



International  
Labour  
Organization

## Engaging multinational enterprises on more and better jobs

### The economic and social contribution of global business

- The 200 largest MNEs have sales equivalent to almost 30% of the world's GDP.
- Approximately 80 per cent of global trade activities are within global value chains of MNEs.

Through their globalised production systems, multinational enterprises (MNEs), their subsidiaries and extended value chains represent an important share of the private sector in many developing and industrialised economies.

The potential contribution of MNEs to the creation of more and better jobs is large, mostly in their supply chains but also through foreign direct investments (FDI). It looks especially promising in developing economies. In 2010 developing economies attracted for the first time more than 50% of the global FDI inflow. By 2012 MNEs from emerging markets increased their share in FDI flows, with many of them expanding their global production networks actively into other developing and transition economies. MNEs do not only hold the potential for job creation but also wider economic development through skills upgrading and technology transfer.

Despite this enormous potential, there is a widespread feeling that MNEs are not sufficiently living up to expectations. Many have come increasingly under pressure to demonstrate that they operate in a socially responsible manner and effectively contribute to development. As a result, many MNEs and large national enterprises have adopted policies governing labour and employment aspects of their operations as part of their longer-term sustainability strategies. This includes working conditions in their supply chains. A growing number of MNEs are engaging in multi-stakeholder or industry initiatives promoting responsible practices.

Governments are also introducing laws and policies to stimulate good business behaviour both of foreign MNEs in their countries and of domestic ones operating in other parts of the world. Multilateral institutions are promoting their respective instruments or updating them to encourage responsible business practices and address emerging issues, especially in global supply chains. Smaller local businesses are also becoming increasingly aware of sustainable and responsible business practices as they become or aspire to become part of global production systems.

### ILO approach to global business

The ILO recognizes the important role played by multinational enterprises in the economies of most countries and in international economic relations. It also recognizes their enormous potential to contribute to the goal of decent work for all in today's globalized world. To guide and encourage their positive contribution to socio-economic development and minimize negative impacts of their operations, the ILO promotes the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).

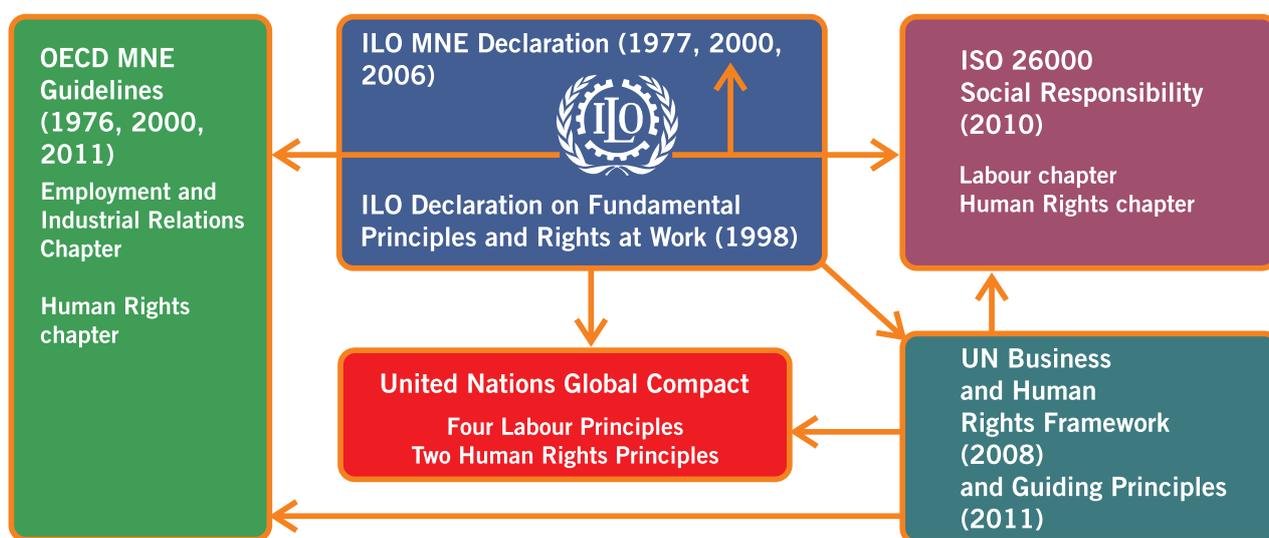
The MNE Declaration is the ILO's global policy framework, adopted by governments, employers and workers. The Declaration contains the most comprehensive set of guidelines on employment and labour-related issues addressed to governments, enterprises, employers' and workers' organizations. All its provisions are based on international labour standards. It covers five areas where business, through investment and operations, can make an important contribution:

