



JOBS QUALITY – G20 MEETING

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EXECUTIVE SUMMARY JOBS QUALITY

EMPLOYERS ARE COMMITTED TO PROVIDING QUALITY JOBS. QUALITY EMPLOYMENT IS POSITIVE FOR DOING BUSINESS.

- ▶ Employers deliver quality employment through:
 - Complying with domestic legal obligations (which incorporate international rights)
 - Implementing good human resources policies and practices

QUALITY JOBS EVOLVE AT THE WORKPLACE LEVEL, BUILT ON:

- Sustainable enterprises and scope for businesses to stay in business.
 - Productive enterprises and capacity for organisations to effectively respond to change.
 - Supportive regulatory environments and sound public policy and economic foundations.
 - Lifelong learning and enhanced employability.
- ▶ Small businesses have a particular role to play unemployment generation – and there should be support for businesses of all sizes to enhance job quality.

PART TIME AND TEMPORARY WORK CAN PLAY AN IMPORTANT ROLE IN RETAINING AND CREATING JOBS.

VARIOUS “IMBALANCES” HAVE BEEN DISCUSSED IN THE CONTEXT OF THE CRISIS.

- Unemployment and debt are critical imbalances which must be considered.
 - Protectionism should be avoided.
- ▶ Minimum wage increases should be carefully considered, including employment impacts.

SOCIAL SECURITY IS A CONTRIBUTOR TO JOBS GROWTH AND JOBS QUALITY:

- The best safety net for employment is an economy that generates jobs.
- Social safety nets should support both individuals in need and jobs growth.
- Reform can enhance the effectiveness and sustainability of benefit systems.
- Investment in public services is important for employment.

A RETURN TO ECONOMIC GROWTH WILL STIMULATE JOBS RECOVERY.

QUALITY JOBS: A SHARED PRIORITY

1. The G20 Labour Ministers' agenda includes consideration of "Job Quality". This paper outlines how employers approach enhancing the quality of employment, and some additional concepts which might arise in discussions.
2. These approaches reflect employers' commitment to providing quality jobs.
 - a. Each day, in each country, employers generate jobs which benefit working people, their families, and their communities and which deliver opportunities for personal fulfilment and growth.
 - b. Each day, the mutual engagement of the employment relationship enhances the quality of working people's lives, customers' lives, and employers' lives.
3. Employers appreciation of the importance of quality jobs reflects our core values and commitments to fundamental rights at work, but also more pragmatic, economic and commercial priorities, such as:
 - a. The scarcity of skilled, job ready, committed employees, and substantial company investments in skills and training. It is economically and commercially essential to retain good staff, including through quality work experiences.
 - b. The increasing commercial emphasis on quality production, quality goods and quality services and the importance of positive human resource practices and workforce development for commercial success. In other words: quality jobs make good business sense.

WHAT IS A QUALITY JOB?

4. In contrast to job retention, job generation, skills and training, the concept of job quality is more subjective, and can mean different things to different interests. Compounding this, interests have different perspectives, and will also introduce different concepts into discussions of job quality.
5. In our role as employers, the fundamental foundation for quality jobs includes:
 - a. Compliance with national labour law and anti-discrimination requirements, payment of minimum wages, and access to the protection of inspection and enforcement of legal rights. This includes domestic laws which give effect to international treaty commitments.
 - b. Respect for internationally recognised rights, including those reflected in the ILO's 1998 Declaration on Fundamental Principles and Rights at Work.

QUALITY JOBS EVOLVE AT THE WORKPLACE LEVEL

6. Improvements in this area are generated first and foremost within individual enterprises. Their responses to market opportunities and challenges will be the most important factor in changing the nature, number and quality of jobs available.
7. Capacity to enhance the quality of jobs rests on the capacity of each organization to respond positively to change. This in turn is a function of the comparative level of support the regulatory environment offers employers in doing business and creating jobs.
8. There is a link between each of the three items on the G20 Labour Ministers' agenda:
 - a. Quality jobs are sustainable jobs, which employers are confident to create under regulatory systems which support their decisions to employ, and which are able to evolve within ongoing employment relationships.
 - b. Lifelong learning and enhanced employability create scope for job redesign and job evolution in workplaces (including multi-skilling and multi tasking). What is a Quality Job?
9. Building on this, there are clear public policy and economic policy foundations for quality employment, which governments provide:

Maintaining social cohesion and political stability. Without social and political stability, economies and labour markets cannot perform adequately.

