THE BUSINESS OF JOBS: Developing Employability & Enterprise Through Collaboration

Working Paper, November 2009
“The damage to employment is causing hardship to many working women and men, families and communities, and worsening poverty. It is threatening the achievement of the Millennium Development Goals, weakening middle classes, heightening risks to social cohesion and eroding confidence in decision-makers.... the global jobs crisis could linger on for many years unless more forceful and targeted decisions are taken now to accelerate employment recovery in step with an economic pick-up.”

Juan Somavia
Director-General of ILO
ILO Conference, June 2009

Acknowledgements

IBLF would like to thank Kavita Prakash-Mani and Diane Dodd for their dedicated and thoughtful work on this paper. This working paper is based on the examination of data from twenty two case studies and draws its insight from them. IBLF now has a strong starting point from which to build in additional examples and answer some of the outstanding questions posed by this research.
FOREWORD
BY IBLF CHIEF EXECUTIVE, ADAM LEACH

This report builds on work to promote enterprise development that the International Business Leaders Forum (IBLF) has pioneered over many years. This programme seeks to put people at the heart of development by working alongside businesses to extend their core value chains in emerging markets, by buying from and selling to the developing world.

The focus on ‘inclusive business’ is gaining momentum - thanks to initiatives such as the Business Call to Action and the Growing Inclusive Markets programme. Civil society organisations and NGOs, too, are urging business to make a more powerful and sustainable contribution to development by including poor people.

Supporting employability and enterprise to create jobs and increase income for communities is, in our view, the most direct and effective way in which business can contribute to sustainable development and the eradication of poverty.

But more work is required to mainstream results-oriented activities. Growing concerns about the economic impacts of the financial crisis put jobs, skills and employment at the centre of our work on prosperity and the Millennium Development Goals.

And employability and enterprise cannot be considered in isolation. While enterprise development empowers individuals to innovate, employability is vital for providing a workforce for successful businesses to grow or scale up. Both approaches share technical, business management and life skills as a key foundation and both deliver measurable benefits for people.

This report marks a new programmatic focus for IBLF on employability, which goes hand-in-hand with enterprise development. Based on research and analysis, we identify an urgent need for greater collaboration between business, government and civil society to address practical issues and find long-term structural solutions. Sustainable recovery will require business leaders to behave thoughtfully, to innovate and to earn the trust of staff, suppliers, distributors and customers. We encourage businesses to make long-term investments in their existing and future employees.

This is a working paper which draws from publicly available data on twenty two business initiatives. At this stage we ask questions and explore opportunities, rather than offer solutions. The next phase of our research is to convene frontline practitioners to understand the challenges and to provide a ‘how to’ framework for practical action. We are planning dialogues across the world in 2010, with a view to working with our corporate partners and others to initiate bold new activities.

No one business will redress the imbalance alone; rather we advocate collaborative action, which leans on the expertise of government, other businesses, educational institutions and civil society to deliver an extended suite of services. The most forward-looking, ambitious and successful initiatives we have found stem from strong partnerships with common goals for business and society. By working together, we can share ownership, pool resources, promote transparency, measure objectively, and match more closely the needs of business and society.

This work would not have been possible without the leadership and support of GE Foundation, IBLF corporate partners and other organisations delivering vital work. We hope this report will inspire more organisations to follow their lead.
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EXECUTIVE SUMMARY

At a time when there is real concern about rising unemployment and a slowdown of economic growth across the world, this report looks at how companies can, and are, developing employability and enterprise by collaborating with other partners.

The current financial crisis has stalled - and even reversed - some of the recent progress in generating economic growth and pulling people out of poverty. It is estimated that in 2009, the number of unemployed will increase to 240 million and up to 90 million people could be added to the 2.6 billion already living in poverty. In addition, the ongoing trends of demographic change and migration will further add to the shortage of jobs. As a result, fears of social unrest are growing and protests, often violent in nature, are already occurring worldwide.

Company impact and action

Given the potential rise in unemployment, contributing global trends and likely social unrest, companies are at risk of disruption in their production and distribution chains, and of loss of both employee morale and reputation.

Part of the response to this challenge is in making people more employable and creating more jobs. This report examines twenty two case studies where companies are contributing to skills and enterprise development and distils the approach, rationale and benefits derived. The case studies reflect a global sample with examples from the US, UK, Europe, India, China and countries in Africa and Latin America. They also span across different sectors including Food & Beverage, IT, Mining, Oil & Gas and Tourism.

In particular, the examples focus on collaborative projects where companies have partnered with other companies or stakeholders such as governments, NGOs, or academic institutes to pool financial and human resources, tap diverse expertise, reduce risk, increase the likelihood of success and enable growth through scaling up.

The report finds that corporate action can be classified according to its sphere of influence:

- Core business and supply chain operations to increase productivity, nurture innovation and secure supply
- Community investment through donated money, time and resources that builds skills and jobs in society
- Public policy engagement and intervention to determine, influence and shape policy

Developing employability

Corporate projects focusing on developing employability currently include:

a. Retention of human capital – by avoiding lay-offs to protect historical investment in knowledge and skills.
b. Vocational training – through investment in training programmes to develop a talent pool and recruitment pipeline of technically trained and skilled potential employees.
c. Basic skills development – by participating in external programmes to develop non-technical, personal and managerial skills.

Companies go beyond investment in their own employees by supporting employability development among job-seekers and the wider community. This takes various forms, including financial and product donations, and employee volunteering in partnership with academic institutes and governments. The main benefits are an increase in productivity and innovation, motivation and retention of employees and an enhanced reputation.

Supporting enterprises and entrepreneurs

The ways in which companies support the development of new enterprises and entrepreneurs include:

a. Training entrepreneurs – in skills such as business, people and financial management and in technical skills.
b. Providing access to finance – through direct investment or through intermediaries.
c. Developing the market – by helping small businesses access customers.
d. Developing products and services – selling tailored products and services to small businesses.

Different actors are needed to meet the diverse inputs required to support and grow small businesses, setting the stage for partnerships. Corporate investment in enterprise development is more prevalent in the
The current financial crisis has stalled, and even reversed, some of the recent progress in generating economic growth and pulling people out of poverty.

developing world, with a strong focus on supply chain operations and new product development. Companies derive value from investing in entrepreneurs through securing supply, developing new markets and ensuring they maintain their licence to operate.

Public policy engagement
Given the urgent need for employment, governments are focusing on how they can create jobs and increase the employability of citizens by avoiding lay-offs, creating new jobs, trying to localise jobs that may otherwise go elsewhere, supporting the job search, providing vocational training and supporting entrepreneurs.

Corporate engagement with governments currently seems to be limited to being beneficiaries of government programmes or supporting specific projects. There is little evidence of partnering for better policies or engaging in programmes or institution building around the issues of employability and enterprise development.

Developing collaborative action
Above all, the report finds that to secure long-term growth, companies can benefit by investing in developing employability and enterprises. The most effective way to do so is through collaboration with other stakeholders.

Figure 1 illustrates a decision-making process that ensures that any action a company takes is focused on the issue areas where business and societal needs intersect. Projects can then be designed and delivered. This includes seeking partners, defining performance indicators and measuring impact.

The key principles to keep in mind when designing a collaborative approach on the topics of employability and enterprise development are:

1. Base the project on a clear business need.
2. Build in sufficient time to allow the partnership to be formed, a robust approach developed and implemented, and next steps determined.
3. In planning and delivering a programme, consider the spheres of influence in which a company operates, so as to be clear on which stakeholders to involve in the project.
4. Seek diverse stakeholders to bring in the needed expertise and resources. Work with local partners to build on their local knowledge, networks and experience.
5. Consider vulnerable sections of society such as women, minority groups and marginalised communities.
6. Define social and business performance metrics and collect data.
7. Share learning and experience widely.
CHAPTER 1: Introduction

As companies consider their triple bottom line, many understand and act upon their environmental and social impacts but few appreciate the economic impact they have on society. Often confused with the financial bottom line – revenue, profit and loss – very little attention is given to other economic aspects such as jobs created directly or through the company’s value chain, income generated, wages paid, human capital invested, goods bought and sold, taxes contributed and community investment. At a time when economic growth is under threat due to the financial crisis, it is appropriate to examine this aspect of a company’s contribution to society in more detail.

In particular, through twenty two carefully selected case studies, this report looks at how companies can retain human capital and broaden the experiences of their employees, develop employability skills in society at large and create more job opportunities through supporting entrepreneurs and small businesses.

The focus is on collaborative action. Individual companies working alone do not have the resources required to address the complex issues of employability and enterprise development, which need diverse resources, competencies and networks. The case studies presented focus on initiatives where companies have partnered with other companies or with other stakeholders including non-governmental organisations (NGOs), governments, academic institutions and international organisations.

In Chapter 2, the report lays out the current economic context, in particular the impact of the financial crisis on jobs set against longer-term trends, but also the ongoing need to address poverty and the challenge of finding employment for all.

