



Employers' Opening Intervention

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Dear Ministers, Ambassadors,

Dear Director General,

Dear Chairperson,

Dear Vice-Chair representing the Workers' Group,

Dear Delegates,

Dear colleagues,

Let me, first of all, congratulate you Chair and the Workers' Vice-Chair – on your election.

I would also like to thank my Group for nominating me Employer Vice-Chair in this important meeting. It is an honour for me to be the Employers' Spokesperson at this meeting and to represent here the Employers from 31 countries.

Furthermore, I would like to thank the ILO Office for organising this meeting which is of utmost importance for the region and for its 51 ILO Member States.

This Regional Meeting is unusual due to the low participation rate of the workers' delegates. We profoundly regret this situation, since ILO tripartism can be ensured and flourish only when all the three parties are sitting at the same table to discuss and negotiate.

The way in which tripartism has worked so far has proven overall beneficial to the region, and when needed, the engagement of the three constituents has led to the finding of alternative collaborative solutions. The Employers highly appreciate tripartism as one of the core values of the ILO, and hope this continues to be the norm in this house.

Despite this situation, the Employers are here to discuss, in an open and constructive manner, the opportunities and challenges for the "future for Decent Work [and businesses – let me add it to the title of the ILO DG Report –] in Europe and Central Asia". We are also here to assess the achievements and work undertaken by the ILO Office since the last meeting in Oslo in 2013. Finally, we have the mandate to determine and guide the actions of the ILO and the ILO Office for the next 4 years, in line with the expectations and need of the ILO Constituents.

Our task is not easy but I am confident that this meeting will be efficient and successful.

Context

The 10th European Regional Meeting of the ILO is being held four years after the conclusions were issued from the last meeting in Oslo – the “Oslo Declaration” – which have established a framework for overcoming the negative economic, social and political consequences of the crisis and have shaped the work of the ILO in the European and Central Asian Region.

Today we finally see encouraging signs of recovery, with different rates of growth ranging from 1.8% in the European Union (data of the European Commission) to 3.0% in Turkey, 3.2% in the Western Balkans and 4.9% in Central Asia, in 2016-2017 (International Monetary Fund data). Growth is expected to increase even more for the period 2018-2019, with estimates ranging from the 1.8% for the European Union, to 3,9% in Turkey, 3.5% in the Western Balkans, and 4.1% for Central Asia (estimates of the World Bank). This is a good restart after 10 years of economic downturn and it shows that the governments’ efforts and measures are starting to bear fruit and are translating into positive outcomes. Job creation is also improving throughout the region although this is taking place at a different pace. In 2016, 71.1 % of the EU population aged 20 to 64 were employed, that is by far the highest share that has been observed since 2002. Within the share of total employment, in 2016 the share of newly employed people was at his highest level since 2009 (source Eurostat, June 2017).

Four years after the meeting in Oslo, this region is not only experiencing an encouraging recovery, but has officially entered a new era: the “future of work”.

Companies all over the world and individuals face today important changes and challenges. Some call it “revolution” in the world of work, with huge risks, while others see in it an “evolution”, with opportunities and gains.

When we talk of the future of work we refer to a concept that encompasses the dynamic processes such as automation, the growth of the digital economy and technological advances, coupled with profound changes in the organisation of work, globalisation, demographic changes, environmental challenges and the new ways of organising the production of goods and the delivery of services.

The “future of work” is nowadays a “trending topic”. It has been addressed in national dialogue processes launched under the ILO Centenary Initiative, it has been discussed within the European Union, it is debated in various forums – OECD, ILO, WEF, and we have extensively discussed the consequences of this future for employers.

The future of work is going to be discussed here again in a tripartite manner for the issues that directly affect our region.

Key Employers Messages

With regard to the labour market trends, we want to stress that ambitious structural reforms are still needed in order to ensure that the economies of Europe and Central Asia convert the recovery into strong and sustained medium-term growth.

The signs of recovery shall not make us complacent and simply stop the structural reforms undertaken so far. An integrated approach towards investment, accelerating

and continuing structural reforms and pursuing responsible fiscal consolidation measures is desirable.

This is important also in view of the policies that need to be improved to seize the full set of opportunities deriving from the future of work and to keep challenges under control.

The Employers have emphasised the need to harness the potential of the future and the opportunities that the future is able to bring to the economic and social situation in the region. A pessimistic attitude based on fears is not a good basis to look at the future.

We have had industrial and technological revolutions before. They might have been disruptive, but they have historically resulted in the growth of economies and productivity, as well as the creation of new jobs. Despite short-term challenges resulting from the replacement of manual labour and the need to upscale skills and competencies, the pace of transformation allowed enough time for education and training to catch up, and to equip low and mid-skilled workers with the new skills and competencies to function productively. But the latest technological revolution is characterised by a faster rate of change. According to McKinsey Global Institute, technological innovation enabled by artificial intelligence is happening ten times faster and at 300 times the scale or roughly 3000 times the impact of the Industrial Revolution.