Economic institutions that define property rights, enforce contracts, convey information, bridge information gaps and influence investments in physical and human capital and technology.

Openness to the global economy: Open trade and investment greatly facilitate exposure to ideas, expertise and technologies from the rest of the world while also drawing on global demand to complement domestic demand.

Macroeconomic stability, including control of inflation and sound public finances.

High rates of saving and investment, especially public and private sector investment (in physical and social infrastructure e.g. education, and health).

Labour mobility enabling the movement of people across borders and from rural to growing urban job creating centres.

THE ECONOMIC AND LABOUR MARKET FOUNDATIONS FOR QUALITY JOBS

10. Societies aspiring to improve the quality of work need to go further, and build an environment which actively supports the doing of business, and supports sustainable, growing employment relationships upon which higher quality jobs will be built. Critical to this is focussing on: sustainable enterprises, productivity and SMEs.
11. Sustainable Enterprises: While the overarching policy goal for all economies is sustainable economic growth, the “hard currency” in achieving this is the creation and maintenance of sustainable enterprises. Without sustainable enterprises there cannot be higher quality employment for more working people.
12. Sustainable enterprises are the major entry point and foundation for achieving the ILO’s operational objective of “Decent Work”, and flow on concepts of job quality.

“Sustainable enterprises are a principal source of growth, wealth creation, employment and decent work. The promotion of sustainable enterprises is, therefore, a major tool for achieving decent work, sustainable development and innovation that improves standards of living and social conditions over time”
(2007 ILO Resolution Para 3)

13. The policy approach to delivering sustainable enterprises is also clear:

“Promoting sustainable enterprises is about strengthening the rule of law, the institutions and governance systems which nurture enterprises, and encouraging them to operate in a sustainable manner. Central to this is an enabling environment which encourages investment, entrepreneurship, workers’ rights and the creation, growth and maintenance of sustainable enterprises by balancing the needs and interests of enterprise with the aspiration of society for a path of development that respects the values and principles of decent work, human dignity and environmental sustainability.” (2007 ILO Resolution Para 5)

14. Productivity: A sustainable enterprise is of course one which is productive, competitive and innovative and which is properly supported in becoming *more* productive, competitive and innovative.
 - a. The range of government policy impacting on the doing of business should have a net positive effect (whilst also achieving its protective and regulatory functions) on the capacity of enterprises to increase productivity.
 - b. Conversely, employment arrangements that stifle productivity or impede productivity improvements are a recipe for insecure or precarious employment. A job that is genuinely precarious due to uncertainties about the employer’s capacity to remain in business cannot be a quality job.

15. Small to Medium Sized Enterprises (SMEs): Many formal programs to improve job quality originate in larger businesses. Concurrently less formal, but equally important approaches which improve the quality of work are agreed informally in smaller businesses. The challenge is to extend innovations from both sectors generally.

THE HUMAN RESOURCE DEVELOPMENT DIMENSIONS OF QUALITY JOBS

16. Lifelong learning, skills enhancement and quality education all contribute to individual working people's capacities to secure quality jobs and fulfilling employment across their working lives. Increasing education and skills also contributes to a society's capacity to deliver more diverse (and higher quality) working options to more of its people, and to improve the quality of outcomes from all work.
17. A separate IOE-BIAC paper on *Lifelong Learning* has been prepared for the G20 Labour Ministers.

PART TIME AND TEMPORARY WORK

18. Flexible work approaches have become increasingly common and have played an important role in retaining jobs during the current crisis. The OECD has identified part-time work as a way to mobilise into the labour market groups with traditionally low labour market participation, such as those caring for young children, individuals with health problems, persons with a disability and older workers. It can also be a stepping stone to other positions.
19. According to the OECD, many workers choose this form of employment. Thus, these forms of work offer not just opportunities to retain and create more jobs, they can also improve the quality of the working experience for more people. Policy frameworks should support new working options as specific avenues to facilitate more employment for more people.
20. However, in many countries there are trade offs and challenges, most notably in the interaction with the social protection system. This is an area that requires the attention of governments.
21. Persons displaced from jobs need as wide and flexible a range of options to re-enter the labour market as possible, including options for reduced time working, temporary and contract engagement and agency employment.
22. Risk-averse employers, scarred by the crisis and fragile in their confidence in recovery, need better options to offer employment without taking on significant legal and financial risk. They need active support to get back into the business of hiring.