Chapter 3 describes the important considerations that a business-led approach to employability and enterprise development programmes may consider.

Chapters 4 and 5 examine corporate action to address the challenges of employability and enterprise development. Based on an analysis of the case studies that illustrate current good practice, they draw out the specific actions that companies take, the societal impact they have and the business benefits they derive.

Chapter 6 examines what governments around the world are doing to address the worsening job situation and how companies are partnering with them to support these initiatives or lobbying to drive change.

Lastly, Chapter 7 provides an action agenda on how companies that are interested in addressing employability and enterprise can build their approach. It also presents some questions for further research and sets out the next steps for IBLF’s programme.

The Appendices provide the full list of case studies (which can be found at http://www.iblf.org/what_we_do/Economic_Development.jsp) and also highlight organisations that work in the space of employability and enterprise development.
CHAPTER 2: Business, Skills and Jobs: Short-Term Crisis or Longer-Term Trends?

***Short-term crisis***

We live in a polarising world made worse by recession. The statistics paint a bleak picture. The richest 20% of the global population earn 75% of world income. The poorest 40% earn 5%. 2.6 billion people (40% of the world population) live on less than $2 a day, with about half that number (1.4 billion) living in severe poverty on less than $1.25 a day.

Since 2008, the financial crisis and associated economic downturn has resulted not only in slowing economic growth, but has pushed some countries into recession. This situation risks reversing the development gains made in the past few years. According to the World Bank, the global economy could shrink by 2.9% and global trade could fall by 10% in 2009 alone. As a result, the UN Millennium Development Goals Report 2009 estimates that 55-90 million more people will be living in extreme poverty, than anticipated before the crisis.

For ordinary people the impact of this crisis has been felt most strongly in the loss of jobs and the rise in unemployment. The International Labour Organisation (ILO) estimates that as many as 51 million jobs could be lost in 2009 alone, pushing the number of unemployed to 240 million worldwide. The ILO estimates that as many as 222 million workers could be added to the number of working poor, earning less than $1.25 a day.

Already the US has seen six million jobs lost since the end of 2007. The UK has reached its highest level of unemployment ever at 2.4 million. After nine years of growth, Russia’s unemployment was at 10.2% or 7.7 million in June 2009. South Africa, which already faces high levels of unemployment, saw almost half a million jobs lost in the first half of 2009 and losses were directly attributed to the recession.

***Local crisis, global impact***

The impacts of the financial crisis differ by country and region. Most developing countries have maintained stable domestic economies during this crisis but have been vulnerable to the failing markets in the West due to the highly globalised nature of world trade today. Small and medium enterprises (SMEs) are especially at risk, as they provide the majority of jobs and income in most emerging economies e.g. in China, 670,000 SMEs went out of business in 2009 due to the financial crisis.

The direct loss of jobs is only one of the impacts of the financial crisis on the developing world. Some of the other direct and indirect impacts in these economies are:

a. Decrease in international demand for goods and services produced in developing countries e.g. in Cambodia, 30,000 workers were laid off in the apparel industry due to reduced demand.

b. Decrease in foreign direct investment (FDI) - according to the Organisation for Economic Co-operation and Development (OECD), FDI into 17 countries including Britain, the US, Germany, France and Japan decreased by 50% at the end of 2008 as a result of the global recession. Outward investment from most countries was also heavily curtailed.

c. Fall in remittance – remittances are one of the main sources of income and investment in developing countries e.g. India receives remittances to the tune of 3.3% of its GDP. In 2009, the World Bank forecasts a 7.3% drop in remittance flows to developing countries from a high of $328 billion in 2008.

d. Fall in demand for migrant labour - an estimated 150,000 Indian workers returned home from the United Arab Emirates as a result of the delay in execution of projects due to the economic slowdown. Internal migrant labour is facing similar issues e.g. 3% of China’s 66.5 million migrant workers failed to secure work when they returned to the big cities from their villages after the Chinese New Year in 2009.
“If you talk to any business leader around the world, they would say the single thing they’re concerned about is talent and the shortage of talent. Any CEO survey you do, talent is always one of the top 3 issues... But fundamentally, whether you’re a company or a country or a SME, wherever you are in those value chains, talent is one of the things that’s top of most people’s minds. And the talent needs are incredibly dynamic, diverse and changing.”

Mark Foster, Group Chief Executive, Global Markets and Management Consulting, Accenture

**Longer-term trends**
Set against the loss of jobs is the ongoing skills and talent gap faced by business leaders, which long pre-dates the crisis. Every company, large or small, relies on talented employees in order to operate effectively, but also to innovate and gain competitive advantage.

In Europe, for example, there has long been a call for candidates with stronger skills in mathematics, science and engineering to fill the 4 million jobs which remain unfilled. Now that the European economy has hit turbulence, and there are 18 million unemployed, the skills problem is gaining additional visibility and attention.

In many sectors, the rate of innovation has overtaken the pace of skills development. For example, ‘green’ activity has been a key source of new job growth in all industries.

In the context of reactive recessionary lay-offs, this has implications for business and for those unfortunate to have lost their jobs. For business, there is a need to retain the appropriate mix of skills and human capital to remain competitive. For people wishing to re-enter the job market, the chance of success is likely to be related to how current their skillsets are.

There are additional long-term global trends that make the situation more complex with regard to the shortage of jobs. Two trends in particular are worth noting:

- **Demographic change** – in most developed countries, an ageing population is putting pressure on the working population to increase productivity, work longer and earn more. This pressure is worsened by the downturn. Interestingly, while there is some focus on providing job opportunities for the youth, little attention is being paid to integrating the older generation back into the workforce.

- **Migration** – the number of people migrating intra-country and to other countries is on the rise due to limited employment opportunities at home, conflict and war, and environmental degradation. For example, the lack of economic opportunity has seen almost 12 million migrants move to Russia from the former USSR states. As job opportunities in Russia decrease with the recession, these immigrants are likely to be worst affected and could take to the streets with a likely rise in social unrest and crime. On the environmental front, climate change is threatening the very existence of some countries and will result in higher migration e.g. higher sea levels could threaten 2 billion people who live within 60 kilometres of the sea.

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Growing anxiety about jobs is triggering social unrest. The year 2009 has already seen protests around the world due to the rise in unemployment and lack of economic opportunity. For example:

- In the UK, oil refinery workers protested against local jobs being subcontracted to Italian workers.
- Millions turned to violent protest against rising unemployment in France – to the extent that the government thought it prudent not to publicise unemployment figures.
- In China, a factory manager was beaten to death when the potential privatisation of an iron and steel plant threatened drastic job and pension losses.
- Increasing concern about joblessness and unemployment has led to street protests in many Eastern European countries such as Latvia, Bulgaria and Lithuania.
- Russia faces some of the strongest protests especially in towns dominated by a single company. Protests by workers of BaselCement against the loss of jobs and non-payment of back wages prompted Prime Minister Putin to force the company to restart production.

Such an unstable environment is not conducive for business, especially when companies are already facing a challenging economic environment.

Given the current financial crisis and its impacts, the contributing trends and the high risk of social unrest, it is timely, and in the interest of business, for companies to consider their role in supporting people and creating jobs. Not only will this help mitigate some of the current risks, but it will also provide business value. The next four chapters examine what companies can, and are, doing on this agenda and the benefits they can accrue from the same.
CHAPTER 3:
Analysing the Corporate Approach

In recent years, companies have tried to move beyond the rhetoric that they contribute to development through job creation and the payment of taxes. They have started to look at the broad economic impact that they have in society through direct employment, supply chain operations, community investment and public policy positions.

This report specifically explores the two types of investment companies make that focus on the challenges of skilling people and creating jobs. The aims are to distil learning, highlight best practice, articulate benefits, identify gaps and set an agenda for action.

The two focus areas are:

- Employability and workforce development – investing in employees and others to develop new skills and competencies that enable them to find jobs, retain jobs and/or find suitable alternate employment when needed.
- Entrepreneurship and enterprise development – investing in the creation of jobs and enterprise through supporting entrepreneurs and new businesses (mainly small and medium enterprises) via skills training, finance, demand creation, investing in infrastructure etc.

Case studies
Twenty two case studies have been examined to look at how companies are currently developing employability as well as supporting enterprise development. These case studies include examples from the US, UK, Europe, India, China and countries in Africa and Latin America. They also span across different sectors including Food & Beverage, IT, Mining, Oil & Gas and Tourism. The information is based on publicly available data, company material and other reports.

The case studies show a clear need for companies to invest in employability and enterprise development. They also exemplify the societal benefit such projects can deliver whether it is through investing in an EU wide programme to increase IT literacy or via the development of a totally new agricultural supply chain.

While considering these examples in the current context, it must be noted that the majority of these initiatives were started before the financial crisis. However, they provide strong evidence of the sorts of investment companies can, and do, make on the employability and enterprise front – and the benefit companies derive.