1. general policies,
2. employment,
3. training,

4. conditions of work and life and
5. industrial relations.

Other international instruments and frameworks that promote responsible and sustainable business, such as the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the UN Guiding Principles on Business and Human Rights are compatible and aligned with the ILO's MNE Declaration (see figure below). This ensures that business receives a consistent message on labour and employment issues.

## MNE Declaration and other CSR Instruments



## The ILO in action: Promoting responsible global business

### Supporting the social partners in Turkey in building capacity on corporate social responsibility

ILO in cooperation with the International Organization of Employers (IOE) assisted the Turkish Employers' Organization (TISK) to implement the project "CSR4All" through training-of-trainers and training directly for companies. This project, funded by the European Commission, seeks to develop capacity for employers' organizations in South-Eastern Europe to support their members concerning CSR, and engage more effectively in tripartite dialogues on issues of mutual concern related to responsible business.

The ILO works with MNEs and stakeholders to help apply the principles of the MNE Declaration and to adopt responsible business practices in their operations and supply chains. To this end, the ILO:

- Provides information and guidance on international labour standards
- Trains relevant stakeholders
- Engages with enterprises and stakeholders globally and at country level, promoting dialogue and joint action.

### Assistance to enterprises on international labour standards

The ILO Helpdesk for Business on International Labour Standards assists enterprises that want to align their operations with the principles contained in international labour standards and the MNE Declaration. The free and confidential service responds to specific questions ([assistance@ilo.org](mailto:assistance@ilo.org)) and the website ([www.ilo.org/business](http://www.ilo.org/business)) allows users to easily navigate the ILO's knowledge base, Q&A library, tools and resources that relate to the needs of companies of all sizes. Through the Helpdesk, ILO has directly assisted approximately 800 companies, and provided information to thousands more through its website.



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### South African Ports Work Development Project

This ILO project addressed an impasse in labour management relations in the ports of Durban and Richards Bay. Low levels of productivity in container handling threatened the competitiveness of the ports but unions had raised concerns over the possible impact of suggested measures on job losses. The project brokered a resumption of dialogue and was successful at restoring trust between management and labour. A combination of interventions ranging from workplace improvement measures to training was identified to enhance the competitiveness of the South-Africa-based Transnet Port Terminals, specifically the Durban Container Terminal (DCT). The interventions led to notable impacts including a boost in productivity while retaining all existing jobs. An additional 106 jobs were created increasing at the same time the number of women employed at DCT. Moreover, the number of work days lost to industrial action at DCT was reduced generating significant costs savings. In light of these achievements, the second phase of the project has been expanded to other Port Terminals in South Africa and the Port of Maputo in Mozambique.

Looking for answers to your questions about labour standards?

### ILO Helpdesk for Business on International Labour Standards

Email : [assistance@ilo.org](mailto:assistance@ilo.org)

Web site : [www.ilo.org/business](http://www.ilo.org/business)



## Training

The ILO organizes residential training courses for governments, employers and workers at its International Training Center in Turin. Trainings are also organized in countries as part of broader technical assistance. To scale up capacity building on the MNE Declaration, the ILO developed an interactive, self-guided E-learning module “Business and Decent Work: an introduction to the MNE Declaration” ([www.ilo.org/mnelearning](http://www.ilo.org/mnelearning)). This 40-minute module uses real country case studies that highlight how the Declaration can be put into practice by governments and enterprises.