DISTRIBUTIONAL ISSUES

- 23.** Some link Job Quality to distributions within economies and labour markets.

THE IMBALANCE OF UNEMPLOYMENT

- 24.** A significant imbalance affecting the world today is between those with and those without jobs. Job losses and the loss of the income and societal engagement they engender are the greatest threat to equitable distributions of income and opportunity.
- 25.** The greatest contribution G20 governments can make lies in policies which:
- a. Encourage and support a rapid restoration of jobs and greater scope to preserve and create jobs into the future.
 - b. Specifically avoid retarding jobs growth, and which seek to minimise barriers to jobs growth.
 - c. In the medium to longer term, re-tool labour markets to increase their capacities for job generation, job retention and job transfer, thereby minimising the likelihood, impact and duration of future crises (with lifelong learning, skills and employment being critical goals).

THE IMBALANCE OF DEBT

- 26.** High government debt impacts on the capacity of economies to grow and deliver public services (including labour market services). High debt also reduces government demand as a contributor to net demand. This adds up firstly to an impact on jobs, but also to potential detriment to job seekers, and those most reliant on government services.
- 27.** It is a pro equity measure for governments to be properly targeting stimulatory spending, and in seeking to return to minimising debt. At all stages, stimulatory spending must be timely, targeted and temporary.
- 28.** The IOE-BIAC paper Jobs Retention and Jobs Growth further addresses stimulatory spending, fiscal policy and debt.

THE CRISIS CAME FROM THE FINANCIAL MARKET NOT THE LABOUR MARKET

- 29.** There is near universal acknowledgement that the causes of the crisis lay in financial markets, and some lending practices in some countries.
- a. There is no empirical basis or consensus that the crisis came from comparative labour market outcomes for different social cohorts, or from particular distributions.
 - b. Long running labour market stratification could not explain a short run and very rapidly emerging crisis. Nor could it explain rapid recovery in many countries subject to the same distributional patterns said to cause crisis.
 - c. Labour market inequity is best addressed through stable economic growth, sound fiscal and labour law settings, and through pro-job generation policies.

WAGES

- 30.** Balance consideration of incomes and jobs: Minimum wage setting must be sensitive and balanced, particularly in times of jobs crisis. Wage levels can impact on business capacity to employ.
- a. Minimum wages must at all times be carefully considered with due regard to their potential impacts on jobs and employment.
 - b. To fail to do so, or to increase wages simplistically can make jobs more precarious (thereby diminishing their “quality”) – or can discourage hiring outright.
- 31.** The best way to share gains through wages is to support productivity growth and the capacities of employers and employees at the workplace level to pursue productivity improvement by agreement.

REDISTRIBUTION

- 32.** All G20 countries redistribute incomes, and seek to rebalance shares in societies’ prosperity through a variety of sophisticated mechanisms, led by the taxation and transfers system.
- 33.** Substantial intervention mechanisms exist throughout G20 countries which both influenced the national level course of the crisis (and its impact) and which will determine outcomes as the crisis gives way to recovery.

34. There will be an automatic redistribution of gains as the world recovers from the current crisis, which will channel incomes from capital to labour, and from both capital and labour to those out of work.
35. Specific policies on distribution are matters for domestic policy discussion. Both business and labour are capable of participating in such discussions at the domestic level.

LIVING STANDARDS

36. There can be an over emphasis on distributional data and an under recognition of changing living standards and opportunities.
37. Ministers are invited to consider improvements in living standards across the past 10 to 20 years for persons in work, and in particular more affordable access to cost effective goods and services (which was not available to preceding generations). Arguably this is a common theme across the G20 countries, despite their economic diversity.
38. Significant and pervasive improvements in living standards have been delivered to tens of millions across the G20 at the same time as some traditional distributional measures may have changed markedly (such as the wages v profit share of growth). Clearly there is something complex going on in economies and societies. The fundamental lessons and goals preceding the crisis remain unaltered by the crisis. The challenge remains to expand those in work, and expand those with access to the incomes and opportunities work provides.
39. The fundamental lessons and goals preceding the crisis are still relevant. The challenge remains to expand the number of people in work, and the number of people with access to the incomes and opportunities work provides.

