

# *For an Entrepreneurial and Inclusive Europe*

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Business, Government  
and Civil Society in Partnership

## **12 PROPOSALS FOR ACTION** on

- Building a Knowledge Society for All
- Developing a culture of Communication and Learning
- Expanding Leadership Competencies
- Investing in Partnerships

## **BUSINESS LEADERS' INPUT**

to the European Summit on  
Employment, Economic Reform and Social Cohesion  
For a Europe of Innovation and Knowledge  
Lisbon, March 2000



The Copenhagen Centre

## **ACKNOWLEDGMENTS**

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The signatories of this document would like to thank the following people for their contributions :

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## **BUSINESS LEADERS' CONTRIBUTION TO THE LISBON SUMMIT**

At the "European Day - Business & Government Joining Forces for Employment and Social Cohesion" organised on 23 September 1999 by the European Business Network for Social Cohesion (EBNSC), The Copenhagen Centre (TCC) and the European Commission, the forthcoming Portuguese EU Presidency invited business leaders to make an input to the European Summit on Employment, Economic Reform and Social Cohesion to be held in Lisbon in March 2000.

This document is an answer to the invitation. The document was attached as an enclosure with a letter for H.E. Mr. António Guterres, Prime Minister of Portugal from the following business leaders:

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# Part One

## Section one : The Context

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PROPOSALS FOR ACTION IN A CHANGING EUROPE

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### Overview

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Europe faces growing problems of social exclusion. Sizeable sections of the working-age population are unable to earn a satisfactory living. Underlying this are three forces: the globalisation of markets; the rise of the knowledge economy; and demographic change. These are considered in more detail below.

The causes of - and answers to - economic and social exclusion are fundamentally linked in a complex web. The quality of education, social security and services; the efforts to help citizens - particularly the most vulnerable - to help themselves; and the overall cohesiveness of our societies are all essential ingredients in building economic competitiveness. We cannot build a prosperous society without profitable business. But neither can we build a competitive economy in a social wasteland.

In 1998, EU Governments - recognising the key importance of bringing excluded people into the labour market - prepared their first action plans based on a common approach to combating unemployment. But many companies, sometimes led by intermediary partnership organisations, were already working on potential solutions. This paper argues that by recognising and promoting these initiatives, government can do much to scale up and encourage further such developments. In particular, it suggests that business, government and non-governmental agencies working in partnership can often achieve much more than any sector could do on its own.

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### A Changing World

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#### GLOBALISATION

The near-universal dominance since 1989 of free market ideology and rapid strides in global information and communication technology have brought about the development of a world-wide economic system.

As a result, power is shifting from groups and institutions constrained by national boundaries, diplomatic protocol, tradition or inertia towards those able and willing to embrace the new opportunities and to move money and information freely across the globe.

For national governments and regional blocs like the European Union, this creates tensions between the promotion of economic competitiveness and the achievement of social equity. It also has big implications for companies. The expanded scope for business efficiencies permitted by the new economic conditions brings with it a demand for a new 'global social contract'.

#### THE KNOWLEDGE SOCIETY

The convergence of information technology and telecommunications is creating a set of new sources of competitive advantage, particularly the ability to innovate, develop new products and exploit new markets. Enormous benefits are being gained in terms of personal convenience, cheaper services, increased flexibility and greater access to information. But there are corresponding costs: in particular, the widening of social divides and the creation of a 'knowledge underclass'. The unskilled and the semi-skilled are fast becoming not just the unemployed, but the unemployable.

Nowhere is the need to address these challenges more urgent than in the labour market. The paradox of high overall unemployment and growing labour shortages in certain sectors of the European economy points to the need for structural reforms.

The current success of the US economy owes much to its rapid adaptation to changing circumstances. So far, Europe is lagging behind. If it fails to meet the opportunities presented by the knowledge society, it will not be able to capitalise on the 1.6 million job vacancies in the information and communication technology (ICT) sector which are expected to arise in Europe by 2002.

Meeting this demand has major implications for education. For the individual, education can no longer consist simply of securing enough skills and qualifications to gain work. The emphasis now has to be on developing both capability and the motivation to carry on learning through life. Without this, individuals at all levels will be ill equipped to adapt to rapid and continuous change both in their working environment and in society at large.

Policy must also reflect the dramatic changes that are occurring in educational methods and technology. New ways of learning are emerging, including digital television channels, computer-based and on-line learning and the growth of the self-help book market. These developments are consumer-driven and allow learning to be tailored to individual needs. But they only help those who have the time, money and initiative to invest in them. They need to be built into new, inclusive systems of education developed by government and business working together.

