific Consultative Meeting on Human Resources Development and Training, Singapore, 1999

Follow-up to the World Summit on Social Development, Report on the Asian Regional Consultation on Follow-up to the World Summit for Social Development, Regional Office for Asia and the Pacific, Bangkok, 1999.

Towards full employment: Prospects and problems in Asia and the Pacific, Technical Report for discussion at the Asian Regional Consultation on Follow-up to the World Summit for Social Development, Regional Office for Asia and the Pacific, Bangkok, 1999.

Resource papers

Ogden, Max (Australian Council of Trade Unions): “Post-Fordism, sustainable work systems and modern human resources management”.

Srivastav, Avinash Kumar (ASTRA Group): “An Indonesian case study on human resource management”.

Tateisi, Nobuo (NIKKEIREN): “Corporate citizenship activities at Omron”.

Thalha, Haji Mohamed (Workers Institute of Technology): “The role of enterprises and society partnership: a case study of the workers institute of technology (WIT), Malaysia”.

Verma, Lalit (Eicher Group): “On the employment potential of small business”.

Ying, Chen (China Enterprise Directors’ Association): “The employment and development of Chinese small and medium enterprises”.

Annex V: List of participants

Australia

Mr David Griabau
Third Secretary
Australian Embassy
Bangkok

Mr Steven Kates
Chief Economist
Australian Chamber of Commerce and Industry
Melbourne

Mr Anthony Beck
Executive Member
Australian Council of Trade Union
Carlton South

China

Mr Donglin Li
Director-General
Department of International Cooperation
Ministry of Labour and Social Security
Beijing

Mr Lei Wang
Officer
Department of Small and Medium-sized Enterprise
State Economic and Trade Commission
Beijing

Ms Ling Chen
General Manager
Weilong Business Trade Development Corporation
China Enterprise Directors Association
Beijing

Mr Jianming Li
Deputy Division Chief
International Liaison Department
All-China Federation of Trade Unions
Beijing

Hong Kong, China

Mr Ying Lun Fung
Senior Labour Officer (Development)
Labour Department
Hong Kong

Ms Po-yee Yu
Manager
Employers' Federation of Hong Kong
Hong Kong

Mr Kwok Wong
Senior Researcher
Hong Kong Federation of Trade Unions
Kowloon

India

Mr P.P. Mitra
Director
Ministry of Labour
New Delhi

Mr S. Talwar
Joint Secretary
Department of Public Enterprises
Ministry of Industry
New Delhi

Mr R.K. Somany
Chairman & Managing Director
Hindustan Sanitaryware & Industries Ltd.
New Delhi

Mr Anil Godbole
E.C. Member Satara Dist.B.M.S.
Bharatiya Mazdoor Sangh
New Delhi

Mr Chandidas Sinha
Secretary, INTUC
New Delhi

Indonesia

Ms Fifi Arianti Pancaweda
Head of Subdirectorate for General Manpower Placement

Department of Manpower
Jakarta

Mr Wayan Dipta
Director of Research and Development Center
Ministry for Cooperatives Small & Medium Enterprises
Jakarta

Mr Willy Rawung
Vice Treasurer
Employers' Association of Indonesia (APINDO)
Jakarta

Japan

Mr Taro Muraki
Director, Industry and Labour Research Division
Policy Planning & Research Department
International Labour Affairs Division
Ministry of Labour
Tokyo

Mr Yasushi Adachi
Deputy Director
Human Resource Policy Office
Industrial Policy Bureau
Ministry of International Trade and Industry
Tokyo

Ms Nobuko Sanui
Deputy Director of International Division
Japan Federation of Employers' Associations
Tokyo

Mr Shoya Yoshida
Chief, International Policy Division
Japanese Trade Union Confederation (RENGO)
Tokyo

Republic of Korea

Mr Won-Doo Lee
Labour Policy Division of Labour Policy Bureau
Ministry of Labour
Government Kwachon Complex
Seoul

Mr Dong-eung Lee
Director, Labour Relations Department
Korea Employers Federation

Seoul

Malaysia

Mr Mohd Zubir bin Mohd Basri
Director of Trade Unions
Department of Trade Union Affairs
Ministry of Human Resources
Kuala Lumpur

Ms Hafsah Hashim
Director, Research and Planning Bureau
Small and Medium Industries Development Corporation
Ministry of International Trade and Industry
Kuala Lumpur

Ms Yoke Wan Lee
Research and Information Manager
Malaysian Employers Federation
Selangor

Mr Abdul Halim Mansor
Deputy Secretary General
Malaysian Trades Union Congress
Selangor

Nepal

Mrs Madhuri Rana
Section Officer
Department of Labour
Ministry of Labour
Kathmandu

Mr Uddhab Kumar Adhikari
Under Secretary
Ministry of Industry
Kathmandu

Mr Bijaya Bahadur Shrestha
Vice Chairman, Employers' Council
Federation of Nepalese Chambers of Commerce & Industry
Kathmandu

Mr Umesh Upadhyaya
Chief, Department of Foreign Affairs
General Federation of Nepalese Trade Unions (GEFONT)
Kathmandu

Pakistan

Mr Malik Ayaz-ul-Haque
Personnel Manager
Pakistan Cables Limited
Karachi

Mr Tikka Khan
Assistant Secretary General
All Pakistan Federation of Labour (APFOL)
Islamabad