Figure 2: Spheres of Influence

Public policy intervention
- Advocating for change on public policy
- Engaging in dialogue with governments
- Supporting institution building

Social investment and philanthropy
- Financial contributions including traditional philanthropy, investing in social venture funds and other financial mechanisms
- Employee volunteering
- Product donations and other in-kind contributions

Core operations and supply chain operations
- Producing goods and services
- Buying ingredients and services
- Selling products
- Providing jobs and developing people
There is no evidence to suggest that companies have stopped investing in these efforts due to the financial crisis or that the projects have suffered in any other way. In fact, new investment is being made even now. Some examples:

- SAP launched a project this summer in partnership with PlaNet Finance to leverage micro-finance and education to help shea nut farmers in north Ghana be more productive and connected to the market.
- Monster India, a placement firm, and ITC, an agri-business company, came together in 2009 to launch a new rural online employment resource in 40,000 Indian villages.
- Microsoft has continued its strong investment in training by launching ‘Britain Works’ in September 2009, in partnership with the UK government and NGOs, with the aim of creating 500,000 jobs by 2010.

Core business, community investment and public policy

The case study analysis has involved examining the types of action the companies took to develop employability and enterprise within their spheres of influence:

1. Action within the corporate boundary and value chain where the company has direct control.
2. Engagement with the broader community where the company has less direct control.
3. Influencing public policy

Understanding whether the initiative is part of core business, community investment or public policy intervention helps plan and deliver the initiative in a more sustainable manner by defining the following:

- What is the aim – is it changing how the business operates or is it about investing in the community or supporting government action?
- Who manages the project – core business functions such as procurement or the community investment team?
- Where does the investment come from – from a business function / unit, social investment or from the philanthropic budget?
- What performance indicators are used – are these linked mainly to business performance or social impacts?
- Who are the partners – business partners as it is core business or external partners as it is outward facing?

Sometimes projects start from one sphere and extend into another as they evolve. All three spheres of influence should be considered and applied, as appropriate, to the particular challenges being addressed. While mature projects often span all three spheres to come up with holistic, system changing solutions, the extension into all three spheres is not a pre-requisite for success.

Collaborative efforts

In particular, the focus of this report is on the collaborative efforts of companies, i.e. instances where companies have partnered with stakeholders such as governments, NGOs, multilateral agencies, academics and other companies.

Developing employability and enterprise presents complex challenges. Addressing them requires a diversity of resources and skills which can only be brought together through partnership. The key to a successful partnership is finding synergy and recognising the common goals that partners want to achieve as well as the individual outcomes partners may seek.

In particular, pooling resources, expertise and knowledge from the different players enables projects to:

- Access greater resources be it finance or people
- Reduce individual risk by sharing it between partners
- Leverage the competencies and expertise of the different partners along the skills value chain
- Tap into the partners’ networks and build on the legitimacy each partner brings
- Meet the diverse needs of the partners more efficiently
- Achieve scale given the access to resources and the drive of partners
- Be replicable in new sectors and geographies as learning is shared and each partner is able to seed new projects
- Create systemic change

Partnerships require investment, patience and time. Therefore, it is important for business to recognise the benefits of partnership and to share learning and experience internally and externally, encouraging more partnerships to develop.

“Corporate responsibility, the way I define it, is no longer a question of purely philanthropy or community engagement, but very much how a company harnesses its core business operations, its value chain, its core business competencies.”

Jane Nelson, Senior Fellow & Director CSR Initiative, Harvard Kennedy School
The case studies articulate the benefits that partnership has brought to each project, what each partner has contributed and how companies have gained insight and value.

Performance management
What you measure is what you manage. Companies develop key performance indicators (KPIs) to measure the impact of any activities they view as business critical. And so performance metrics on societal as well as business impacts were sought for all case studies to the extent that they were available.

Analysis showed that most companies do not have a pre-determined set of KPIs that they aim for, track and measure through the project – either on the social or business front. Often, not only are there no metrics, but there is also a lack of defined and agreed overarching objectives, which are important to drive towards a common goal.

Clear measurement of impacts against metrics helps judge and optimise the effectiveness of the initiative, measure the return on investment and makes the case for scale up or replication in new sectors and geographies. Also, standardised metrics used across initiatives allow for the comparison of the impacts of one project against another.

The kind of social metrics that might be adopted by companies are listed in Table 1. Similar metrics also need to be defined for business benefits.

### Table 1: Key performance indicators on employability and enterprise development

<table>
<thead>
<tr>
<th>Core business / value chain</th>
<th>Community investment</th>
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<tbody>
<tr>
<td><strong>Employability</strong></td>
<td></td>
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<tr>
<td>• Company provided or subsidised training to develop new skills for ongoing employment</td>
<td>• Number of people receiving direct training from company aimed at finding jobs</td>
</tr>
<tr>
<td>• Investment in potential talent to meet specific external recruiting needs of the company</td>
<td>• Investment in support of institutes providing training (including educational grants)</td>
</tr>
<tr>
<td>• Number of redundancies averted through alternative work / payment arrangements</td>
<td>• Number of people gaining jobs as a result of this investment</td>
</tr>
<tr>
<td><strong>Enterprise development</strong></td>
<td></td>
</tr>
<tr>
<td>• Indirect contractor / supplier jobs created</td>
<td>• Investment in training of entrepreneurs including Technical / IT / Finance / Management skills</td>
</tr>
<tr>
<td>• Investment in training suppliers and distributors</td>
<td>• Investment in products and services aimed at small enterprises that help them grow e.g. credit / finance, technology, mobile, infrastructure</td>
</tr>
<tr>
<td>• Investment in developing local supply and distribution through SMEs</td>
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CHAPTER 4: Employability and Workforce Development

For the purpose of this report, employability and workforce development is defined as helping employees and others in the market develop new skills and competencies that enable them to find jobs, retain jobs and/or find suitable alternate employment when needed. The focus is on developing skills, enabling people to be more productive, spurring innovation, preparing people to work in emerging new industries and providing learning opportunities for society at large.

In the context of freer movement of labour and jobs, lack of cheap labour and emergence of new industries, the business rationale for investing in people centres on the need for:

- New skills and high-end skills
- A trained talent pool
- A highly skilled, productive and adaptable workforce
- Retaining trained and skilled employees
- Increasing the morale and motivation of employees
- Encouraging innovation
- Gaining brand value and reputation

Recognising this need, companies are currently responding in one of four ways:

a. Retaining human capital
b. Training employees
c. Vocational training to develop a talent pool
d. Developing basic skills in the community

Table 2: Case studies on collaborative corporate action to develop employability

<table>
<thead>
<tr>
<th>Company</th>
<th>Region / Country</th>
<th>Sector</th>
<th>Core Business</th>
<th>Community Investment</th>
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<tbody>
<tr>
<td>Cisco LDC Initiative</td>
<td>Least Developed Countries</td>
<td>ICT</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Deloitte’s Employability Initiative</td>
<td>UK</td>
<td>Consulting</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Diageo - Tomorrow’s People</td>
<td>UK</td>
<td>Food &amp; Beverage</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>European Alliance on Skills for Employability</td>
<td>Europe</td>
<td>Various</td>
<td></td>
<td>X</td>
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<tr>
<td>Infosys Campus Connect</td>
<td>India</td>
<td>ICT</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>IHG Academy</td>
<td>China</td>
<td>Tourism</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Microsoft Elevate America</td>
<td>USA</td>
<td>ICT</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>GE Foundation - Life Skills for Employability</td>
<td>Mexico</td>
<td>Various</td>
<td></td>
<td>X</td>
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<tr>
<td>PROMINP</td>
<td>Brazil</td>
<td>Oil and Gas</td>
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<td>X</td>
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<tr>
<td>Monster Rozgar Duniya</td>
<td>India</td>
<td>Recruitment</td>
<td></td>
<td>X</td>
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<tr>
<td>Youth Career Initiative</td>
<td>Brazil</td>
<td>Tourism</td>
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(View case studies at http://www.iblf.org/what_we_do/Economic_Development.jsp)
**A) Retaining human capital**

Companies invest, not only in training their employees, but also in developing retention strategies which benefit employees and the employer. These include performance-related pay, offering clearly defined career pathways and opportunities to track personal development which enables businesses to attract and retain talent.

One such example is the Starbucks Coffee Master programme, which provides the opportunity for enthusiastic baristas to become coffee experts and learn about growing regions and techniques, purchasing, roasting, brewing and tasting. This drives employee loyalty, reduces the costs associated with turnover of personnel and it also drives sales through customer loyalty, as customers feel more engaged with knowledgeable staff.

This long-term trend is widely acknowledged, but the economic crisis has drawn new attention to strategies for human capital retention. According to a survey by Mercer Consulting, job security is the key employee concern at the present time.