### **DEMOGRAPHIC CHANGE, DIVERSITY AND ACCESS TO THE LABOUR MARKET**

European labour markets already suffer from problems associated with low skills and the under-utilisation of large sections of the workforce. Without effective intervention, globalisation and the demands of the knowledge economy will aggravate these problems to the point where a significant proportion of European citizens are excluded from earning a living. Companies will simply look outside Europe to meet their requirements.

The European Commission advocates a longer-term EU objective of moving progressively towards an employment rate of 70 per cent, which would bring it in line with its major trading partners, particularly the US and Japan. While the employment rate of men aged 25-49 is already high (around 90%) in almost all Member States, much needs to

be done to improve the participation rates of other groups, in particular women, young people, people with disabilities and people from ethnic minorities.

A better integration of these groups in gainful employment is an essential step in preparing the European Union for the new demographic perspective of much slower growth, and then a decline, in the working age population, the ageing populations representing a serious challenge.

### **THE CHANGING ROLE OF GOVERNMENT**

European governments are facing a three-fold crisis in promoting prosperity as well as social cohesion:

- a resource crisis: the growing demands on welfare provision, coupled with an expectation of limited taxation, require funds which exceed the financial capabilities of government. Among other things the ageing populations of Europe represent a tremendous challenge, a key area of concern being un-funded pension liabilities.
- a function crisis: due to the gap between the services needed and the actual possibilities, as well as to the lack of quality and efficiency in the services provided.
- a problem of legitimacy.

At the same time, globalisation is making new demands on the spatial organisation of public governance. A key question for the EU and Member States is what they can do to ensure that the location bound assets are of sufficient quality to attract and retain the mobile assets of corporations which they need to advance economic and social goals.

Increasingly, globalisation and the market are placing power in the hands of the private sector. Companies have far more social power than previously, the challenge for governments being to help this power to be used constructively.

The challenges and drivers outlined are forcing governments to redefine their roles, looking to others to help maintain social cohesion and prosperity. This is pushing partnership to the forefront of government agendas across Europe.

### THE CHANGING ROLE OF BUSINESS

Companies can no longer manage the environmental and social effects of their business practices solely by paying their taxes and complying with national regulations. Instead, they are expected - in return for the greater freedom and benefits conferred by globalisation - to accept broader responsibilities for managing their impact on the societies in which they operate.

Globalisation is raising fundamental questions about the 'shareholder' and 'stakeholder' models of business. A challenge for those who advocate a stronger stakeholder approach as yielding greater environmental and social benefit is how to relate these goals to shorter-term global market performance. Those companies which are developing stronger stakeholder approaches often do so in response to public pressure and new market opportunities brought about by the needs of socially and environmentally concerned investors and consumers. This has been fuelled by factors such as:

- the effects of downsizing on employment;
- growing concern about the less visible costs to society of business such as the impact on the natural environment;
- the potential impact of new developments such as biotechnology;
- the recent development of new financial products (e.g. ethical investment funds, sustainability stock indices).

The more such issues figure in business success strategies, the more likely it is that global markets will begin to take account of social risks and opportunities.

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### *Implications*

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European governments cannot manage the growing problems of social exclusion without harnessing business help. The objective must be to maximise the positive impacts of business and mitigate the negative ones.

Governments can operate through four broad mechanisms:

- regulation and legislation;
- fiscal policy;
- encouragement and influence;
- partnership.

Regulation and legislation clearly have an important role to play. However, there is a growing recognition that legislation can impede competitiveness and actually damage the ability of companies to provide employment and social return. Therefore, a key issue for governments is how regulation and legislation can create an enabling framework rather than a traditional atmosphere of command and control.

More positively, encouragement by governments can do much to change the attitudes of organisations and to spread best practice. There is a good deal of scope for governments to do more, for example through awards and financial incentive schemes, and by taking corporate social responsibility (CSR) into account in awarding contracts. Governments could also do much more to exploit the potential of cross-sector partnerships to create a favourable environment for economic competitiveness combined with social cohesion. Some examples of how this can be done are to be found in the Part two - Learning from Experience.

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# Part One

## Section two : 12 Proposals for further action

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PROPOSALS FOR ACTION IN A CHANGING EUROPE

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Central to the challenges and opportunities outlined in Section one, and to the following proposals, is the need to address the complex challenge of economic and social performance.

Issues have become too complex and interdependent, and the financial and managerial resources for addressing them too scarce, for any one institution or sector to be able to effectively respond to today's socio-economic challenges.

In short, new, voluntary forms of partnership are needed to address societal problems where traditional, single sector approaches are proving inadequate. New social partnerships are emerging as a core element of practical action and policymaking at the European, national and local levels.

This section outlines, under four main headings, ways in which government can harness the contribution which business can make for greater social cohesion and economic competitiveness.

