

OECD Social Policy Ministerial “Extending Opportunities: How Active Social Policy Can Benefit Us All”

March 30-April 1, 2005

BIAC Discussion Note Executive Summary

Although social policy systems in OECD Member countries are shaped in different ways, a great number of today's challenges related to social policy are encountered by all OECD Members. In particular, most OECD countries are facing pressures on social security systems brought about by demographic change, and specifically aging populations.

For companies, the well being of its employees is critical to productivity and enabling growth. While there is no one size fits all approach to issues like family friendly policy, companies spend a great deal of time and resources to create a positive environment for its employees, including active relationships with educational institutions and the community at large. It is through necessary structural reforms of social policy frameworks, that these relationships and their benefits can be strengthened and their benefits enhanced.

BIAC appreciates the work of OECD on social policy issues, and stresses the value of continued economic analysis and comparative research that provides necessary evidence to make more informed decisions on social policy issues.

I. Sustainable Growth and Job Creation as the Foundation for Effective Social Policy

- Sustainable economic growth through trade and investment continues to be the most important basis for reducing widespread unemployment and for increasing employment across all groups of society – as such it is also an essential element in eliminating poverty.
- A sound policy framework strengthening the competitiveness of companies and their ability to invest is an essential prerequisite for the private sector to make its full contribution to creating new jobs, and thereby to funding social welfare networks in the present and future.
- The acceleration of ageing populations will lead to a decrease in labour force participation rates, raising increasing concerns about the viability of our social security systems and about declines in productivity and economic growth.
- Reforms are needed in a number of areas to adjust to demographic change, to secure sustainable economic growth and to increase the employment rates of all workers.

II. Flexibility Towards a More Inclusive Labour Market

- Policy frameworks that provide for more flexible approaches to employment should be seen as a positive direction toward achieving greater opportunities and diversity in the workplace.

- “Making work pay” – that is, implementing strategies that provide the necessary incentives to work – is essential for all groups.
- Education and training including “life long learning“ are essential to enabling to the workforce to successfully adapt to more flexible employment opportunities.

III. Developing Approaches that Support Working Families and their Children

- Companies recognize the importance of providing for flexible working arrangements to meet the needs of their employees who may have specific needs and obligations, but at the same time can productively contribute to an enterprise.
- A one size fits all approach to developing or mandating such family friendly policies would be counter productive, and could negatively impact the competitiveness of firms. Rather policy frameworks that provide for and encourage flexibility to develop such arrangements are encouraged.

IV. Active Aging as a Key Ingredient for More Successful Social Policy

- With increased longevity has also come the need for people to stay in the workforce longer and thus “active ageing” should be encouraged.
- Continued education and lifelong learning, cultivated from an early age, is key to the continued employability of workers and in particular to older workers.
- Increasing the effective age of retirement; Diversifying working times and work organisation; Increasing emphasis on lifelong learning; Analysing the effects of employment protection measures; Encouraging more wage flexibility; Promoting effective job placement are important measures towards continued employment of older workers.

V. The Need to Develop More Effective Benefit Systems

- Benefit structures and the relationship of benefits to one another need continued analysis to help better target those in greatest need and to ensure that people have the incentives to enter the labour market.
- A broad reduction in non-wage labour costs is essential and should be accompanied by a reduction in administrative burdens, which impose additional "indirect" costs on companies. The savings from such reforms would give companies better opportunities to invest in continuing education and re-training programmes for employees, as well as to provide other benefits such as health care.
- Pension systems can no longer be financed without a proper mix of public, private and individual contributions and OECD Members should support private initiatives by companies and employees to build up individual savings and additional pension benefits during active working life.

VI. Continued Emphasis on Education and Lifelong Learning

- Education is perhaps the most effective mechanism to improve employment prospects for all groups.
- Education policies should instil the culture of continued learning throughout one’s life to reduce the risk of unemployment and increase chances of finding work throughout one’s career.
- Both employers and employees have a major responsibility with regard to further training and lifelong learning. Employees need to take initiative to develop transferable skills and be receptive to learning that is not exclusively job- or firm-specific. Employers can provide development opportunities at the workplace as well as firm- and job-specific training.