According to a study by Deloitte, companies need to continue to invest in their employees during the downturn in order to retain them when the market picks up and employees have greater choice over jobs. The ones likely to leave are the high performers and future leaders.

Many companies are finding innovative ways of keeping people employed whilst still cutting costs. ‘Creative downsizing’ measures include pay freezes, bypassing raises, shortening the working week and eliminating bonuses.

The Confederation of British Industry (CBI) released a report in June 2009 which claims that during the downturn two-thirds of employers are changing work practices to reduce labour costs rather than cut staff.

Nearly 60% of employers are operating some form of recruitment freeze and 45% had introduced more flexible working. For example, workers at BT were encouraged to take a year off in return for 25% of their annual salary paid up front; workers at Honda’s Swindon plant voted in favour of a 3% pay cut for 10 months to safeguard 390 jobs, with managers’ pay being cut by 5%.

The research found remarkably limited evidence of business and government working together to devise creative downsizing programmes. The best example is in Germany where government subsidises employers who reduce workers’ hours rather than laying them off. There may be opportunities to take this even further. For example, for those on shorter working weeks, what opportunities could be provided to train these employees in new technologies, for them to spend time developing their own start-up businesses, or to act as mentors for young entrepreneurs in other countries?

**B) Vocational training to develop a talent pool**

Across the world, companies looking for new talent to develop a robust recruitment pipeline find that, while there are many educated graduates in the market, few of them have the requisite technical skills they are looking for. To address this gap many companies are collaborating within sectors and / or with other stakeholders to develop vocational training. Often these are focused on skills required for specific industries.

Intercontinental Hotels Group (IHG) realized that it could not find the trained workers it was seeking for its new properties in China and so set up the IHG Academy which partners with educational institutes to teach and train potential employees. IHG has hired 4,200 students to date.

The Youth Career Initiative (YCI) works with hotels in many parts of the world to provide a six-month vocational training course to young people aged 18-21 in an effort to improve their employability and to empower them to make informed career choices.

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8 Deloitte Review, Where Did Our Employees Go?: Examining the rise in voluntary turn over during economic recoveries, 28 July 2009
One of the first YCI Brazil graduates, Douglas Nunes, in the kitchen at the JW Marriott in Rio de Janeiro in 2005.
“YCI enabled me to develop an overview of all the different areas that are part of the makeup and the routine of a successful hotel operation.”
Ana Beatriz Ribeiro da Silva
2007 Graduate, Hotel Copacabana Palace, Rio de Janeiro

“I would recommend the YCI programme to every youth because it gives you useful guidance on how to enter the job market.”
Marcelo Othon Palace, Rio de Janeiro

“YCI was a great opportunity; everything I learned I will take with me for the rest of my personal and professional life.”
Anderson Moura de Almada
2007 Graduate, Hotel Pestana Rio Atlantica, Rio de Janeiro

“YCI exceeded all my expectations; it was a unique learning opportunity. It taught me to work in a team, to accept people’s differences and to be more self-confident.”
Jaqueline Nunes de Fonseca
2007 Graduate, Crowne Plaza Hotel, São Paulo

“I am very thankful to the YCI programme for this learning opportunity. I now feel confident about getting my first job because I have been trained in the area I would like to pursue”
Larisse Santos Dias
2007 Graduate, Marriott & Renaissance Resorts, Costa do Sauipe

“YCI enabled me to turn a dream into the certainty of a better future.”
Marcos Paulo Figueiró dos Santos
2007 Graduate, Hotel JW Marriott Rio de Janeiro

“The YCI programme gave me a great experience, which was just what I needed in order to enter the job market.”
Rodrigo Louda Correa da Costa
2007 Graduate, Hotel JW Marriott Rio de Janeiro

“YCI helped me to become more mature, and prepared me to enter the job market and to face life in general.”
Ludiane Fernandez Juliano
2007 Graduate, InterContinental Hotel, Rio de Janeiro

“YCI enabled me to develop an overview of all the different areas that are part of the makeup and the routine of a successful hotel operation.”
Ana Beatriz Ribeiro da Silva
2007 Graduate, Hotel Copacabana Palace, Rio de Janeiro

“This programme transformed my whole life. It taught me many useful skills that will guide my professional development.”
Virginia Martins Faustre
2007 Graduate, InterContinental Hotel, Rio de Janeiro

“I would recommend the YCI programme to every youth because it gives you useful guidance on how to enter the job market.”
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2007 Graduate, Marriott & Renaissance Resorts, Costa do Sauipe
“About 6 or 7 years ago, we started working with YCI, and YCI for us, became an obvious venture that Marriott wanted to get involved in for a number of reasons. In the last fifteen years, we have created 70,000 jobs outside the United States... So, we have a glaring need for positions and opportunities at all levels in our hotel environment.

We’re in eight different countries with YCI today. And it is not just Marriott because in each of these countries it’s in cooperation with some of our competitors – Intercontinental, Hyatt, Starwood, Hilton... We are cooperating in these markets to try to bring opportunities for children... We’ve had almost 400 graduates from the programme in Brazil, and what we’re doing is we’re bringing children... who are headed for a very difficult life... Bringing them into our hotels and teaching them skills that they would not have had access to.

Looking at the graduates through 2008, 87% of those graduates have found different roles: 47% in the hotel industry itself because, not only Marriott, but those other competitors have hired them in the market. We have another 28% that have gone on to other jobs in the market and we are tracking them. And we have another 12% that... needed to get an education... So we have lost some students along the way, but 87%, for us, is a remarkable number and when you convey that into some of the other countries we’re working in, we’re pretty excited about that programme.

What are we getting out of this situation? We’re getting really excited and motivated employees and a couple of these students have already moved into junior management in the hotels they’re working in.”

Edwin Fuller, President & MD Marriott Lodging International
PROMINP, a partnership between the Brazilian government and the oil and gas industry including Petrobras, aims to invest $150million to train 113,000 people in skills relevant for the oil and gas sector so they can obtain jobs in the industry.

The IT sector has been very active in vocational training. Infosys’ programme Campus Connect is a partnership with over 100 universities with the aim to work with faculty and students to bridge the gap between academic curricula and industry-readiness. Cisco’s Least Developed Countries Initiative partners with the United States Agency for International Development (USAID) and the United Nations Development Programme (UNDP) to train and certify professional network administrators. Microsoft has an ongoing Microsoft Unlimited Potential–Community Technology Skills Programme that promotes IT skills training in underserved communities globally.

C) Investing in basic skills in the community
Companies are also investing in basic skills for the broader community such as literacy, numeracy and IT. Frequently this takes the form of corporate social investment, philanthropic donations, in-kind support and volunteering to support colleges and universities to train students in these skills. The most effective programmes deliver face-to-face training with students, rather than using e-platform learning. The business role may be better suited to ‘training-the-trainer’ and then relying on existing teaching institutions to deliver the final training to end beneficiaries.

Launched in 2004 by the GE Foundation and International Youth Foundation, the Life Skills for Employability Programme equips young people with a range of skills that will help them reach the level of education, professional skills and confidence they need to succeed in life. The programme was initiated in Mexico and India and has now been replicated in Poland and Hungary.

The European Alliance on Skills for Employability is an EU-wide programme run in partnership with a range of companies including Cisco, Microsoft, Randstad and State Street. It focuses on the need to develop basic IT skills in different segments of society including the young and unemployed, women, minority groups, and citizens with disabilities. Again, companies provide funding, training materials and tools.

Deloitte’s Employability Initiative works with Further Education institutes in the UK to help develop personal skills and qualities such as communication, management and teamwork as these are seen as lacking in potential employees by many companies in the UK. This is funded by the Deloitte Foundation and Deloitte also provides staff volunteers to help run training workshops as well as develop training materials.

“Back in 2000... our clients and our contacts were actually telling us that the education system, both in further and higher education, was producing great technical people with great qualifications, but actually weren’t employable. And that came as a bit of a shock, particularly around 16-19 year olds and in some areas of the graduate marketplace.

“The initial feedback across sectors from organisations is that the individuals they’re employing, that have gone through a Deloitte employability programme of study and gained that qualification, are different to the normal individuals they employ... What we need is more employers to come and work with us to actually give the opportunity to these young people... to succeed at interviews and succeed with them in their careers.”

Ken Sargison, Director Education & Skills, Deloitte
Employability of marginalised/special need groups

Companies in the US and UK are supporting marginalised societies through their operations, in part by helping provide training and job opportunities for young people, ex-offenders, ex-drug users and others.

Mansell, a construction company, partnered with the London Borough of Lewisham and other stakeholders to create jobs in a local community that had a high incidence of poverty, unemployment and drug use. There were also a significant number of ex-offenders. The partners worked together to develop and implement a practical training programme to teach the key skills needed to gain employment within the construction industry.