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### *Building a knowledge society for all*

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The European Commission's e-Europe initiative for the Summit in Lisbon is an important step towards helping the EU to maximise the full benefits of globalisation and technological change. To mobilise a larger number of businesses across Europe to support the objectives and proposals that are set out in the e-Europe document, actions taken could include:

- 1 Designing a monitoring system and targets to measure the progress of the development of the information society in Europe. Business can advise on this and work in partnership with government to achieve relevant targets. We would strongly recommend that by the end of 2001, 50% of the European population can access and use information and communications technology;
- 2 Establishing a task force through which industry, training institutions, the Member States and the European Commission would consider how the training infrastructure can meet the needs of the information society in Europe and would put action in hand. The task force should start by defining:
  - the skills and competences required;
  - the ladder for career progression;
  - the necessary qualifications and training.It should collaborate with existing private and public initiatives such as the ICT Consortium<sup>1</sup> and the High Level Group on Strategies for Jobs in the Information Society;
- 3 Launching an appeal to European business to devise a joint Action Plan for Education as a key for economic competitiveness and social inclusion. This could galvanise business action throughout education, and particularly in:
  - defining how business can contribute to schools' development of students' basic capabilities (e.g. literacy, numeracy, computer literacy, working with others, and the ability and desire to continue to learn);
  - identifying how business can make the transition from education to employment more efficient;
  - developing models of partnerships for continuous learning.

1 ICT Consortium comprises 7 ICT companies: NokiaTelecommunication, Philips Semiconductors, Thompson CSF, IBM Europe, Microsoft Europe, Siemens AG, BT plc

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### *Developing a culture of communication and learning*

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More and more CSR initiatives have demonstrated that they can add value and that they have the potential for replication. At the moment, many of these initiatives are isolated 'works in progress'. Tomorrow they could be the way business is done everywhere. But this will not happen unless steps are taken to publicise and share best practice as widely as possible at local, national and European level.

We are keen to work with European governments and institutions to:

- 4 Develop and extend a coherent and integrated system of best practice databases on the internet<sup>2</sup> and promote them to potential users;
- 5 Encourage companies to assess the impact and business benefits of their social performance and to undertake voluntary social reporting;
- 6 Integrate into National Employment Action Plans examples from business of best practice and partnership activity as a practical illustration of what business can do to support employment and social strategies.

<sup>2</sup> Examples include EBNSC Resource Centre, TCC web site database, Impact on Society, EU Observatory on Industrial Change

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### *Expanding leadership competencies*

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The advent of a knowledge society implies changing roles for leaders in business, government and civil society. Like everyone else, leaders must acquire new attitudes and enhanced skills and competences:

- **business leaders** need to understand that CSR issues are fast becoming an integral part of strategic planning and day-to-day operational performance. They must learn to deal effectively with their company's wider influence on its environment;
- **government leaders** should take a more holistic approach to policy making and develop their role as mediators and facilitators between different interest groups;
- **civil society leaders** must strengthen their capacity for promoting local development and engaging with business within a framework of government support structures.

To help bring this about, we propose:

- 7 The development of a European initiative to encourage universities and business schools to create, expand and diversify graduate, post-graduate and executive courses in CSR, corporate citizenship and business ethics. This could be integrated into the EU Fifth Framework Programme for Research, Technological Development and Demonstration Activities (which aims to improve 'human research potential and the socio-economic knowledge base').

The financial sector has a key role to play in providing the means for both economic and social development. It is therefore vital that current and future finance leaders are fully aware of their responsibility to allocate capital so as to support job creation, entrepreneurship and local regeneration. In recognition of the special role of capital resources in achieving employment and social goals, we recommend:

- 8 Encouraging the financial sector to widen access to its services, recognise its responsibilities to the entire community and promote socially responsible investing.

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### *Investing in partnerships*

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As well as fulfilling their operational objectives, partnerships have a strategic role in showing business and governments new means of governance in today's rapidly changing and highly competitive environment. To encourage the development of new partnerships as innovative and mutually beneficial solutions we recommend:

- 9** Developing public policy so as to encourage and favour partnerships through a balance of regulatory frameworks, voluntary approaches and market incentives;
- 10** Scaling up these models and applying their lessons to current and future projects with potential for partnership (e.g. EU programmes in the context of the European Social Fund);
- 11** Organise regular meetings between governments and businesses at national and European levels<sup>3</sup> and take senior company and government leaders on 'seeing is believing' visits to successful private/public initiatives so that each can understand and learn from the other's role in promoting employment and social cohesion;
- 12** Investing in research into models of successful partnerships between companies, governments and communities.

<sup>3</sup> An example of such an exchange is the European Day *Business and Government joining forces for Employment and Social Cohesion*, organised in Brussels on 23rd September 1999

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# Part One

## Section three - Conclusion : The Way Ahead

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PROPOSALS FOR ACTION IN A CHANGING EUROPE

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### *The way ahead*

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We wish to underline our commitment to the continuing process of informal consultation between business leaders and governments which you have initiated but also with all relevant actors, in particular social partners and civil society organisations. This could be in the context of the regular European Union summits as well as in other special meetings and fora.

