



International Chamber of Commerce

*The world business organization*

38, Cours Albert 1er, 75008 – Paris, France  
Telephone +33 1 49 53 28 28 Fax +33 1 49 53 28 59  
Web site [www.iccwbo.org](http://www.iccwbo.org) E-mail [icc@iccwbo.org](mailto:icc@iccwbo.org)



ORGANISATION INTERNATIONALE DES EMPLOYEURS  
ORGANIZACIÓN INTERNACIONAL DE EMPLEADORES  
INTERNATIONAL ORGANISATION OF EMPLOYERS

Chemin de Joinville, 26  
CH - 1216 Cointrin/Geneva  
Telephone +41 22 929 00 00  
Web site: [www.ioe-emp.org](http://www.ioe-emp.org)

Fax +41 22 929 00 01  
E-mail: [ioe@ioe-emp.org](mailto:ioe@ioe-emp.org)

Joint views of the International Chamber of Commerce (ICC)  
and the International Organisation of Employers (IOE) to the  
45<sup>th</sup> Session of the United Nations Commission for Social Development,  
7-16 February 2007

## The central role of the private sector in enterprise and employment creation

Enterprise creation and entrepreneurial activity, which lead to employment and wealth generation, are essential ingredients for well-functioning and developing societies. When they are hampered, weakened or not properly cultivated, progress and innovation are held back. This can create major economic and social pressures that can in turn compromise political stability.

The broad recognition by the international community, most recently in the ECOSOC Ministerial Declaration of July 2006, that entrepreneurial activity and enterprise creation and development are the vital “fundamentals” which societies need in order to tackle persistent poverty in a sustainable fashion, is warmly welcomed by the business community.

The changes brought about by globalization over the last quarter of a century provide the context to any policy responses designed to increase productive employment and tackle poverty. Global economic integration has delivered enormous benefits for many countries and opened important avenues to poverty reduction. In order to access the opportunities presented by globalization national governments need to put in place a complex set of policies. The International Organisation of Employers (IOE) and the International Chamber of Commerce (ICC) take this opportunity to outline the broad policy framework that is required to create wealth and productive employment, tackle persistent poverty and raise income levels. This framework includes the following ten pillars:

1. **Entrepreneurship** is the basis for enterprise creation and development as it sustains economic activity and challenges existing ways of thinking and orthodoxies. It is the essential ingredient that keeps economies - all economies - vibrant and dynamic. The policy challenge is to create the conditions for innovation – the underlying basis of entrepreneurial activity. This will require investment in basic sciences in universities; keeping a strong emphasis on productivity improvements; and creating the conditions to enable markets to expand.
2. **Sound macro-economic policies** that engender sustainable economic growth are a vital ingredient in any economy's ability to create prosperity. Sound public finances and price stability contribute to lower real interest rates and this in turn stimulates investment and economic growth.



International Chamber of Commerce

*The world business organization*



ORGANISATION INTERNATIONALE DES EMPLOYEURS  
ORGANIZACIÓN INTERNACIONAL DE EMPLEADORES  
INTERNATIONAL ORGANISATION OF EMPLOYERS

3. **Regulatory frameworks** that support innovation and promote competition are key components in stimulating economic growth and in turn creating productive employment. Regulatory frameworks that are transparent, understandable, unbureaucratic and provide legal certainty, particularly with respect to property rights, are essential to foster and sustain business creation and expansion that may otherwise be discouraged by excessive administrative burdens and costs.
4. **Open trade and investment policies** are instrumental in fostering economic growth, creating wealth and generating employment. The international business community is deeply concerned about the suspension of the *Doha Round*. Its successful and timely conclusion offers a critical opportunity to further liberalize global trade, strengthen the multilateral trading system, keep protectionism in check and spread the benefits of globalization. It must not be missed.
5. **Investment in education** is perhaps the most effective mechanism to improve employment prospects for all groups. Education contributes to social inclusion by equipping young people with the basic skills and competencies needed to engage in society in both their personal and professional life.
6. **Continuous skill development** throughout one's working life is increasingly essential in a globalized economy. Policies need to be in place that encourage people to improve their skills during their whole career and adapt to changing labour market requirements.
7. **Policies that aim to create an inclusive labour market** can contribute to creating socially stable environments in which all sectors of society can equally feel part of. Labour legislation in many developing countries can serve to exclude many workers from the formal economy, while in many developed countries it can become a barrier to labour market entry for certain groups, such as young, female and migrant workers. Labour legislation needs to work for the benefit of all workers and governments need to tackle vested interests that seek to maintain exclusionary legislation.
8. **Sustainable social security systems** that are tailored to increasing employment are a crucial complement to a holistic package of employment policies. They are vitally important policy tools to accompany changes brought about by labour market reform. Fiscal responsibility is essential to ensuring the sustainability of such policies, whilst job creation, as well as being the best means of social security, is also key to sustaining these policies.
9. **Good public governance**, including productive public expenditure, open and transparent governance structures, and sound public administration free of corruption, need to be at the core of all public policy frameworks. From a business perspective, trust in government is a vital factor in the decisions enterprises will make, such as the decision to invest or to expand operations. This trust is achieved through consistency over time in the approaches that governments take, in terms of devising and implementing policy. Business strongly favors predictable and stable government.