Philippines

Ms Teresita Manzala
Director IV
Department of Labor and Employment
Manila

Ms Alicia Opena
Chief Trade and Industry Development Specialist
Department of Trade and Industry (DTI)
Manila

Mr Vicente Leogardo, Jr.
Director-General
Employers Confederation of the Philippines
Manila

Mr. Jesus Villamor
President, Lakas sa Industriya ng
Kapatirang Haligi ng Alyansa (LIKHA)
Trade Union Congress of the Philippines
Quezon City

Thailand

Mr Suwat Liptapanlop
Minister of Industry
Bangkok

Mrs Siriporn Moolsart
Director of Social Studies and Planning Division
Department of Public Welfare
Ministry of Labour and Social Welfare
Bangkok

Dr Supriya Sithikong
Planning Division
Department of Industrial Promotion
Ministry of Industry
Bangkok

Mr Jarintr Warintaraporn
Business Development & Cooperation Division Director
Employers' Confederation of Thailand
Bangkok

Mr Pornpojn Lamungtong
Head of LCT's Education Department
Labour Congress of Thailand
Samutprakarn

Viet Nam

Mr Vinh Dao Quang
Deputy-Chief of Section for Labour and Employment
Institute of Labour Science and Social Affairs
Ministry of Labour, Invalids and Social Affairs
Hanoi

Mr Nam Nguyen Trung
Senior Official
Department of Enterprises
Ministry of Planning and Investment
Hanoi

Mr Si Cu Nguyen
Deputy Editor-in-Chief
Business Forum Weekly
Vietnam Chamber of Commerce and Industry
Hanoi

Mr Nguyen Xuan Tam
Adviser on ILS of VCCL
Vietnam General Confederation of Labour
Hanoi

Resource persons

Mr Max Ogden
Skills Formation Officer
Australian Council of Trade Unions
Victoria, Australia

Dr Avinash Kumar Srivastav
Organizational Development Advisor
PT Pamapersada Nusantara (ASTRA Group)
Jakarta, Indonesia

Mr Nobuo Tateisi
Chairman, OMRON and Vice-President NIKKEIREN
c/o Japan Federation of Employers' Associations
Tokyo, Japan

Dr. Haji Mohamed Thalha
Executive Director
Workers Institute of Technology (WIT)
Selangor, Malaysia

Mr Lalit Verma
General Manager - Materials
EIGHER Group (Tractor Division)
New Delhi, India

Ms Chen Ying
Deputy Director-General
China Enterprise Directors' Association (CEDA)
Beijing, People's Republic of China

Observers

Mr A.R. Ghofrani
Counsellor and Deputy Permanent Representative
to ESCAP
The Embassy of the Islamic Republic of Iran
Bangkok, Thailand

Mr Sung-jin Kim
Director of Education
International Confederation of Free Trade Unions
Asian and Pacific Regional Organisation
Singapore

Persons attending open session on women's entrepreneurship

Ms Rokia A. Rahman
Dhaka, Bangladesh

Ms Ximan Yu
China Enterprise Directors Association (CEDA)
Beijing, People's Republic of China

Ms Suryani SF. Motik
Director, PT Pratama Griya Persada &
Vice Chairman, Swarna Bhumi Foundation
Jakarta, Indonesia

Mrs Shyam Batan Shresta
Adviser, Women Entrepreneurship Development Committee
Federation of Nepalese Chambers of Commerce & Industry (FNCCI)
Kathmandu, Nepal

Ms Grace Abella
Personnel Management Association of the Philippines (PMAP)
Manila, Philippines

Ms Sumontha Tonvongval
Vice President, Human Resources, CRC Ahold Co., Ltd.
Employers' Confederation of Thai Trade and Industry (ECONTHAI)
Bangkok, Thailand

Ms Chanporn Phisanbut
Executive Director, National Thai Co.,Ltd.
Employers' Confederation of Thailand
Bangkok, Thailand

ILO officials

Ms Mitsuko Horiuchi
Regional Director, Asia Pacific Region
ROAP, Bangkok

Mr Rueben Dudley
Deputy Regional Director, Asia Pacific Region
ROAP, Bangkok

ILO Geneva Headquarters

Mr Masaru Ishida
Enterprise and Cooperative Development Department

Mr Michael Henriques
Entrepreneurship and Management Development Branch

Mr Takafumi Ueda
Entrepreneurship and Management Development Branch

Mr Roy Chacko
Bureau for Employers Activities

Multidisciplinary Advisory Teams

East Asia Multidisciplinary Advisory Team (EASMAT)

Mr Gerry Finnegan

South Asia Multidisciplinary Advisory Team (SAAT)

Mr Raphael Crowe

Mr Gopal Joshi

Ms Jyoti Tuladhar

Southeast Asia and the Pacific Multidisciplinary Advisory Team (SEAPAT)

Mr Freek Thomasson

Mr Max Iacono

Mr Nic Van der Jagt

ILO/Japan Inter-Country Project on Strategic Approaches Toward Employment Promotion (STEP)

Mr Satoshi Sasaki

ILO/SIDA Project on Start/Improve Your Business

Mr David J. Lamotte