Another opportunity to pursue this initial consultation and to assess the progress of our proposals in line with the results of the Lisbon Summit would be that the Portuguese Presidency and other governments join us at the occasion of:

- The First European Business Convention on Corporate Social Responsibility (2000-2005). EBNSC, Brussels, 9-10 November 2000; and
- "From Frontrunners to Mainstream", International Conference. The Copenhagen Centre, Copenhagen, 20 - 22 June 2001.

Finally, we are convinced that the development of a more entrepreneurial culture in Europe is a key pre-condition for improving employment and social cohesion. We are, therefore, interested in working with governments and EU institutions to explore how best to achieve this cultural change. Possibilities for action include a European Year or a pan-European/national campaign to promote the spirit of entrepreneurship for a more innovative and inclusive Europe.

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# Part Two

## Section one : Introduction

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LEARNING FROM EXPERIENCE

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### *Introduction*

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EU Member States' Employment Action Plans are based on a common approach which has four key pillars:

- improving employability;
- developing entrepreneurship;
- encouraging adaptability in businesses and employees;
- strengthening equal opportunities policies.

Across the world, there are companies which have recognised that social divisiveness and exclusion are bad for business, and have taken steps - often in partnership with other organisations - to counteract them. This section looks at the way businesses have approached this challenge, offers examples of specific company initiatives grouped under the four key pillars, and suggests that a number of lessons can be learned.

The examples outlined are drawn from data collected by the European Business Network for Social Cohesion ([www.ebnsc.org](http://www.ebnsc.org)) and The Copenhagen Centre ([www.copenhagencentre.org](http://www.copenhagencentre.org)). Two points should be mentioned. First, in many cases the information has come from the companies or lead partners themselves, and thus reflects the message which the participants choose to project. Second, the examples are illustrative: they do not constitute a representative sample of corporate activity. However, they do serve to highlight the potential contribution of business in job creation and the promotion of social cohesion.

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# Part Two

## Section two : *How and why business takes action*

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L E A R N I N G F R O M E X P E R I E N C E

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### *How and why*

#### *business takes action*

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The responsibility of Member States to combat social exclusion by improving access to the labour market (as set out in the 1999 Employment Guidelines) is well documented. While the role that business, social partners and community groups can play is less often discussed, many businesses are involved in initiatives which link with one or more of the four pillars.

Very often, companies that choose to develop such initiatives do so for sound business reasons<sup>4</sup>. The most successful initiatives tie in closely to the company's priorities, and the partnership becomes part of the mainstream business. In some organisations, the motivation relates primarily to internal needs (such as restructuring, improving employee motivation, recruitment and marketing). In others, external forces are the main driving factor: these might include concern about social conditions or threats to the reputation of the company.

Similarly, the approach which a company takes can focus on internal or external opportunities. The former involves ensuring that the company's policies and practices relating, for example, to recruitment, training and development and to sourcing and contracting take full account of values such as diversity and equality of opportunity. Externally, a company might consider contributing to the development of public policy, supporting the growth of smaller businesses or offering work experience, education and training to people outside the company. Some organisations might see such activities as philanthropy. An increasing number, however, recognise their value in building corporate reputation and fostering relations with key stakeholders.

These activities, whether internal or external, are also opportunities for collaboration. Companies might work with each other, with national or local government, with public authorities, with community groups and with (or through) broker organisations such as Sodalitas (Italy), Business in the Community (UK), Fundación Empresa y Sociedad (Spain), Samenleving & Bedrijf (Netherlands) in pursuit of social cohesion and employment growth.

4 C. Marsden and A. Mohan, Research on 500 Business Best Practices in Europe, Warwick Business School/EBNSC

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# Part Two

## Section two : How and why business takes action

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### LEARNING FROM EXPERIENCE

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## 1. Business initiatives to improve employability

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Employability is an individual's capacity to find a place in the labour market. Becoming and remaining employable involves a complex interplay between the individual, government and the private sector.

Companies have long recognised the wider benefits which can flow from internal initiatives to improve employability by enhancing the skills and competences of existing employees. These include higher productivity, morale, motivation and staff retention. Many companies now also recognise the potential of external engagement. The following examples show how, by providing training and work opportunities for those outside their workforce, companies can help to:

- close the skills gap and improve the supply of potential staff;
- combat unemployment;
- help the transition from school to work;
- enhance non-traditional groups' access to the labour market.