Tomorrow’s People is an initiative, founded by Diageo, that addresses unemployment in depressed communities and amongst underprivileged individuals – ex-offenders, refugees, homeless and disabled people. Since becoming independent in 2005, Tomorrow’s People has been able to forge stronger links with other partners, raise additional funds and scale up its operations. Over the last 25 years, the programme has supported 400,000 people to get back into work with over three quarters remaining in the same job twelve months later.

Emerging headlines

There are five key points to draw on from the collaborative action case studies on employability:

1. The skills gap and talent shortage is not new. However, the financial crisis, with its associated job losses, has created a renewed sense of urgency in addressing the shortfalls.

2. The demands for a skilled talent pool, and hence investment, are constantly evolving as businesses continue to expand into new geographies and drive high tech innovation.

3. Geographically, there is equal need for training in developed and developing countries. What kind of training is needed and delivered differs depending on what the market has to offer and how it matches company needs.

4. Collaboration helps as different players are able to contribute diverse resources. For example:
   - Academic institutes provide access to university facilities, certification systems and students
   - Governments invest money, develop physical infrastructure and provide the right regulatory environment
   - Companies support curriculum development, help deliver the training and provide in-company experiential learning opportunities
   - NGOs and other intermediaries provide management support and community outreach

5. Vocational training is generally considered to be more closely aligned with core business activities than investment in basic skills in the community, which is more likely to be a philanthropic act. However, if a connection is made between basic skills training and recruitment, or if it is designed to lead to an increased uptake of products and services, then it can be considered core business.

Going forward, the need for skilling is likely to continue to grow as:

- Different industries come of age (such as low carbon industries)
- New skills are required to compete in the market
- Innovation drives business growth
- Jobs move to lower-cost centres
- Competition for skilled labour increases again
- Businesses consolidate operations
Entrepreneurship and enterprise development is defined here as investing in the creation of jobs and enterprise outside the business via supporting entrepreneurs and new businesses (principally SMEs). This is mainly through skills training, finance, demand creation, investing in infrastructure etc.

Corporate support for entrepreneurship and enterprise development appears to be a growing trend, especially in the developing world, and is often linked to corporate value chains. There are a number of benefits that companies gain from extending this support – particularly when companies develop innovative processes, products and business models. They include:

- Localising supply chains to meet supply needs more promptly, cheaply and reliably, and respond to any local government requirements.
- Securing supply and addressing price volatility through direct links with critical suppliers.
- Accessing new markets by developing products and services that target small businesses.
- Securing a licence to operate and creating a stable and safe working environment by spurring local economic growth.

The main ways in which companies support entrepreneurs and the development of new enterprises include:

a. Training entrepreneurs in business skills such as management and finance
b. Training in technical skills
c. Providing access to finance
d. Developing the market
e. Developing products and services that support small businesses

It must be noted that companies often provide support across a number of these elements, resulting in projects that include access to training, finance and markets.

Table 3: Case studies on collaborative corporate action on enterprise and entrepreneur development

<table>
<thead>
<tr>
<th>Company</th>
<th>Region / Country</th>
<th>Sector</th>
<th>Core Business</th>
<th>Community Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglo American Emerge</td>
<td>Chile</td>
<td>Mining</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Believe-Begin-Become (Standard Bank / TechnoServe)</td>
<td>South Africa</td>
<td>Finance</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Centro de Apoio Empresarial (BP/Chevron/Esso/Total/Sanongol)</td>
<td>Angola</td>
<td>Oil and gas</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Gambia is Good (Haygrove / Concern Universal)</td>
<td>Gambia</td>
<td>Tourism</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>GroFin / Shell Foundation</td>
<td>Africa</td>
<td>All</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Inclusive Market Alliance for Rural Entrepreneurs (WalMart/USAID/Mercy)</td>
<td>Guatemala</td>
<td>Food &amp; Beverage</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Kilimo Biashara (AGRA/Equity Bank/IFAD/Govt of Kenya)</td>
<td>Kenya</td>
<td>Food &amp; Beverage</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Sanjhi Unnati (SABMiller / Cargill / Moraka Foundation)</td>
<td>India</td>
<td>Food &amp; Beverage</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>SAP / PlaNet Finance</td>
<td>Ghana</td>
<td>Agriculture</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Unilever’s Novella Partnership</td>
<td>Africa</td>
<td>Food / Consumer</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Youth Business Russia</td>
<td>Russia</td>
<td>Finance</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

(View case studies at http://www.ibfl.org/what_we_do/Economic_Development.jsp)
“To lift one billion people from poverty, 250 million jobs are needed. You can ask yourself... where will those jobs come from? They won’t come from government... they won’t come from big industry... They will be engines of growth, but they won’t take up the millions required. They have to come through small enterprises.”

Percy Barnevik – Advisor, Hand in Hand International

A) Management training
Many entrepreneurs and SME owners are not trained in business management and often lack core skills such as business and financial planning, as well as project and people management. This can lead to business failure or the non-realisation of benefits and profits.

Anglo American in Chile has set up the Emerge programme based on the success of its Zimele programme in South Africa. Working with a local NGO, Fondo Esperanza, it provides entrepreneurial training and microcredit to small businesses. It also works with the School of Business at the Universidad Adolfo Ibanez to provide training, technical and capital assistance to medium-sized enterprises.

Standard Bank in South Africa is partnering with a US non-profit, TechnoServe, to run an entrepreneur training programme, ‘Believe Begin Become’, to teach South Africans managerial and technical skills to run a business. They focus on the agriculture, light manufacturing, tourism and construction sectors.

In a similar initiative in China, HP is working with Youth Business China and various other partners to set up 21 micro-enterprise development centres.

B) Technical skills
In addition to core business skills, there is a need to develop technical skills in order to increase productivity and effectiveness as well as to encourage and enable innovation as a key driver for competitive advantage. The specific skills differ by industry.

For example, food companies focus on teaching farmers new, innovative farming techniques and introducing technology to increase productivity and profitability. Given the importance of reliable, high quality raw materials for food companies, this has been a focus for the Food & Beverage companies for many years.

- Unilever is collaborating with a range of partners to develop an entirely new agricultural product – oil from Allanblackia seeds from trees grown in Africa.
- Allanblackia oil can substitute palm oil in some products making it a critical raw material for the future growth of the company given the concerns around the sustainability of palm oil production.
- Similarly, SABMiller is working with its supplier, Cargill, and a local NGO, Morarka Foundation, to ensure that there is a sufficient supply of good quality barley for its Indian operations.
- Nestle works in partnership with UNDP to support women who own livestock in milk districts in Pakistan to increase their productivity and secure its supply of milk – a key ingredient in Nestle’s products.

In Angola, in the context of government targets for the ‘Angolanisation’ of employees in companies, BP has partnered with a US NGO, CDC, and brought in other companies from the sector, including the state-owned Sonangol, to provide training to small enterprises to enable them to participate in the oil and gas industry.

C) Access to finance
Access to finance is one of the most common barriers to small businesses. Very often, entrepreneurs are unable to pool sufficient money to launch and then grow their businesses – especially if they have no track record or collateral.

This is not just true in the developing world. A recent survey from the London Chamber of Commerce and Industry suggests that London’s businesses are struggling to access credit from banks and are experiencing increased charges and conditions attached to their existing credit streams (more than half report increased overdraft charges).

Banks are critical players in addressing this. Many of them are developing innovative microcredit services, especially since the Grameen Bank in Bangladesh has proved the model to be profitable. Banks like ICICI in India are creating new financial services such as weather-indexed farmer insurance, which it sells through ITC Company’s ‘e-choupal’ initiative.
Such efforts are not limited to banks alone. Anglo American recognises that, to support business development and kick start economic growth in the communities around its mines in Chile, it needs to address the issue of access to finance. As a result, its Emerge programme partners with a local non-profit organization, Fondo Esperanza, to provide microcredit loans to small businesses. So far, the project has provided loans to 6,000 entrepreneurs living in areas near the mines.

One reason for the lack of finance is that small businesses cannot guarantee the loan or show collateral against it. This makes it riskier for banks to provide the loan. Many organizations are trying to find innovative ways to address this challenge. The Kilimo Biashara Partnership (between Equity Bank, The Alliance for a Green Revolution in Africa, International Fund for Agricultural Development, the Government of Kenya and Amiran Kenya) has created a low interest loan facility for small-holder farms and enterprises in the agricultural value chain in Kenya. A “loan guarantee” fund has been created to reduce the risk of lending by covering a portion of any loan defaulted, limiting potential losses for Equity Bank to a reasonable percentage.

In addition, there is recognition of the ‘missing middle’ – a lack of loan provision between the micro loans of up to $500 and the commercial loans of millions. GroFin is one company that is trying to address this gap by providing loans from $50,000 to $1 million as well as working directly with small businesses to provide business development training. GroFin is supported by a range of foundations and government aid agencies with the Shell Foundation being one of its strongest supporters.

