



OUTCOMES OF THE IOE EUROPEAN MEMBERS MEETING

Oslo, 18-19 September 2008

Employers' organizations; how do we meet changing company needs and expectations?

- The environment in which companies operate is changing, leading to new demands and new expectations. Employers' organizations have to constantly maintain the interest of companies. This is possible by permanent dialogue, specific forums composed of business representatives and companies, and professional communication policies. It was stressed that employers' organizations could only survive by better responding to companies' needs. Membership is not forever.
- Employers' organizations should be proactive by anticipating and promoting change to attract and retain members.
- New challenges have appeared, such as shortage of workforce, migration policy, education and lifelong learning, CSR (ethical standards, corruption) and climate change (impact on employment and new constraints on companies).

Strategic response: IOE added value for the employers' organizations in Europe (suggested ideas)

- The IOE added value paper was welcomed and should be used to promote the IOE. New versions, which are more business-oriented, should be prepared.

Representing employers' interests in global policy making

- The environment in which the IOE operates has also changed. Trade unions have merged and are focusing more and more on international sectoral social dialogue where, in most cases, international sectoral employers' organizations do not exist. The role of civil society has also increased, creating new demands and new pressures on companies.
- The ILO has also changed, developing fewer standards and evolving, very slowly, to a more pragmatic approach based on employment creation.
- The IOE was requested to consolidate partnerships with other agencies (e.g. WHO, IOM).

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- In spite of its limited financial and human resources as well as its new areas of responsibility, the IOE is not expected to increase its size or its budget. However, participants stressed their support to the IOE and the importance of the Secretariat uniting efforts with its members in its work.

Definition of IOE priorities

- The IOE has to play a role within the ILO (its historical role) and outside the ILO. The role within the ILO is still seen by members as its main role, especially with regard to supervisory mechanisms (CFA, Committee of Experts) and the Turin Centre.
- The IOE should be more proactive at the ILO and not only reactive or controlling damage. The modernization of the ILO remains a top priority.
- The IOE should focus on a limited number of politically visible priorities (3/5) (top of the iceberg) and on its basic and current activities for members (bottom of the iceberg). The main priorities would be the flagship of the IOE. IOE priorities will be defined through a transparent process involving member federations. The European Group of the IOE will use this to bring a consolidated input to the IOE in order to contribute to this process in identifying priorities.
- Europe has other realities, with strong national organizations and a strong regional organization at EU level. Other continents have not developed such organizations.

IOE visibility and communications

- The IOE should develop a more efficient and professional communications policy in order to improve its profile and visibility with regard to member organizations and companies. It was indicated that the IOE is not visible enough to its members.
- The ILO does not play a direct role in companies' operations or in employers' organizations. The ILO is even unknown to most companies. The IOE has to explain in a "business language" the consequences of the ILO's actions for companies, including the 2008 Declaration.
- The IOE should update and develop more positions on issues such as trade and labour, global supply chains or SMEs. SMEs have been seen as a key issue on which the IOE should be more active.
- IOE papers should be more business-oriented in their presentation and become more known.
- Outside the ILO, the IOE has to prove its pertinence to members and companies. New initiatives (GIRN, OSH network, IOE survey, CSR Working Group, Human Rights debate,

HIV/AIDS) were most welcomed and should be deepened. Other thematic networks could be developed.

- The IOE could launch a survey to measure its presence and change its priorities.

Global employers' network and services to members

- It was mentioned that the IOE as a unique network should be used more often, for example as a forum, even if the IOE Secretariat does not provide the content of the debate.
- The experience of other regions (e.g. Asia) could be useful for Europe as non-European companies are investing in Europe.
- In all its efforts to change, the IOE Secretariat should involve all its members. However, it was recognized that the IOE is not only Europe and consultations should therefore involve the five continents.
- A number of European employers' organizations still need political and technical support. This has to be done directly by the IOE and with the support of the ILO (ACT/EMP).

IOE as counterpart vis-à-vis global union activities

- Its role with regard to IFAs, its relationship with civil society or as mediator with unions could be developed as a direct response to companies.
- It was stressed that sectoral activities (ILO and beyond) should be reinforced in order to tackle union demand and pressure.

Equal opportunities in the labour market; the Norwegian experience

- Norway has a strong policy to increase female participation in the labour market. For instance, a law was adopted to oblige companies to get 40% of women on their boards. The purpose is to mobilize talents and fill the gap in the labour market. NHO has played an active role in order to assist companies apply these laws through specific programmes.
- While other participants stressed the low rate of women in their labour market, they consider that such policies could not be applied. They are opposed to quotas and other constraints on companies. However, women should be encouraged to work.
- This issue is also linked to social security (maternity and paternity leave) as well as to the need to provide adequate childcare (debate on family and work).