### CLOSING THE SKILLS GAP

#### *British Telecommunications*

BT has for some time supported an economic regeneration initiative in Northern Ireland called EDITRAIN. The project trains people in IT skills to National Vocational Qualification (NVQ) standards. Once trained they are offered help and support in finding work with local companies. The aim is to encourage those who have participated in the programme to contribute directly to the success of small enterprises in the area by improving their IT capabilities. Since November 1994, 349 unemployed people have participated: 280 of them completed their course, 132 achieving level 2 NVQ and 39 going on to achieve level 3. More importantly, 116 secured employment and 36 entered further education. Currently, EDITRAIN provides employment opportunities for 50 people each year, 20 per cent being reserved for people with disabilities.

### COMBATING UNEMPLOYMENT

#### *Fundacion Empresa y Sociedad*

FES is a non-profit organisation founded and supported by a large number of businesses in Spain (in co-operation with the public authorities) as part of their corporate community involvement activities. It helps long-term unemployed and people from ethnic minorities make connections and build networks to find work. Participants are advised of vacancies among the companies in the network. These companies do not reserve vacancies for FES participants, but they do give candidates a job interview - a chance most of them have rarely had before. Participants are offered assessment and training to help identify and rectify skill deficiencies.

#### *Philips*

Philips offers vocational training and work experience opportunities to 600 people each year in the Netherlands. The initiative helps unemployed young people, women re-entering the job market, disabled people, ethnic minorities and those who have higher education qualifications but lack work experience. Training is provided for one year and participants receive the legal minimum wage. No permanent work contracts are guaranteed on completion of the training, but all work experience places are relevant to the demands of the local labour market (e.g. software engineering, IT specialists, purchasers, process operators, warehouse employees, truck drivers). To date, 8,000 unemployed people have participated in the initiative; more than 70% have secured paid employment.

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## Part Two

### Section two : How and why business takes action

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#### LEARNING FROM EXPERIENCE

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##### HELPING THE TRANSITION FROM SCHOOL TO WORK

###### *IBM*

IBM launched its 'Reinventing Education' programme in partnership with governments and education authorities to help bring about systemic change in the public education system. The programme has developed a range of innovative technologies to support teaching and learning and to improve education management. It takes a dynamic approach, identifying and addressing the needs and goals of the partners in the education system rather than imposing pre-packaged solutions. All the innovations have been developed in collaboration with teachers and school authorities, with IBM contributing expertise in research, project management and technology.

###### *Suez Lyonnaise des Eaux*

The Group is particularly committed to youth employment, assuring that 2% of its workforce consists of young people into work-study schemes. Since 1994 Suez has recruited 10 000 young people in jobs or trainee positions. Other initiatives include assistance to young job seekers, youth training and mentoring as well as international job experience for young technicians.

##### BROADENING ACCESS TO THE LABOUR MARKET

###### *Diageo*

Diageo's charitable subsidiary, the Tomorrow People's Trust, focuses particularly on helping unemployed homeless people get out of the catch-22 situation of 'no home/no job, no job/no home'. Through its Foyer network in the UK, Diageo provides accommodation in a chain of hostels, as well as job search advice and training opportunities. The Foyer Federation, a partnership between Diageo and Shelter (a homelessness charity), is supported by several other companies and the government. There are now 68 operational Foyers and a further 150 are in development. As many as 6 out of 10 young people in any one Foyer have gone on to full-time training or permanent work.

###### *Kaprakka*

Kaprakka, a rehabilitation organization, leads the 'Into Work' project in North Karelia, Finland, which helps people with special needs find employment. The partnership provides a support network that includes public sector bodies, companies, rehabilitation professionals and representatives of the social economy. The project has developed pathways into work for 137 unemployed disabled people. By the beginning of 1999, 41 per cent of participants had found a job or started education leading to a degree.

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## Part Two

### Section two : How and why business takes action

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#### LEARNING FROM EXPERIENCE

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## 2. Business initiatives

### to encourage entrepreneurship

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Small and medium-sized enterprises (SMEs) make up the vast majority of businesses in Europe and new business start-ups represent a strong force for job creation. Governments throughout Europe support a range of organisations that foster entrepreneurship and start-up businesses. Large companies can also do a great deal in this area.

At one level, co-operating with SMEs is a normal part of business activity. Here, one of the most important things a socially responsible company can do is to pay its bills on time. Large companies also derive direct benefits from building successful relations by sub-contracting activities to SMEs.

At another level, large companies can promote and support entrepreneurship in a number of other ways, such as:

- stimulating the local economy by fostering SME growth;
- promoting new businesses to mitigate the consequences of downsizing;
- outsourcing business activities to disadvantaged groups;
- focusing community investment programmes on support for new businesses.

#### STIMULATING THE LOCAL ECONOMY BY FOSTERING SME GROWTH

##### *Swedish Jobs and Society Foundation*

The Swedish Jobs and Society Foundation, established in 1985, has created a network of 90 enterprise agencies throughout Sweden. They provide professional, confidential, objective and cost-free advice to individuals who want to start up a business. Some 40,000 enterprises have started, of which, after 5 years, only 4% have gone bankrupt. This has been made possible through the support of more than 2,500 sponsors mostly from the private but also from the public sector. More than 3,500 individuals are involved in the Foundation's work.