A joint programme of IBLF and Youth Business International, Youth Business Russia facilitates the establishment of new enterprises by young people. By offering training and guaranteeing support from established business mentors, the programme is able to secure access to low-interest start-up loans, which would otherwise be unavailable. In less than two years, the programme has delivered 30 new businesses, more than 5 million roubles (UK£100,000) worth of loans and 136 new jobs.

D) Market development

Even if small businesses are able to obtain finance and gain the necessary skills, often they have limited access to potential buyers that provide stable long-term demand at sustainable prices.

Gambia is Good aims to address this problem. It is the result of a partnership between the non-profit arm of the horticulture company, Haygrove, and an NGO, Concern International. A new organisation in its own right, Gambia is Good is a fresh produce marketing company that coordinates the sale of produce from small-scale farmers into hotels, restaurants and supermarkets in The Gambia.

“The social business is a collaboration between Haygrove, which is an international leading horticultural business, Concern Universal, and more latterly Travel Foundation, which is an important tourism advocacy organisation... We’ve all come together and the key action on the ground is that 500 farmers who otherwise didn’t have a business opportunity, now have market access to over forty hotels in Banjul. That initiative has been going since 2004 and we’re in the current stages of seeing how we can scale that up to greater impact.”

Dr Ian Williams, Executive Director, Concern Universal

“The great thing about this project is that it goes beyond social responsibility. This is not a company doing something because it’s recognised the need of the community. Of course, that’s always very important. But, this has a sound commercial basis, in that you’re supplying a practical need on the ground for these hotels. This is completely sustainable, as long as there is tourism in Gambia, those tourists need feeding and these local farmers can create a business enterprise in growing high quality food to supply that need.

The really important thing that IBLF can bring, of course, is the opportunity to showcase this project and to inspire others to use this example as a means of, not just influencing the lives of the people on the coast of Gambia, but actually all across Africa.”

Richard Harvey, Volunteer Advocate of Concern Universal and Former CEO of Aviva
“When I first heard about YBR programme through friends, it sounded too good to be true. In Russia, there are no possibilities to receive a loan for a start-up, especially for someone like me, who has little experience or capital. I was also very nervous about setting up my own company. But when I applied, I received not only the funding, but also the help of YBR’s local adviser in putting together my business plan. And now that I am up and running, I have the support of a business mentor. I am extremely grateful to the IBLF and YBR teams for this opportunity. For me this has been an opportunity to achieve much more in life.”

Alexey Shelgunov, a young entrepreneur baker from Kaluga
YBR Presentation Event, Moscow, October 2009

Wal-Mart, the world’s largest retailer, is partnering with the USAID Global Development Alliance (GDA) and Mercy Corp as well as local NGOs to develop the Inclusive Market Alliance for Rural Entrepreneurs. The three-year partnership aims to align what small-scale farmers grow with the demands of potential customers – in this case Wal-Mart. The benefit for Wal-Mart Centroamerica is that it now has access to local, low-cost produce as well as specialty products that it was unable to source previously.

Market development can also work at the other end of the value chain i.e. in distribution chains. Unilever’s study of its economic impact in Indonesia, done in partnership with Oxfam, shows clearly that its greatest impact on job creation is through distribution and retail via approximately 1.8 million small stores and street vendors – accounting for more than half of the employment in the company’s value chain in Indonesia.

Similarly, Coca-Cola’s Manual Distribution Centre (MDC) model in Tanzania, which works with local small businesses, provides a more cost-effective and service-oriented distribution model giving individuals the opportunity to start their own businesses as well as growing sales for Coca-Cola. So far, 2,500 MDC businesses have been launched in Tanzania and Ethiopia, creating over 12,000 jobs. Coca-Cola is now setting up a Learning Laboratory project in Tanzania with partners AED (Academy for Educational Development) and the Bill & Melinda Gates Foundation to explore ways to increase the number of women owners in the MDC programme.

Many banks are developing services specific to this segment as seen in the case of ICICI’s weather indexed farmer insurance in India.

The mobile phone industry has been especially active in this space. Through its Wireless Reach programme, Qualcomm in China is partnering with PlaNet Finance and China Unicom to donate 2,000 handsets, pre-charged for two years, to microfinance borrowers. PlaNet Finance provides price and loan information through SMS messages, mobile access helps increase the efficiency of entrepreneurs’ small enterprises and provides access to markets, and entrepreneurs can stay abreast of relevant news such as impending weather changes for farmers

Emerging headlines
Looking across corporate examples of enterprise development, the highlights and key issues are:

1. Geographically, companies appear to be investing in enterprise development more in the developing than the developed world. This is probably due to the strong presence of the informal sector, the lack of government support and the need for developing robust value chains.

2. Compared to employability initiatives, there appears to be a clearer recognition of the direct business benefit of supporting enterprises and a focus on those enterprises that are more closely linked to the business.

3. Often enterprise development initiatives provide holistic support including a number of the elements identified, such as access to training, finance and markets.

4. The partnership approach is strong, with many partnerships taking on an identity and name of their own. There is also more engagement from international aid agencies, development NGOs and multilateral agencies.

5. As companies expand their operations globally through supply chains and markets, enterprise development will help sustain and grow business operations and mitigate the risk of social instability.

E) Developing products and services that support small businesses

The recent focus of initiatives, such as the Business Call to Action, on Base of the Pyramid (BoP) strategies has resulted in many companies developing goods and services that meet the needs of the poorer sections of society, mainly in the developing world. The BoP concept is now also being extended to look at the poor, not just as consumers, but also as producers and distributors – in turn creating and supporting small businesses.

As such, developing innovative solutions and specific products and services that help small businesses prosper is not only important to support the growth of small businesses and entrepreneurs, but it is also recognised as a critical new market segment for companies.
CHAPTER 6: Policy Engagement

Governments have overall responsibility for ensuring that education and training is available to those who need it, making them more employable and injecting investment into the small business sector to encourage entrepreneurs to start new businesses and create jobs.

The recent financial crisis has spurred governments into greater action to create new jobs and support traditional ones. Globally, $2.8 trillion has been promised in government fiscal packages in 2009 to boost economic activity and revive economies, with the US and China making the highest investments. Of this, it is estimated that 10% of the investment will go specifically towards creating jobs and employment.

The rest of this chapter explores what governments are doing to create jobs and increase employability, and how companies are engaging with governments to support these efforts. The main benefits that companies derive from this engagement are:

- Benefiting from direct government investment
- Gaining new markets and service contracts on government initiatives
- Complying with the law
- Building reputation and being seen as a trusted player
- Building on government investment and influencing specific partnership projects

The main elements of government action centre on:

a. Decreasing layoffs  
b. Creating jobs  
c. Localising the workforce  
d. Training  
e. Supporting the search for jobs  
f. Nurturing entrepreneurs and new enterprises

A) Decreasing layoffs

Some governments are trying to stop job losses at the very source through direct intervention, monetary support and long-term programmes. For example, the Russian government is very concerned about social unrest given the widespread protests across the country against factory closures and job losses and has set up a ‘crisis team’ to monitor joblessness.

The government is urging companies not to make job cuts and to ensure that workers are paid their wages. It is even providing monetary support to companies to protect jobs e.g. $800 million was given to auto company AvtoVAZ, in order for it to clear debts and prevent layoffs.

In such cases, companies are generally beneficiaries of government bailouts and funding. While the principle responsibility sits with government, the research suggests only a few examples where business and government have come together to discuss alternatives to large-scale redundancies.

As described in chapter 4, section A, some companies are trying to cut their costs without firing employees, through ‘creative downsizing’, for instance, by reducing the work week, bonuses and vacation time.

B) Creating jobs

In many situations, saving jobs is just not feasible or sustainable in the longer-term. A priority for many governments is to create new jobs and bring more people back into employment. The specific strategy is dependent on the type of jobs needed and the social context.

In developing countries, unskilled and migrant labourers are often the most vulnerable segment of the workforce. India and China are focusing on creating jobs for this segment through greater investment in public infrastructure projects. India has a National Rural Employment Guarantee Act (NREGA), which offers 100 days of work a year at minimum wage to any household that needs it. The South African government has promised to create 500,000 jobs by the end of 2009 under the Expanded Public Works Programme which focuses on public employment programmes such as home-based care, school cleaning and tree planting.

On the other end of the spectrum are hi-tech jobs. Many governments are investing in environmentally-friendly technologies and industries, especially around low carbon. Of the global fiscal package, about $430 billion is earmarked for environmental projects

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10 HSBC, A Climate for Recovery: The colour of stimulus goes green, 25 Feb 2009
termed as ‘green jobs’ – as well as developing skills for new environmentally-friendly industries. Two examples - Japan is aiming for 2.8 million people to be employed in environmental industries by 2020 and Korea hopes to create one million jobs over the next four years under its ‘Green New Deal’.

Youth unemployment is another key government focus area especially in developed countries. For example, the UK government has launched the Future Jobs Fund to create 150,000 jobs for 18-24 year-olds who have been out of work for a year between 2009 and 2011.