Furthermore, the ILO provides companies with training on a range of labour and employment issues and hosts web-based information sessions (webinars) on specific topics, often in collaboration with other organizations.

## Advisory services at country level

The ILO works with business to tackle challenges in their own operations and in value chains through a variety of programmes, focused on e.g. the elimination of child labour or forced labour from supply chains, improving working conditions and industrial relations in the garment supply chain (Better Work programme), improving industrial relations and workplace cooperation, promoting diverse and inclusive workplaces.

The ILO supports public-private dialogues at the country-level to facilitate the alignment of private action with national priorities, to clarify the respective roles and responsibilities of government and the private sector and to formulate joint action plans. ILO also helps to implement such action plans, through policy advice and technical assistance, often as part of technical cooperation projects.

Large multinational enterprises can play a significant role in helping smaller businesses in their value chains and within the communities in which they operate to adopt responsible business practices consistent with international labour standards and the MNE Declaration. ILO works with MNEs to identify strategies and partnerships, to enhance the creation of more and better jobs through their value chains, including by supporting the development of SMEs and cooperatives and upgrading their capacities. MNEs can also help address urgent development issues such as promotion of youth employment.

### Inclusive growth in mining communities in Zambia: how MNEs can contribute

In Zambia, ILO is facilitating a dialogue process in the mining sector inspired by the MNE Declaration. The dialogue provides government, mining companies, employers’ and workers’ organizations, and community representatives with a forum to jointly assess the root causes of the sustainability challenges and to identify joint action so that the country can benefit more broadly from the mining activity, particularly in terms of the creation of more and better jobs in mining communities. Deliverables include technical assistance to strengthen a sectoral dialogue forum and concrete interventions to strengthen the links between the mining sector and the national and local economy. This includes development of value chains for small and medium enterprises in the local communities through business linkages and upgrading of the SMEs and skills development to give greater access to employment opportunities for nationals in mining companies.

### MNEs and youth employment in Côte d'Ivoire

In Côte d'Ivoire, ILO provided assistance to government, business, and workers' organisations to engage in evidence-based policy dialogues on the role of MNEs in youth employment as part of the post-conflict process. Participating MNEs committed to collaborate with other stakeholders in addressing the youth employment challenges identified in an ILO-conducted assessment. A multi-stakeholder task force established by the Confédération Générale des Entreprises de Côte d'Ivoire (CGE-CI) implements the recommendations on better aligning national education and training systems with private sector skills requirements and national development priorities. With ILO assistance it is exploring ways to further promote business linkages between MNEs and local SMEs.

## The ILO and Sustainable Enterprises

The ILO Sustainable Enterprise Programme helps create more and better jobs through enterprise development. It connects business growth and competitiveness with the needs of people to make a decent living in a healthy environment - today and in the future. Anchored in the ILO's mission to create decent work for all women and men, this programme is centred on three pillars:

- An enabling environment for enterprises - Creating the right framework that enables businesses to start, grow and create decent jobs;
- Entrepreneurship and business development - Helping entrepreneurs, in particular youth, women and marginalized groups, to start and build successful enterprises;
- Sustainable and responsible workplaces - Demonstrating the link between productivity gains and improved working conditions, good industrial relations and good environmental practices.

The programme combines evidence-based policy development with capacity building and enterprise support services, delivered at the international and country levels, through advisory services and a large portfolio of technical cooperation. It works with governments, employers' and workers' organizations, in partnership with other UN agencies, financial and academic institutions, donors and others.

## Further reading

- ILO and Multinational Enterprises - [www.ilo.org/multi](http://www.ilo.org/multi)
- MNE Declaration - [www.ilo.org/mnedeclaration](http://www.ilo.org/mnedeclaration)
- ILO Helpdesk for Business - [www.ilo.org/business](http://www.ilo.org/business)
- E-learning module: Business and Decent work - [www.ilo.org/mnelearning](http://www.ilo.org/mnelearning)

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