##### *Kommunales Forum*

The Kommunales Forum, operating in Wedding-Berlin, also aims to stimulate the local economy. In this instance, the emphasis is on promoting job creation in the social economy. This sector of society (often referred to as the third sector) accounts for some 6.4 million jobs on the EU. The initiative has adopted a holistic approach to social and economic development by combining employment generation and community empowerment. The partnership, which has 25 member organisations from the public, private and social sectors, has established a number of companies providing jobs for previously unemployed people and given support to organisations in the social economy sector.

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## Part Two

### Section two : How and why business takes action

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#### LEARNING FROM EXPERIENCE

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### MITIGATING THE CONSEQUENCES

#### OF DOWNSIZING

##### *BP*

BP (now BP/Amoco) was forced, following the closure of its petrochemical complex at Baglan Bay in South Wales, to lay off some 350 employees; 250 other workers were laid off by local contractors. Besides providing extensive support for unemployed staff (including early retirement, generous severance terms, retraining and providing a job elsewhere in the BP Group) the company offered substantial support for employees to set up new businesses. This included a small loan fund (in which BP invested EUR 1.5 million) and the creation of the Baglan Bay Development Fund. The company also contributed surplus land to create a new energy park to house new businesses. A year after the closure was announced only 12 people were involuntarily without work. The small loan fund has supported 72 new businesses creating more than 600 new jobs.

### OUTSOURCING BUSINESS ACTIVITIES TO

#### DISADVANTAGED GROUPS

##### *Telecom Italia*

Telecom Italia Mobile has agreed with the Ministry of Labour and the Department of Justice to outsource some of its activities to create new jobs for two socially disadvantaged groups - disabled people and prisoners nearing release. Participants attend a special training course to improve their working skills and develop a vision of work as valuable for social integration. The project provides participants with a business plan for the creation of a co-operative, initial funding and support for their integration into society through employment.

### COMMUNITY INVESTMENT PROGRAMMES

#### THAT SUPPORT NEW BUSINESS

##### *Shell*

Shell has, since 1982, supported people aged 16-30 in setting up their own business through its LiveWIRE programme. More than 120,000 people have contacted the programme for advice, information and support. Of the young entrepreneurs supported, about 65 per cent are still trading successfully after four years and 25 per cent of these businesses survive to ten years in operation. The 239 businesses entered in the last three awards had a combined turnover of approximately EUR 11 million and have created 300 new jobs. The 92 businesses in the 1997 competition had a combined net profit of over EUR 720,000.

##### *Caisse des Dépôts et Consignations*

CDC supports a programme which actively identifies and supports the creation and development of new businesses in partnership with the non-profit Fondation France Active. The programme has an annual budget of EUR 106 million aimed at businesses that have a turnover of less than EUR 76 million. To support very small businesses, CDC works with the Bank for SME Development to guarantee regional funds for local groupings which then distribute the resources as loans to entrepreneurs.

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## Part Two

### Section two : How and why business takes action

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#### LEARNING FROM EXPERIENCE

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### 3. Business initiatives to increase adaptability

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A major theme in Part one was the impact of new technologies and globalisation on business and government. It is clear that all organisations need to be adaptable if they are to survive in a rapidly changing environment. For companies, this means making sure that employees have the necessary skills, mind-set and competences to be flexible and responsive.

Many companies are increasing their adaptability by developing new forms of organisation to encourage employee participation and team working. New working patterns and employment contracts seek to balance flexibility with job security. Some organisations are trying to find a better work-life balance, offering employees increased personal flexibility and reduced working hours. In terms of contributing towards social cohesion, perhaps the most tangible examples of corporate activity centre on encouraging workforce adaptability so as to safeguard employment.

#### ADAPTABILITY TO PROTECT EMPLOYMENT

##### *Volkswagen AG*

Volkswagen AG reduced the working week in all its plants and different business divisions by 20% - from 36 to 28.8 hours - from January 1994, following an agreement between the company, trade unions and work councils. This was accompanied by a commensurate reduction in earnings. The agreement enabled the company to avoid laying off about 30.000 employees. In 1998 Volkswagen developed the time asset bond which gives each employee the opportunity to determine their individual lifetime work. The time asset bond documents the entitlement to paid time off work within the employment agreement with Volkswagen AG. Both projects created the so called « Breathing Factory », making working time more flexible and demand-oriented.