TRADE

40. Avoid protectionism: The Global Jobs Pact was quite clear in rejecting protectionism, and there has been significant consensus on the need to avoid any retreat to trade protection in particular. Business endorses this up in the present context by calling for the finalisation of the Doha round of trade negotiations.
41. Trade imbalances: There are differences in the balance of international trade between countries, and in the extent to which particular economies are domestically or internationally oriented.
 - a. Both net exporting and net importing countries can be very successful in generating strong labour markets, and minimising unemployment.

- b. A diverse range of countries are succeeding in diversifying their economies, and in generating growing internal demand (and jobs). Two of the world's largest exporting nations (India and China) are delivering massive internal societal change – including massive jobs growth - at the same time as export growth.
- c. The recent crisis may encourage some economies to pursue policies for industry diversification and strengthening selected industries, or a review of such policies. This is a domestic policy matter, which should be considered based on domestic considerations, with appropriate input from business.

SOCIAL PROTECTION

SOCIAL SECURITY

- 42. An element of the quality of labour market experiences for many people is clearly the protection of social safety nets. The positive macroeconomic contribution of income transfers has been highlighted during the recent crisis.
- 43. Social Security is addressed in the first IOE paper for the G20 Labour Ministers – entitled “*Jobs Preservation and Jobs Growth*”.
- 44. This paper illustrates how employers view the positive contribution social security safety nets can make to societies and labour markets, and in particular that:
 - a. The best safety net for employment is an economy that generates jobs.
 - b. Social safety nets should support both individuals in need and jobs growth.
 - c. Reform can enhance the effectiveness and sustainability of benefit systems.
 - d. Investment in public services is important for employment.

EFFECTIVE LABOUR INSPECTION SYSTEMS

- 45. Employers unambiguously support working people being paid what they are due and working in safe and healthy workplaces and enjoying the full protection of national law and regulation.
- 46. Governments should provide appropriate information, inspection and enforcement services to support legal compliance and to protect the foundations of job quality. Employers have initiated a discussion in the ILO on labour inspection, and stand ready to contribute to more effective compliance services.
- 47. Where violations do exist, they should be addressed by information, inspection and enforcement. Under-enforcement of itself is a separate issue to the form and content of legal obligations.

CONCLUSION: JOB RICH /JOB INTENSIVE GROWTH

- 48.** Calls for more job rich and more job intense growth have been associated with jobs recovery and job quality. Behind such arguments appears to be the premise that somehow a natural or endogenous labour market recovery will not generate sufficient jobs, and that there might somehow be a jobless recovery from the recent crisis.
- 49.** Employers reiterate that jobs recovery will primarily be driven by economic recovery, and policies to support that economic recovery should remain paramount. This is a critical theme of the IOE-BIAC Paper on Jobs Retention and Jobs Growth.
- 50.** Additionally, there are active measures governments can pursue to encourage maximum jobs growth at a given level of economic growth, and to maximise the jobs content of recovery. In particular, a job rich and job intense recovery will be secured by better supporting employers, employees and labour markets in delivering new jobs. These positive measures are outlined in the three IOE-BIAC papers for G20 Labour Ministers.
- 51.** G20 governments have already invested in a demand led economic recovery through stimulus packages, and these have already borne fruit in many countries in slowing job losses and in emerging jobs recoveries. There is also no basis from previous crisis experience to conclude that an economic upswing will not also generate a recovery in employment on this occasion.
- 52.** Directly prior to the crisis, the challenge in many G20 countries was meeting shortages in skilled staff. These concerns are already re-emerging in those countries earliest out of the crisis, and offer a signal of the job intensive growth which stands ready to be reawakened as labour markets are kick started by overall demand recovery. In this context the job intensity of growth will be increased by a sound mix of policies, including increasing skills and employability.

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