

Asia Europe Meeting

Employers messages

3 December 2015

Youth employment

- Youth employment is a priority for employers' organizations both in Europe and Asia. While governments are primarily responsible for creating an enabling environment for youth employment, social partners have an important role to play in shaping and delivering youth employment strategies.
- Structurally high levels of youth unemployment in Europe reveal that there are barriers to the labour market integration of young people. While economic crisis has exacerbated the problems in getting young people into work, these barriers already existed in better economic times.
- Ensuring young people are equipped with basic literacy and numeracy skills as well as making education and training systems responsive to labour market needs and promoting vocation education and training and work based-learning are also crucial to facilitate transitions from school to work and increase youth employment.
- Youth employment is also a growing concern for Asia as evidenced by the recent ILO's report on Youth Employment Trends. The report shows an increase in youth unemployment rate between 2012 and 2014 in the region of East Asia (from 10.1 percent to 10.6 percent), South-East Asia and the Pacific (from 12.7 to 13.6 percent), with no change in the case of South Asia.
- In Asia, it is critically important that public policies create a proper economic framework for investment and job opportunities for young people. In addition, an enabling business environment (including access to finance for especially for SMEs of which many are informal) needs to be fostered. The ILO's sustainable enterprise approach can be of assistance in this aspect.

Role of women in employment generation

- Economic empowerment is of utmost importance for growth and employment both in Asia and in Europe. The fact that women's participation in the global workforce stagnates at 55% and has even fallen by 2% since 1990 is challenging.
- In Europe, we have seen an increase in women's participation in the workforce from 55.5% in 2004 to 63.5% in 2015. This is still 11.5 percentage points below men, but progress is being made. Still, to face challenges posed by demographic ageing and a shrinking working age population, it is essential to boost employment participation of diverse groups. An important factor to achieve this is to promote diverse solutions at company level and encourage all stakeholders to look at diversity from a performance and competitiveness

point of view. Furthermore ensuring reconciliation of work and family life through affordable childcare facilities is another key factor for increasing female employment.

- In Asia, women still struggle in the labour market. During the 2002-2012 period, the female labour force participation increased by just over 1 percentage point to 61 percent on average across the Asia Pacific region. However, labour force participation rates are still lower for women than men and gender participation gaps are most significant in South Asian economies.
- Policies aiming to formalise SMEs, facilitate access to finance (micro-credit) and supporting investments in innovation and R&D need to focus on women and their respective roles in society and in employment generation. In both regions, women make up a significant portion of the under used labour force. Thus well-designed employment policies which empower women can make a difference.

Skills

- Skills are a key concern for businesses in Europe and Asia. Business is at the forefront of increasing global recognition that employability and lifelong learning lie at the heart of a range of key global economic and employment challenges. Even though literacy rates and secondary and tertiary education enrolment are increasing in Asia (the literacy rate in ASEAN exceeds 90 percent, with two exceptions being Cambodia and Laos where the literacy rate is above 70 percent), challenging skill mismatches pose major concerns for employers.
- To provide skills that companies need it is essential to ensure education and training systems are responsive to labour market needs. This includes more say for employers on the design and delivery of curricula. European and Asian employers believe that well-designed dual-learning apprenticeship schemes, with their combination of practical and theoretical learning as well as efficient vocational training systems are an effective way to train people while meeting companies' skills needs. Therefore, putting in place the systems and structures that allow for the cost-effective engagement of employers and which give them greater ownership over vocational training and apprenticeship schemes should be the focus in the coming years.

Social protection floors

- Employers acknowledge the positive role and contribution of social protection systems to foster social cohesion, solidarity and fight poverty. Social protection systems need to be modern, effective, efficient and sustainable. At the same time, to ensure long-term economic growth, we need to have sound and sustainable public finances and investment in growth-enhancing areas. Social protection also need to address labour market exclusion. This means providing a combination of well-designed adequate income support, which does not result in unemployment/inactivity traps, quality enabling services and activating measures.
- The European context is characterised by highly developed social protection systems. The key challenge for European countries is to ensure their financial sustainability in the long-

term, while striving to ensure that such systems continue to meet the needs of people in the future, targeting the most vulnerable and those at risk of social exclusion. The adaptation of pensions systems to longer life expectancy is an area where more progress is needed in a number of European countries.

- In Asia and the Pacific, the establishment of social protection floors has increasingly been recognized as a potentially efficient approach to reduce vulnerability and strengthen resilience to natural calamities and other shocks, as well as combating poverty, inequality and exclusion. However, the Asian Employers also highlight the importance of dealing with social protection floors with an approach based on feasibility and affordability, tailored to each country context and taking into account critical issues such as funding, management, fiscal space and economic growth. Finally, the design and implementation of social protection floors should be coordinated with employment policies with a view of stimulating active job search and boosting the labour market.

Migration

- There is evidence that over the long term migration provides economic opportunities for migrants and their families and fuels economic growth and that migrants make a net positive contribution to the economies and societies in which they live and work.
- Europe's population is ageing. In a number of member states, the workforce is starting to shrink. This undermines Europe's overall future growth prospects. Migration is part of the answer to ensure our future prosperity. It is in our interest to ensure that talented people from around the world regard Europe as an attractive destination to study, live in and work.
- In the short-term, a key challenge is to ensure that European countries coordinate their approaches to overcome the refugee crisis and ensure the smooth integration of recognised refugees and migrants. Policy actions have to be tailored to local labour market needs and specific circumstances, taking into account the fact that integration policies are a national competence.
- Migration from Asia is a major and growing component of migration flows across the globe. In 2011, 1.6 million Asian nationals migrated to the OECD area. This represented a third of all migrants to OECD countries. Including countries in West Asia, Asia is now at par with Europe as the principle region of origin of migration to the OECD area. Many more workers from Asia also emigrate to non-OECD countries, mainly within the region. Whereas labour migration to OECD countries is mainly high-skilled, labour migration to non-OECD countries is generally of a lesser skilled nature.
- Many parts of Asia are predicted to have more workers at all skills levels than their economies can absorb. To the extent that migration is about seeking work, these demographics underpin increased flows of migrants in all skill categories. Specifically in Europe, given high unemployment levels, a focus on third country migrations on the highly skilled is necessary. As businesses are frequent and heavy users of national migration systems, the participation of the private sector is essential to the development of well-regulated migration systems.

Supply chains

- Global supply chains (GSCs) are an essential part of today's economic activities. They are not per se a problem but rather the contrary: they stimulate enormously growth, jobs and prosperity and have considerable potential to promote desirable labour market outcomes, particularly in lower income countries, as recent research has proved. Thus, any initiative on GSCs needs to take into account, in a balanced way, the opportunities as well as the challenges presented.
- GSCs are also the consequence of complex business arrangements and are continually changing. Concrete opportunities for companies to influence the supply chain are varied and depend especially on the number of suppliers involved, as well as on the structure and complexity of the context in which they operate.
- Many of the social challenges on supply chains remain on compliance with existing regulations and on the reality of large informal economies. The UN "protect – respect - remedy" framework and the UN Guiding Principles on Business and Human Rights clearly differentiate between the roles of government and business. It is the duty of governments to implement and enforce fundamental social and environmental standards, and it is the responsibility of business to respect these. This distinction should be preserved and national public policies in cooperation with the private sector and international organizations could fully unleash the potential of GSCs. At the same time, a merely theoretical or legalistic approach should be avoided. In this sense, there is yet a lack of practical knowledge which could help to clearly understand the kind of GSC initiatives addressing the social challenges that had a real positive impact. What is needed is not anecdotal evidence, but a practical and coherent approach based on reliable analysis.
