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"SKILLS FOR JOBS"

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Session on “Reaching impact and scaling up”

Mr. Etienne Davignon, President of CSR Europe
Ms. Celia Moore, Chair of CSR Europe Board of Directors
Mr. Jan-Olov Erickson (Chairman Swedish Jobs & Society and former CEO of Shell)
Mr. Pierre Mairesse (Director for Education, DG Education, EC).

Ladies and gentlemen,

Thank you for inviting the ILO to this launch event of the European Business Campaign on Skills for Jobs. This Campaign can be a game changer, we congratulate you for it and we are ready to contribute to make it a success.

The ILO, as you may know, is the specialized UN agency that deals with the world of work and whose mission is to promote productive employment, decent work and social justice for all women and men. The ILO is the only tripartite organization in the UN system, the only one of its kind bringing together representatives of governments, employers and workers in its governance bodies.

We commend the vision and design of the European Business Campaign on Skills for Jobs: its ambition to develop new collaborative projects, to share practices, and to engage in smart policy dialogues in the four priority areas of action: social inclusion, entrepreneurship, skills for employability and workplace innovation.

The promotion of sustainable and responsible enterprises is a major pillar of ILO work. In fact, the role of business in combating social exclusion and unemployment and the business case for doing so was highlighted in the Conclusions of the 2007 International Labour Conference on the Promotion of Sustainable Enterprises.

In its vision of sustainable and responsible enterprises these tripartite conclusions are very much in line with the concept of the “Enterprise 2020 company” as defined by CSR Europe, as a company that has fully integrated CSR into its business strategies, a business that contributes to SMART, SUSTAINABLE and INCLUSIVE growth.
This is also the spirit of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy – referenced in the EC 2011 CSR Communication – that has specific chapters on employment creation and skills development.

**The growth and jobs challenge in Europe and the Skills for Jobs campaign**

The enormous importance of a competitive workforce and of the campaign you are launching today cannot be overstated.

The growth, employment and skills challenges in Europe today are not only marked by the damage caused by the financial and sovereign debt crisis, as devastating as this damage has been. The challenge is also framed by the fact that the global economy is experiencing a GREAT RESTRUCTURING, in terms of several long-term, game-changing trends with major impacts in labour markets. You know these challenges well because they are also the ones that frame competitive strategies for companies:

- First, **technological change** is changing the nature of work and posing great challenges in terms of skills policies, contractual arrangements, and social protection.

- Second, **the emergence of the BRICs** is creating not just a new geography of growth and consumption, but also a new geography of skills and changing the nature of global competition for talent.

- Third, Europe is **ageing**. Extending working lives and increasing the employment rates of older workers is high on the policy agendas of many countries.

- Fourth, **the transition to energy efficient and greener companies, cities and economies** poses major challenges for skills development, as skills bottlenecks and mismatches can be a major obstacle to green growth.

- Fifth, **growing income inequality** is grounded to an important extent in the fact that high and low-skill workers face very different demand and opportunities in the labour market.

- Sixth, **skills mismatch** is a persistent and growing trend. Over education and over-skilling coexist with under-education and under-skilling, and increasingly with skills obsolescence brought about by long term unemployment. High levels of skills mismatch cause permanent damage to human capital and the long term competitiveness of companies and economies.

**My first message is that improving the quality of education and skills systems and how they support the transitions to the world of work, is part of the solution to meet all of these major challenges...**

Europe has a number of macroeconomic issues to resolve, but even if the dream of restoring confidence and aggregate demand comes true tomorrow, this by itself will not be enough to bring back pre-recession employment levels and will not prepare the workforce for the new jobs of the next decades.
In few areas of policy can one find a stronger convergence between the public policy case, the business case, and the citizens's of Europe case for investing in human capital, in Europe’s workforce of the future.

And yet, why are countries having so much trouble in moving people from the world of education and training into good jobs? Why are companies having so many problems in filling vacancies in a context of high unemployment?

The recent McKinsey study has a very good diagnosis of the main reasons and I think two reasons stand out:

1. One is that employers, education providers and youth often live in parallel universes, they do not sufficiently engage with each other. Real impact cannot be achieved in isolation. Public policy alone cannot solve this. Private CSR initiatives alone cannot do it either, if they are not well aligned with public policy.

2. The other reason is that there are indeed a lot of good practices out there, but they are not sufficiently known. Many practitioners are busy with training, apprenticeships, entrepreneurship and inclusion initiatives, but this does not seem to be sufficient. There are no institutions or platforms that systematically identify what works in PPPs, and make it available. Too much good practice goes to waste.

So what more needs to be done? This is the challenge of impact and scale.

I would like to touch on 7 key ingredients for impact and scale.

1. **Impact and scale require complementarity and alignment with public policy…**

First, impact and scale require complementarity, alignment and coherence of business action with public policy. There is a lot business can initiate and do on its own, but the highest impact is when the partnership schemes make the most of public policy, and vice versa, when public policy makes the most of partnership with business.

Dialogue mechanisms between the public and private sector are strategically important. Again, in the case of the European Business Campaign on Skills for Jobs, this alignment is there, as the Europe 2020 Strategy very much counts on the contribution of business to achieve the broader EU goals.

2. **Focused and differentiated interventions on all target and disadvantaged groups**

Second, inclusiveness, impact and scale require focused and differentiated interventions targeting all disadvantaged groups: young people, the long term unemployed, involuntary part-time workers, older workers and migrant workers.

In addition, there is still a long way to go in terms of achieving gender equality in the labour market in Europe, in terms of labour force participation, equal pay, decision making and quality of employment for women.
Policy makers in Europe have policies for all these target groups and for women's economic empowerment and equality. Similarly, for maximum impact and scale, I think the business community and this campaign should think systematically on solutions, business models and partnerships that work for all these target groups.