##### *ADERS*

ADERS is a business partnership in the Rhône Sud area of France which demonstrates how companies and public agencies can work together to promote adaptability both in individual enterprises and throughout a region. Its core activity is the promotion of entrepreneurship and economic development. One programme seeks to integrate the long-term unemployed, people without working skills, and marginalised youngsters into society. Finding jobs is the highest priority for such people - and 237 participants have entered the labour market - but the initiative also works to develop integration companies and membership associations. These provide not just short-term job opportunities but also support for participants' efforts to become adaptable as they move into work

#### ADAPTABILITY IN THE DIGITAL ERA

##### *IBM*

In January 2000, IBM announced a \$500 million global fund to support business adaptation to the digital era. The investment fund will help businesses to develop their use of the Internet, to link with their suppliers and business partners. This additional access to investment funding will help companies to accelerate their transformation. This is particularly relevant in Europe where business to business e-commerce is growing, but companies generally lag behind those in competitor economies, such as the USA. The fund will help business and job growth in Europe.

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## Part Two

### Section two : How and why business takes action

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#### LEARNING FROM EXPERIENCE

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#### 4. Business initiatives

##### *to promote equal opportunities*

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Promoting equality of opportunity in employment has traditionally meant reducing differentials between women and men. There is now increasing emphasis on promoting diversity in the workplace to reflect that of the local community. So far, however, there are few examples of companies actively seeking to address the needs of older workers or those from ethnic minorities.

Overlapping strategies in the area of equal opportunities include:

- making arrangements or redesigning jobs to accommodate the needs of women or disabled people;
- developing specific skills training programmes and promoting changes in attitude towards employment among these groups and their potential employers.

#### GAINING FROM DIVERSITY

##### **Rabobank**

Within Rabobank a 'Diversity Network' of about 150 people has been created whose aim is to exchange knowledge and experiences and gain a better understanding with regard to diversity. The network stimulates, facilitates and sets up programmes regarding multi-cultural personnel policies, ethno-marketing and social projects. For example, Rabobank takes part in a national employment creation programme for ethnic minorities, engages in recruitment communication activities specially aimed at ethnic groups and develops training programmes on diversity for personnel. Rabobank also organises meetings for ethnic entrepreneurs and publishes brochures on banking services in several foreign languages.

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## Part Two

### Section two : How and why business takes action

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#### LEARNING FROM EXPERIENCE

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#### IMPROVING WORKING ARRANGEMENTS

##### *Danone / Electrolux Zanussi*

Danone / Electrolux Zanussi are part of a growing group of companies that are creating more women-friendly working arrangements. In France, Danone offers a specialised home-care service for sick children so that mothers do not need to take time off. Electrolux Zanussi in Italy has invested in IT equipment so that pregnant women and new mothers can work from home, and offers child-care facilities and flexible working hours where overtime can be converted into leave.

##### *Aarhus*

In Aarhus, Denmark, the starting point for a new and imaginative approach was the successful re-employment of a woman who had lost her job through a long-term disabling illness. A new job of 'company guide' was created, combining the functions of telephone receptionist, customer service and internal and external communications. With leadership from the employer concerned, a car dealer who had strong links with the Danish Employers' Federation and the Job Group in Aarhus, six 13-week training courses have now been run. More than half of the 72 participants have gained normal jobs on normal terms, and many others have secured subsidised jobs.

#### SKILLS TRAINING AND ATTITUDE CHANGE

##### *Womens' Training Centre*

The Womens' Training Centre run by a non-governmental organisation in Rohrbach, Austria, works in partnership with the local employment office and SMEs to help women, especially those returning after childbirth, to prepare for the specific needs of the local labour market. The programme is built on a concrete understanding of the social factors inhibiting women from working and the skill needs of local SMEs. It has led to the creation of a new job profile - 'computer technology and advertising assistant' - enabling 30 of the 42 participants in 1999 to find regular jobs

##### *Randstad*

Randstad, the international staffing company, has been involved in special employment programmes for workers who find it difficult to find jobs. Today, its specialist company, 'Randstad Werkgelegenheidsdiensten' (RWD) is involved in more than 50 projects, helping to find work for some 3,000 people per year. RWD also works closely with other Randstad group companies on initiatives such as the 'Arena' project in South-East Amsterdam where many companies are headquartered but the local residents are mainly unskilled ethnic minorities and the level of unemployment is the highest in the region. In 1997 Randstad, together with the local council, the public employment service and 12 companies, set up a project to improve the employability of these local residents and help them find jobs. Randstad and the public employment service are responsible for selecting suitable candidates, then preparing and placing them in a job with one of the other 12 participating companies. By the end of 1999, 1,000 candidates had found work.