Company engagement in such programmes appears to be missing, other than as service providers for the government schemes.

C) Localising the workforce

Governments are also keen to grow enterprises and create jobs by encouraging companies to localise their workforces as well as develop local suppliers and business partners. This is especially true in sectors that traditionally do not create jobs on the ground, such as the extractives. As seen in the case of Angola, BP’s partnership with other oil and gas companies to develop local suppliers that can service the sector is in part a response to the government push for the ‘Angolanisation’ of the workforce. Similarly, the Brazilian government is working with companies on the PROMINP programme to increase the domestic content of equipment and services for the oil and gas sector.

Corporate engagement on this front is more visible and usually in response to government pressure.

D) Training

Recognising the need to train people in the skills that the market is looking for, governments are increasing their investment in vocational and basic training. Some instances:

- The US is investing $1.4 billion into retraining and other services for people who have lost their jobs during this crisis, under the American Recovery and Reinvestment Act 2009 and Workforce Investment Act. President Obama has also promised $12 billion over 10 years to support Community Colleges under an ‘American Graduation Initiative’ to train a new generation with new skills such as those needed for the green economy.
- In China, the government announced that a programme will be created to increase vocational training for migrant workers in 2009 and 2010, stating that vocational schools would enrol 8.6 million new students this year.
- South Africa has created a National Job Fund of Rand 2.4 billion aimed at a special ‘training lay off’ scheme to prevent the retrenchment of workers. Under this scheme, companies can temporarily lay off eligible employees for three months. During this time, employees will be paid a training allowance of 50% of their salary to enhance their skills in information technology, numeracy and literacy.

One of the few examples of how companies are engaging is from Microsoft. In September 2009, the company launched the ‘Britain Works’ campaign in partnership with the UK government, Jobcentre Plus, the CBI and the Work Foundation. The campaign aims to help 500,000 people find work by 2012 through a combination of the government’s new national apprenticeship scheme, targeted skills and employability training, and a new job-matching service. This initiative is in keeping with Microsoft’s investment in IT training in the US and in Europe more generally through its Unlimited Potential initiative.

E) Supporting the search for jobs

Helping people find jobs that exist is also critical. The UK government created the Flexible New Deal (FND) in October 2009 to assist unemployed people in their search for work. More than 200,000 people a year in the UK are expected to find work through FND. Under FND, after a year of unemployment, those claiming jobseeker’s allowance will be referred to private sector contractors, who will help them find jobs.

In keeping with this UK government initiative, Microsoft has launched MSEmploy, a new job matching and training service for those engaged in the IT industry to help match vacancies amongst Microsoft’s partner network of 32,000 companies with people seeking employment.
“It is disappointing to see that business and government are not working together in many concrete examples to actually design a structure of transparency, of governance, of ownership, which will create an environment where it’s easier to get a business started, where business can feel more confident.”

Richard Harvey,
Volunteer Advocate of Concern Universal and Former CEO of Aviva
F) Nurturing entrepreneurs and new enterprises
Supporting SMEs and entrepreneurs in an effort to create and support jobs has been a focus of many stimulus packages, particularly in the developing world. The majority of initiatives across the US, China, South Africa and India are focused on making it easier for small businesses to operate – through access to credit, reduced fees, tax cuts, lower regulatory burden as well as business counselling.

Even beyond the crisis, governments around the world are making pro-business reforms that make it easier to start businesses and make changes in how the business is run (according to the latest World Bank report, Doing Business 201011).

In East Africa, Business Action for Africa (a network of businesses supporting growth and poverty reduction in Africa) has created a partnership between the public and private sector, which is working hard to review and simplify customs procedures for the movement of goods and services between Kenya, Uganda and Tanzania.

Businesses in general benefit from supportive government regulation and a reduction in bureaucracy.

Emerging headlines
1. Current corporate engagement with government is based on:
   • Being beneficiaries of government investment
   • Receiving compensation
   • Being a service provider under a government scheme
   • Responding to government demands for localisation
   • Partnering with governments on specific projects

2. There is little evidence of companies working alongside government to shape the agenda and to support job creation or employability. Business associations are more likely to lobby for such change. For instance, CBI in the UK has developed a five-point plan for the government to tackle youth employment and increase funds for apprenticeship.

3. Companies, especially in the developed world, appear to wait for governments to take the first step in addressing issues of employability and enterprise development.

4. On the other hand, in the developing countries there seems to be less reliance on governments and a more action-oriented approach. This results in companies going-it-alone rather than working with the government. This can often undermine the government and increase the power of companies.
CHAPTER 7: Developing Collaborative Action

It is early days for corporate collaborative action on employability and enterprise development. There is an emerging recognition of the importance of the issues and there are some innovative and collaborative initiatives in the market that have been successful. More needs to be done.

Success factors and gaps
The case studies suggest that there are a few common factors related to the approach and implementation that contribute to the success of these initiatives. These are:

1. The project is based on a clear business need. This could be a shortage of skilled labour, a need for a new supply chain or a response to government pressure.
2. Sufficient time is built in. This allows the partnership to be formed, a robust approach developed and implemented, and next steps determined. Most initiatives are at least a three-year commitment.
3. Diverse stakeholders collaborate. The majority of the examples have multiple (more than two) partners from different stakeholder groups. This helps bring in the needed expertise and resources.
4. Local partners are sought. While many of the partners are global in their operations and outlook, the local partners contribute their local knowledge, networks and experience.
5. Performance data is collected. While there are few stated targets or defined metrics, the initiatives collect some data to show social impact.

However, closer examination reveals that there are some gaps as well, the bridging of which would enable greater impact. In particular:

1. Companies should look at using all spheres of influence to invest in the skills of its current workforce, develop a talent pool and support enterprise development.
2. Corporate engagement on public policy could change from just being beneficiaries or service providers to partners and change agents.
3. Performance metrics should be developed to measure inputs, outputs and outcomes, and ensure comparability.
4. Company benefit from investing in people and enterprises should be recognised and shared widely.
5. More consideration could be given to the engagement of women, minority groups and marginalised communities.

Bridging these gaps requires dialogue, sharing of learning, the development of a clear process and further experimentation.

Agenda for action
Recognising these gaps and learning from the success of the case studies, below is a suggested process for companies to consider as they develop their own initiatives. The critical questions at each stage should support clear decision-making.

Designing an initiative should start with companies analysing their own business challenges and opportunities, matching those with societal needs and focusing efforts on the overlap. Once there is a clear focus, the project can be designed. This includes seeking partners, defining performance indicators and measuring impact. Refer to appendix 3 for important questions, which will be relevant at each stage of the process.

Companies are good at Step 1 as they understand their own business best and are aware of the challenges, risks and opportunities they face. Given their strong ability to design, manage and deliver projects, Step 4 should also not be a particular challenge for companies.

It is somewhat harder for companies to understand the broader societal issues as suggested in Step 2 (unless these issues already pose a business challenge). Enlightened companies are engaging with, and listening to, their stakeholders – local employees, communities, civil society, governments etc. This is bringing them more in touch with current and future societal issues.
“How we bring the triangle of sustainability together, how we create that multiplier effect that we know is the most powerful multiplier effect... bringing together governments and bringing together civil society in order to create the multiplier and create economic growth. Bringing it together, of course is multidisciplinary, is multifaceted and it’s also very difficult to do and it’s very difficult to do at the level of scalability and that’s part of what we really want to talk about and talk about today.”

Neville Isdell, Former Chairman and Chief Executive, The Coca-Cola Company

However, the real challenge for companies lies in Steps 3 and 5, which focus on matching business and societal needs on one hand, and measuring the impacts of their performance on the other. These are critical steps to ensure that any initiative has clear societal and business aims and that these aims are well defined in performance indicators against which outputs and outcomes are measured and evaluated. These are areas in which companies can use help from organisations that bridge business and society, are experienced in brokering partnerships and can support the development and measurement of KPIs.

Areas for further work
This report is an initial exploration of current corporate collaborative action to further employability and enterprise development. While valuable guidance is available from the work companies have done to date, there are many gaps and unanswered questions. The individual case studies point to successful standalone projects and examples; but going forward we need systems change. We need to weave job and wealth creation programmes into the competitive strategies of companies and countries.

In addition, it should be noted that this report has focused on the post-school education and training system and has not yet considered the role of quality early childhood, primary and secondary education systems to equip young people with the basics they need to thrive in the workplace. This is an area in which business finds it more difficult to make a material impact, other than through small-scale employee engagement programmes.

Some questions that would benefit from further analysis and research are:

- How can projects be designed to address the gender divide and focus on women? On minorities?
- What does the localisation trend mean for companies and how do they respond?
- What comparable metrics can be developed to measure societal change as well as business value?
- How do companies sustain investment in projects that have long pay-back periods, indirect benefits and high upfront costs?
- How can government and business develop ‘creative downsizing’ programmes so as to reduce the negative multiplier effect of lay-offs?
- What new forms of ‘hybrid’ finance can be made available to reduce risk for lenders and provide opportunities to entrepreneurs?
- How can partnerships be best designed to deliver value?