The key principle here is that for high impact, interventions and business models need to target the underlying reason of the disadvantage and the barriers faced by each group. Obviously one-size-does not fit all.

3. **Impact and scale requires sophisticated understanding of successful partnerships**

Third, impact and scale requires sophisticated understanding of successful partnerships. In our experience at the ILO, the most successful initiatives depend on sophisticated collaboration and partnership between the private sector, government, trade unions and civil society organizations and unique combinations of incentives, regulations, funding and leadership. These partnerships are rich and complex in institutional detail and texture.

Successful initiatives must be documented so that the underlying models can be analyzed for potential broader replication. We do this in a number of areas such as our Youth Employment Programme.

Documenting and cataloguing good practices is one of the great services this campaign can contribute for high impact and for replication.

The mini-market place today clearly showed the wide range of activities and creative partnerships that are possible. The potential is enormous, just like the needs.

4. **Impact and scale require mainstreaming in business thinking**

Fourth, getting to scale means a practice becomes mainstream in business thinking and operations. A good example where great progress has been made is in inclusion of persons with disabilities in the work place.

As you know, there is a global commitment articulated in the UN Convention on the Rights of Persons with Disabilities and in national legislation. But many companies are going beyond “mere compliance” to innovate and to lead in disability inclusion.

I am pleased to inform you that the ILO has a strong partnership with 40 multinational companies and 17 employers' organizations around the ILO Global Business and Disability Network.

The Network promotes workplace inclusion through knowledge-sharing, developing joint projects and services, and linking members to ILO activities and advocacy work.

Another avenue for mainstreaming inclusion and sustainability commitments in business thinking is business schools. The Global Compact Principles for Responsible Management Education and the various networks of business schools are a good example. The ILO is actively engaged with several of these initiatives, and we have developed a teaching module for business schools on sustainable supply chain management.
And here is a lesson: mainstreaming in business thinking and operations requires consistent messaging and effective, dynamic networks.

5. Impact and scale and the role of trade unions

Fifth, is there a role for social dialogue and trade unions in achieving impact and scale?

Yes, as a tripartite organization the ILO strongly promotes social dialogue among the main stakeholders in the world of work. Experience shows that countries, sectors and enterprises with strong social dialogue mechanisms and long-term trust between employers and workers stand a much better chance of coming up with sustainable solutions.

Skills training of employees is often part of collective bargaining agreements or international framework agreements.

Apprenticeships systems are the most effective in countries where both employer and employee representative organisations wholeheartedly support and promote apprenticeships. I will come back to this in a minute.

6. Impact and scale along the supply chains

Sixth, in a world of global value chains, the leverage of large companies with their suppliers should not be underestimated, if the relationship is built on a partnership approach with a focus on building local capacities.

The ILO has been working along these lines. Four examples are:

- **The Better Work Programme**, in partnership with the International Finance Corporation of the World Bank, works with leading enterprises in the garment sector along their global supply chains to implement core labour standards and national labour law. This programme is currently operational in 7 countries (Cambodia, Vietnam, Indonesia, Jordan, Lesotho, Haiti, Nicaragua), and is exploring the feasibility of moving into other sectors and countries.

- **The ILO’s International Programme on the Elimination of Child Labour (IPEC)**, has been actively engaging companies in many countries with important results.

- **The Sustaining Competitive and Responsible Enterprises (SCORE) programme**, is a practical in-factory training programme to increase the productivity of SMEs while promoting respect for workers’ rights. The ILO has established partnerships with Multinational enterprises to train their suppliers on the SCORE modules. This programme is operational in 7 countries (Colombia, China, Ghana, India, Indonesia, South Africa and Vietnam).

- **The ILO HELPDESK for Business**, is a service that routinely answers questions from companies, employers organizations, trade unions and the general public on application of international labour standards and good practices across a wide range of labour law and supply chain issues.
7. Impact and scale through apprenticeships

My final comment is about apprenticeships, one of the most powerful tools for impact and scale on jobs for youth…

School to work transitions are better in Germany, Austria, Switzerland and the Netherlands, and youth unemployment is lower in these countries than in most of the rest of Europe, partly because employers and trade unions are more involved in national training systems and partly because the so called dual training system. These countries have also managed to remove the social stigma with which people in other societies see vocational training. Removing this social stigma where it exists is important, and in this both employers and trade unions also have a role to play.

I saw that your slides refer to “apprenticeship/internships” or “apprenticeship/traineeship”.

But apprenticeship should not be confused with internships.

Apprenticeship is a system characterized by close collaboration between public policy, training providers and enterprises, it is not very successful when enterprises try it on their own. It works best where workplace and classroom learning are combined, where skills acquired are recognized broadly, and where regulations and employment contracts reflect the outcomes of social dialogue with respect to wages, duration and working conditions, and where there is co-financing.

Also, apprenticeships work best in Europe where trade unions have a significant role. In the best performing systems, apprenticeships are organized within industry sectors, with tripartite bodies identifying training needs, agreeing curriculum, setting apprenticeship standards, and assessing learning outcomes.

At the ILO we are promoting the expansion of apprenticeships systems working directly with governments, but also with the private sector. We have carried out interviews with businesses in five countries to explore the feasibility of creating a global business alliance for apprenticeship.

The idea is being taken forward by the International Organization of Employers and builds on keen interest in the Business 20 and Labour 20 groups to improve the quality of apprenticeships and the image of apprenticeship training among young people.

I think there is great potential for collaboration for higher impact and scale between this Alliance initiative and Europe 2020.

Thank you.