International Chamber of Commerce

*The world business organization*



ORGANISATION INTERNATIONALE DES EMPLOYEURS  
ORGANIZACIÓN INTERNACIONAL DE EMPLEADORES  
INTERNATIONAL ORGANISATION OF EMPLOYERS

10. **Quality infrastructure** is essential for the growth of economies. Modernizing ports, maintaining and extending the network of highways and railways, increasing the supply of energy and telecommunications are areas in which private investment has or can have an important role to play in supplying goods and services.

The key elements underpinning this framework are now clearly understood and accepted. Furthermore, governments have unambiguously committed themselves to it, for instance in resolutions emanating from the “Outcomes Document” from the UN Summit in 2005 and more recently in the ECOSOC Ministerial Declaration in July 2006. National governments, the international community and its institutions need to devote their energies to seeing these policies implemented.

As the private sector is the principal engine of employment growth, creating investment opportunities and driving technological innovation, the business community welcomes the importance attached to public private partnerships noted in recent declarations such as the ECOSOC Declaration and the UN Global Summit Outcomes Document. *“They (governments) need to channel private capabilities and resources into stimulating the private sector in developing countries through actions in the public, public/private and private spheres to create an enabling environment for partnership and innovation that contributes to accelerated economic development and hunger and poverty eradication.”<sup>1</sup>*

Partnerships with the private sector can take a number of forms. Linkages for instance between multinational enterprises and local companies can greatly help the development of local economies and lead to new business opportunities and job creation. Representative business organizations have a crucial role to play as advocates of an enabling economic environment. Ultimately, the reforms needed to create such an environment must take place through national political processes that require national actors. National representative business organizations are such actors, with distinct roles, respected in their communities with clear and definable values and objectives.

Recent years have seen a much greater focus, in particular on the importance of creating the enabling environment that is needed for enterprises to develop and create productive employment across all groups in society. The business community particularly welcomes the World Bank’s ongoing efforts in this respect namely its annual “Doing Business” reports.

IOE and ICC, as global representative organizations of large and small business in all parts of world, are playing their role at the international level by working with intergovernmental organizations to mobilize business collectively around these policy challenges. ICC and the IOE take this opportunity to strongly underline their commitment to working with governments, intergovernmental organizations and other stakeholders, in this respect.

:-----:-----:

---

<sup>1</sup> UN 2005 Summit « Outcomes Document » Para 24 (d)



**International Chamber of Commerce**

*The world business organization*



**ORGANISATION INTERNATIONALE DES EMPLOYEURS  
ORGANIZACIÓN INTERNACIONAL DE EMPLEADORES  
INTERNATIONAL ORGANISATION OF EMPLOYERS**

### **About the IOE**

The IOE is a membership organization that promotes the interests of employers and their organizations from all over the world at the international level through representation, information and advice. The IOE provides leadership for the business community in all areas of social and labour policy and proactively participates in international policy development that seeks to create a framework that underpins enterprise creation and development. It provides an international forum that brings together national employers' organizations and their members from around the world and facilitates the exchange and transfer of information, experience and good practice amongst the business community globally. The IOE was founded in 1920 and today represents 144 national members in 138 countries.

### **About ICC**

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. The fundamental mission of ICC is to promote an open international trade and investment system and the market economy, and to help business corporations meet the challenges and opportunities of globalization. Business leaders and experts drawn from ICC's global membership establish the business stance on broad issues of trade and investment policy as well as on vital technical subjects. ICC was founded in 1919. Today it groups thousands of member companies and associations from 130 countries.