Energy and climate change

- Climate change has become one of the main issues for governments, civil society and companies.
- Climate change has consequences on the industry process (energy supply, oil and gas price, taxes, CO2 emission) and on employment (new industries, but also closed industries). Employers' organizations have to respond to this trend and defend business interests. This affects all countries.
- The ILO is working on a report on green jobs. Green jobs will be one of the main issues at the ILO in the years to come and the IOE has to be promptly equipped to respond to it and play a proactive role.

Business and human rights

In 1998, the United Nations High Commissioner for Human Rights (UNHCHR) set up a sub-committee on business and human rights. The approach taken by the sub-committee was unsatisfactory to the business community as it purported to transfer some of the state responsibilities for giving effect to the various international Conventions that cover different aspects of human rights, labour, environment and the duty to protect, to companies. The IOE, with the support of its members, was instrumental in stopping in 2004 the further consideration within the UN Commission on Human Rights of an initiative entitled "Draft Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights". In April 2005, the UN Commission on Human Rights adopted a Resolution on Human Rights and transnational corporations and other business enterprises, which requested the UN Secretary-General to appoint a Special Representative to undertake a two-year work programme. The Special Representative, Harvard Professor John Ruggie, former Special Adviser to UN Secretary-General Kofi Annan, was appointed a few months later. John Ruggie, whose mandate was just extended, was our special guest in Oslo.

- The initial idea was to define the primary duty of the State to promote and protect human rights and the secondary duty of companies to act within their sphere of influence – this latter duty was never defined.
- The debate on business and human rights is part of a wider debate on the role of companies as an economic citizen.
- The challenge is to find a viable framework of governance for both public and private actors to ensure socially sustainable globalization through a constructive approach.
- The policy framework currently proposed by John Ruggie is composed of three principles:
 1. *The role of the State as protector against human rights abuses.* The State has to provide an appropriate incentive structure to align corporate behaviour with social and desired values. This led to a legal and policy environment. This issue is accepted, but in some countries or regions the State cannot fulfil its responsibilities.

2. *The responsibility of companies to respect human rights, not as an obligation.* A distinction has been made between the *legal* licence to operate and the *social* licence to operate (e.g. Norwegian pension funds). The legal licence comes from the obligation to respect the law. The social licence concerns the environment and community in which companies operate (social expectations). It means that companies should not have an adverse impact on the place in which they operate.
 3. Need to create access to more effective remedies (not only judicial remedies). Minor grievances can be solved at company level through appropriate local mechanisms. This issue is more complex and needs to be balanced across the world and sectors.
- This framework was unanimously supported by the Council of Human Rights and will be the basis for further work.
 - The role of business and the IOE to move the policy framework forward is around three areas:
 1. *Develop due diligence process.* While in the current report, there are generic principles on the concept of due diligence, it needs to be developed to make sense to business in order for companies to work comfortably with this concept so as to persuade companies to meet human rights challenges. It is important to know about experiences of companies on this issue so that they understand this concept in this particular context.
 2. *Develop company level grievance mechanisms (non judicial remedies).* John Ruggie expects some companies to run pilot projects. It is also important to learn experience and lessons from different industry sectors in order to promote good practices in the area of non judicial mechanisms.
 3. *Debate issues related to investments.* The purpose is not to undermine investment regime, but to make sure that investment agreements do not lead to exploitation and human rights abuse (e.g. expropriation, violation of standards).
 - Companies have to face their own circumstances. SMEs do not have the same resources as larger companies. Any framework should be pragmatic and realistic. SMEs do not currently formalize their activities/approach. SMEs in global supply chains are now requested to formalize it while they have less resource than larger companies.
 - This is even more complex in countries where the informal economy represents the majority of economic activities.
 - It was proposed that the issue of investment could be discussed at the BIAC level (BIAC Investment Committee).

- Employers are opposed to global rules that transform voluntary CR into compulsory CR, such as the ISO initiative.
- European employers still need to reflect on what is reasonable depending on countries and the size of companies.

Employers' Vision of the ILO

- The IOE vision paper presents the challenges for the ILO, the employers' priorities within the ILO and how to implement them.
- It was warmly welcomed by participants as the right approach to change the ILO agenda and to promote our priorities and objectives.
- It was proposed to communicate the vision paper to companies to inform them about the ILO and about the role of the IOE as representative of the business community at the ILO. Nevertheless, it should be slightly modified into more "business language" before being presented to companies.
- This debate is also linked to the debate on the IOE priorities and added-value (see above).

What role for the ILO in Europe?

- The ILO should be more pragmatic to attract interests from the European business community – this is not the case. The 2008 ILO Declaration has to be explained to members and companies.
- The 8th European Regional Meeting in Lisbon is an opportunity to influence the ILO in Europe. Nevertheless, participants regretted the format of the meeting (too long) and the approach which is only based on the Director-General's reports.

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