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# Part Two

## Section three: Lessons learned

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### LEARNING FROM EXPERIENCE

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These examples show that companies can make a real contribution towards social cohesion. Their motives for involvement are many and complex, but it is clear that they derive real benefit. In addition to the tangible social betterment delivered by partnership initiatives, business outcomes can include:

#### BUSINESS OUTCOMES

- Strengthened links with government, non-profit organisations and the wider community;
- Greater recognition and a better corporate image with customers, suppliers, investors and opinion formers;
- Strong relationships with potential employees and customers in emerging markets;
- Greater operational efficiency through innovative ways of working;
- Better understanding of the company's diverse and rapidly-changing social environment; enhanced human capital through new opportunities for training, development and interaction with partners.

Partnership working is not, however, a quick and easy solution. Developing initiatives takes time, effort, skill and diplomacy. Recent research<sup>5</sup> has highlighted some key organisational challenges to partnership initiatives:

#### ORGANISATIONAL CHALLENGES

- Bridging diversity: how do organisations and individuals from very different backgrounds and cultures work effectively together?
- Assessing added value: is partnership working cost-effective?
- Addressing imbalances: how can partnerships cope with different levels of economic and political power among participating organisations?
- Ensuring representation and accountability: how best can all legitimate stakeholders be represented within partnerships, and how can partnerships be properly accountable when they operate outside traditional structures?

Other research<sup>6</sup> has highlighted the management challenges inherent in partnerships. These include:

#### MANAGEMENT CHALLENGES

- Developing a common purpose: establishing a shared mission for a partnership is crucial. It should provide an enduring point of reference which makes clear to all stakeholders why the partnership exists and what it seeks to achieve;
- Achieving mutual respect: overcoming distrust between partners is also critical. Without this, the management of the partnership is reduced to power play, where those partners with the greatest political weight or financial muscle force through decisions;
- Balancing long-term goals with short-term successes: partnerships need a shared commitment to address, in a systemic way, big social issues. At the same time, they need quick wins to maintain momentum and support. Achieving a balance is essential to a partnership initiative's long-term survival.

<sup>5</sup> J Nelson and S Zadek, Partnership Alchemy, The Copenhagen Centre

<sup>6</sup> A Wilson and K Charlton, Making Partnerships Work, Joseph Rowntree Foundation



## EUROPEAN BUSINESS NETWORK FOR SOCIAL COHESION

EBNSC is a business-driven membership network whose mission is to encourage and help companies to prosper in ways that stimulate job growth, increase employability and prevent social exclusion ; thereby contributing to a sustainable economy and a more just society.

Through its National Partner Organisations, Benchmarking Programmes and Resource Centre (500 business experiences and contacts), EBNSC acts a reference point on corporate social responsibility strategies and practices for companies.

To celebrate the 5th Anniversary of the European Declaration of Businesses Against Exclusion, EBNSC organises the 1st European Business Convention on Corporate Social Responsibility in Brussels on 9,10 November 2000. 400 company representatives and experts will be invited to help set the agenda on CSR for 2005.

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## The Copenhagen Centre

### THE COPENHAGEN CENTRE (TCC)

The Copenhagen Centre is an autonomous, international institution established by the Danish Government, following the 1995 UN "World Summit for Social Development" and the 1997 Copenhagen Conference "New Partnership for Social Cohesion". Focusing on social cohesion as a fundamental precondition

for the prosperity of society, TCC strives to promote voluntary partnerships between business, government and civil society in order to provide opportunities for the less privileged to be self-supporting, active and productive citizens.

### TCC PROGRAMMES:

#### THE PARTNERSHIPS PROGRAMME

This programme aims at developing a focus on new social partnerships, in terms of developing a conceptual framework, research, knowledge sharing, and exchange of good practices across borders and sectors. The report "Partnership Alchemy – New Social Partnerships in Europe" describes new forms of public/private partnerships and provides an analytical framework; the research project "Local Partnerships in Europe – Networking, Investigating and Promoting" (2000-2002) marks a step forward in developing cross-boarder pathways and exchange of experience.

#### GOVERNMENTS AS PARTNERS

This programme aims at developing and facilitating a government-to-government dialogue on new social partnerships. TCC believes in the need for

governments to develop a new framework for public/private partnerships to emerge, develop and work. Among the activities are the report "The role of central government in developing new social partnerships, a comparative European study" on current government initiatives in 6 European countries (April 2000); "European Day – Business and Government Joining Forces for Employment and Social Cohesion", September 1999. First step in an on-going business-to-government dialogue in Europe; "Governments as Partners – Government representatives in conversation on New Social Partnerships", Conference, Copenhagen April 13-14, 2000.

#### BUSINESS IN SOCIETY – THE UNIVERSITIES AND BUSINESS SCHOOLS PROGRAMME

TCC and the European Business Network for Social Cohesion (EBNSC) have joined forces to promote the issue of social responsibility of enterprises within the curricula of business schools and universities.

#### TCC'S INTERNET RESOURCE CENTRE

[www.copenhagencentre.org](http://www.copenhagencentre.org)

A strong tool for everybody interested in corporate social responsibility and partnerships.

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