Indeed, technology and innovation have direct repercussions on the world of work.

The future of work is not an abstract term: it is already here, with its multiple opportunities to society as well as considerable challenges. But now we are at a specific crossroad where we can embrace the change and be ambitious. History thrives with examples of attempts to resist innovation that have proved to be simply impossible. Progress cannot be just stopped but it can be adequately framed.

One important element in shaping the future of work lies in the new possibilities and opportunities provided by this “evolution”.

With the new and affordable capabilities made possible by **automation**, a significant number of new job opportunities and new markets will continue to be created. At the same time, existing jobs or tasks could disappear or be re-designed. In this sense, the “revolution” could be highly beneficial for individuals, since it allows them to be part of the “global cloud” and find new opportunities that are inexistent at local level.

Another element is related to **labour market regulation**. Regulations are essential for the proper functioning of the labour markets. Evidence shows that labour market regulations can have an impact on a number of economic outcomes – including job creation, job flows, trends in productivity and the speed of adjustments to shocks. The challenge is to develop policies that avoid the extremes and effect a balance of flexibility with worker protection. Thus, a **vibrant business climate through the sustainable enterprise approach** that let firms leverage digital technologies to compete and innovate should be ensured, in support of the creation of new businesses and jobs.

One aspect of the necessary flexibility in the new world of work has to do with the **diversification of forms of work**. Demonizing the various forms of work ignores the way in which they can benefit both workers and employers. Well-designed and regulated “forms of work” can both protect workers and help enterprises by increasing their ability to respond and adapt to market demands and be agile and resilient. They can also be a mechanism for retaining and recruiting workers, for a quicker harnessing of skills and expertise and for fighting informality.

But as we all know, the future of work is not only about a variety of forms of work but also about new forms of work and innovative ways businesses are operating. There are reasons to believe that the crowdwork model, currently representing a tiny part of the world economy, will spread to more and more sectors of the economy.

New companies, have on their side, the luxury of operating globally without being big as their operations are no longer subject to barriers such as capital or assets. Start-up costs are decreasing, so increasing the possibility of developing individual entrepreneurial spirit.

These transformations will impact an array of institutional and legal frameworks including social security, data management, taxation systems, trade and investment.

Social security systems, for instance, need to be economically sustainable, but also adaptable and accessible to as many as possible, in order to ensure health care and pension. For instance, social security could be attached to the person and not to the employment status.

Policies on education, skills and training are essential to this package. It is quite clear to all of us that routine jobs will be easily automatized and that STEM (Science, Technology, Engineering and Mathematics), as well as jobs in the health and social care sectors, will emerge. In any case, workers are and will be required to learn and update skills much more quickly than in the past. Policies that optimize the use of digitalisation have to ensure that skills and technology are accessible by all (individuals and companies) and the education system needs to be reformed adequately. Business have an important role to play here.

Last, but not least, the traditional model of industrial relations will have to follow the changes of the world of work. **Collectivism** is changing and the representativity of the social partners is at stake. Social dialogue needs to be more effective, more proactive and more inclusive (of different types of businesses, for instance).

What are the expectations for employers for the future in Europe and Central Asia?

- policies that foster growth, decent work, and opportunities for all;
- active labour market policies as well as measures to boost competition and productivity growth, including:
 - a) Macroeconomic policy frameworks for inclusive growth,
 - b) The promotion of business dynamism and investment,
 - c) Schemes in support of entrepreneurship,

d) An enabling environment for enterprises, including for the establishment of new and innovative businesses in the formal economy,

- policies that ensure the best use of technologies and innovation;
- policies which seize the potential of the future of work and ensure that the digitization of economies leads to more and better employment opportunities, greater social coherence and stronger sustainable growth;
- modernised labour market regulatory frameworks, with simpler and more efficient regulation;
- skills development to overcome skills mismatches, with the support of workers and employers and through a closer cooperation between the business and the education sector;
- strong, modern and future-proofed social protection systems, to ensure the protection of all workers, especially during job transitions;
- migration programmes facilitating the recognition and certification of skills and the employment of migrant workers when they are needed in the labour market;
- a culture of own-skills updating and lifelong learning programmes;
- a culture of innovative workplace organisations, able to link the workers' and employers' needs;
- strong, representative, inclusive and effective social dialogue, that is pertinent to the future of work scenario.

What the ILO Office should do?

The ILO Office is well placed to assist, in providing strong and evidence based, rigorous data and research on a range of relevant issues, such as skills, trends, positive side of the variety of the forms of work for enterprises.

The ILO Office shall also continue strengthening the capacity building of employers' and workers' organisations and provide programmatic assistance to promote an enabling environment for the development and creation of sustainable enterprises. Finally, because we all believe in the ILO, the ILO Office should facilitate the work of the ILO Constituents to improve the effectiveness, transparency, tripartite governance and ownership of the ILO Standards and Standards supervisory mechanism reform.