The key overriding question going forward is:

- Should we focus on replication or on scaling up existing programmes? Many claim that achieving scale through copycat replication leads to further fragmentation of outcomes and multiplication of effort. Is there an opportunity to reach scale by pooling resources amongst (often competing) businesses NGOs and governments?

These questions form the basis of IBLF’s next phase of research, which seeks to convene regional workshops across the world. The aim is to continue to learn from the community of practitioners, build on the knowledge gained to date and share practical solutions going forward. In particular, IBLF will be focusing on developing a greater understanding of how to scale up, in order to achieve greater impact and reach more beneficiaries.

The twenty two case studies reviewed in this research have reached over 600,000 individuals through training, job creation and / or business start-ups. Doubling the efforts – both individual and collaborative - is likely to result in far more than double the outcomes.

Following on from this, IBLF will embark on a programme of collaborative practical action and is actively seeking partners to assist in the evolution of ideas and in-country delivery. Initial proposals under consideration include enterprise centres, ‘train-the-trainer’ financial inclusion programmes and small-holder farming links to large FMCG and retail companies. Through our regional workshops, we expect many more ideas to develop.
APPENDIX 1: Case Studies

All case studies are available at http://www.iblf.org/what_we_do/Economic_Development.jsp

### Employability focus

<table>
<thead>
<tr>
<th>Company</th>
<th>Region / Country</th>
<th>Sector</th>
<th>Core Business</th>
<th>Community Investment</th>
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<td>Deloitte’s Employability Initiative</td>
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<td>Diageo - Tomorrow’s People</td>
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<td>European Alliance on Skills for Employability</td>
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<td>IHG Academy</td>
<td>China</td>
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<td>Microsoft Elevate America</td>
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<td>PROMINP</td>
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### Enterprise focus

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<td>Gambia is Good (Haygrove / Concern Universal)</td>
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<td>Tourism</td>
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<td>GroFin / Shell Foundation</td>
<td>Africa</td>
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<td>Sanjhi Unnati (SABMiller / Cargill / Moraka Foundation)</td>
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<td>SAP / PlaNet Finance</td>
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<td>Unilever’s Novella Partnership</td>
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<td>Youth Business Russia</td>
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APPENDIX 2: Relevant Organisations

Many organisations focus on employability and enterprise development, playing an intermediary role. Some of these are:

- **Business Action for Africa** (Africa) is an international network of businesses and business organisations from Africa and elsewhere, focused on supporting growth and poverty reduction in Africa. www.businessactionforafrica.org

- **Business Call to Action** (International) aims to accelerate progress towards the Millennium Development Goals by encouraging companies to adapt their business models and core business expertise to help improve the lives of people through innovation, investment and creation of decent jobs while realising business success. www.bcta-initiative.org

- **Business in the Community** (UK) is a corporate membership organisation with a current campaign focus on tackling climate change and developing the talent and skills of the existing and future workforce. www.bitc.org

- **Business Links** (UK) is a free business advice and support service, available online and through local advisers. www.BusinessLink.gov.uk

- **Business Trust** (South Africa) combines the resources of business and government to create jobs, build capacity and combat poverty. www.btrust.org.za

- **Indonesia Business Links** (Indonesia) aims to contribute towards the creation of sound and ethical business practices in the country. Its programmes include the youth entrepreneur development (YES) programme. www.ibl.or.id

- **International Youth Foundation** (International) helps young people obtain a quality education, gain employability skills, make healthy choices, and improve their communities. www.iyfnet.org

- **National Business Initiative** (South Africa) works with companies to further sustainable development in South Africa. Its runs programmes focused on education, skills acquisition, small business linkages and supplier diversity. www.nbi.org.za

- **PRIME** (UK) helps over-50s in the UK start their own business through advice, support and training. www.primeinitiative.co.uk

- **Prince’s Trust** (UK) provides practical and financial support to youth in the UK to develop key skills, confidence and motivation, enabling young people to move into work, education or training, or start their own business. www.princes-trust.org.uk

- **New Ventures** (Brazil, China, Colombia, India, Indonesia and Mexico) promotes sustainable growth in emerging markets by accelerating the transfer of capital to businesses that deliver social and environmental benefits at the base of the economic pyramid. www.new-ventures.org

- **Youth Business International** (International) champions youth enterprise by growing a global network which provides young people with the opportunity to start their own business through access to credit, volunteer business mentors and business start-up support. www.youthbusiness.org

- **Youth Careers Initiative** (International) is an education programme that mobilises the human, financial and technical resources of the hotel industry to provide young people with life and vocational skills. www.youthcareerinitiative.org
APPENDIX 3: Agenda for Action

1. Understand business needs
2. Understand societal needs
3. Match business and societal needs
4. Define project, seek partners
5. Measure, evaluate, re-design

**1) Understand business risks and opportunities**
- Are there concerns around employee productivity?
- Are employee motivation, attraction and retention a challenge?
- Is there a sufficient talent pool to hire from?
- Are there high community expectations that the company will provide jobs?
- Is there government pressure to support education and/or create jobs?
- Is there a need to localise your employee and supply base?
- Is there potential to grow sales by extending brand reach through distribution?
- Are there a concern around security of supply?
- Is there potential to develop products and services for small businesses?

**2) Understand societal needs**
- Are your employees unable to find jobs when laid off?
- Does the local community need jobs and income?
- Is there a lack of education and skills?
- Are small businesses failing due to lack of finance, technology or support?
- Is there social tension in the background, which threatens the operating / marketing environment?

**3) Match business and societal needs**
- Is the lack of training contributing to a lack of talent for the company?
- Is lack of jobs creating social unrest and impacting the company’s operations?
- Can the needs of the entrepreneur be met through company products?
- Can developing local entrepreneurs contribute to a more stable supply or distribution chain?

**4) Define project and seek partners**
- What outcome is being sought?
- What is the scope of the project? Is it core business, community investment or public policy?
- Who from the company needs to be involved?
- Which organisations have the necessary competencies and resources?
- What needs to be done and which partner will do what?

**5) Measure, evaluate and re-design**
- Which social and business performance indicators will be measured? How?
- How and when will the project be reviewed? By whom?
- How did the initiative perform against indicators and expectations?
- Can it be extended so as to grow the resource base and / or increase the impact?
The International Business Leaders Forum (IBLF) is an independent, business-led, not-for-profit organisation working with business leaders and their companies to develop and manage sustainability programmes world-wide.

It was founded in 1990 by HRH The Prince of Wales and an influential group of business leaders to “put people at the heart of sustainable business” by increasing understanding of how business can contribute to development through its programmes.

Since then, IBLF has built a reputation for

- convening business and development leaders on critical issues affecting business and communities;
- helping leading companies identify and respond to social and economic challenges of doing business in developing and transitioning countries;
- delivering programmes for collaborative action world-wide and providing strategic support for sustainable development.

With an annual funding of around US$7 Million, IBLF is currently working with

- over 100 leading global and national companies with acknowledged reputation for corporate responsibility and community relations; and
- a global network of public sector and non-profit organisations interested in collaborating with business on development.

IBLF has worked with business, governments, and civil society in over 90 countries – in developing countries and emerging markets, as well as the major financial hubs where companies are headquartered.

An additional asset to this work is IBLF’s long-term relationships with regional affiliates and networks across the world in key markets such as Latin America, Asia Pacific, Eastern Europe, Russia and Commonwealth of Independent States.

IBLF is registered in the UK as an educational charity and in the U.S. as a 501(c) 3 and company limited by guarantee.

Headquartered in London, IBLF has offices in New York, serving the US, Canada and Latin America; Hong Kong, serving Asia Pacific, and Moscow, serving Russia.

IBLF is governed by a Board of Trustees, drawn from leading CEOs in Europe, America, Asia and the Middle East. It has International Advisory Councils in Asia, Russia and the Americas that draw together business leaders in different parts of the world. IBLF also has an International Advisory Board and includes leaders and former leaders of international business and multinational organisations.
The GE Foundation, the philanthropic organization of the General Electric Company, works to solve some of the world’s most difficult problems. In coordination with its partners, it supports U.S. and international education, the environment, public policy, human rights and disaster relief. In addition, the GE Foundation supports GE employee and retiree giving and involvement in GE communities around the world. In 2008, the entire GE family — including businesses, employees, retirees and GE Foundation — contributed more than an estimated $237 million to community and educational programs, including nearly $100 million from GE Foundation. For more information, visit www.gefoundation.com.

For more information on IBLF’s Enterprise & Employability Programme, please contact: benjy.meyer@iblf.org   T: +44 (0)207 467 3655
For additional case studies, please visit: http://www.iblf.org/what_we_do/Economic_Development.jsp