IOE

A powerful
and balanced
voice for business

International
Labour
Organization

1919·2019

CHANGING BUSINESS

and Opportunities for Employer and Business Organizations

Copyright © International Labour Organization and International Organisation of Employers 2019

First published 2019

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Licensing), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: rights@ilo.org. The International Labour Office and the International Organisation of Employers welcome such applications.
Libraries, institutions and other users registered with a reproduction rights organization may make copies in accordance with the licences issued to them for this purpose. Visit www.ifrro.org to find the reproduction rights organization in your country.

Changing business and opportunities for employers' and business organizations,
International Labour Office and International Organisation of Employers – Geneva: ILO and IOE, 2019

ISBN 978-92-2-133159-9 (print)
ISBN 978-92-2-133144-5 (web PDF)

The designations employed in this publication do not imply the expression of any opinion whatsoever on the part of the International Labour Office or the International Organisation of Employers concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.
The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office or the International Organisation of Employers of the opinions expressed in them.
Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office of the International Organisation of Employers, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Information on ILO publications and digital products can be found at: www.ilo.org/publns.

PREFACE

While the future of work and business may seem like an abstract concept, the exponential pace of change today is making such questions impossible to ignore.

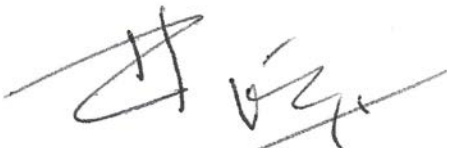
Technological innovation, underpinned by the ongoing integration of global economies, has brought unprecedented transformation to jobs, businesses and markets. Demographic changes, and the impact of climate change and the need for greater sustainability, are increasingly influential, too. The skills needed in this new scenario are often in short supply where they are most needed. The question of how to face the future and seize the opportunities it offers is preoccupying individuals, companies, institutions, governments and entire societies.

This report explores five major trends affecting business and the workplace, and their implications for companies in terms of their strategies, business models, operations and workforce requirements. We present our analysis, supported by the views of C-suite executives from 500 companies around the world, to provide a resource primarily for Employer and Business Membership Organizations (EBMOs)–but also for businesses, policy-makers and other stakeholders–seeking to understand the challenges facing companies in light of these global trends.

Our main goal is to help EBMOs identify strategic opportunities emerging from these changes, and prioritise action to shape the ongoing transformations by adjusting and innovating. The Bureau for Employers' Activities of the International Labour Office (ACT/EMP) and the International Organisation of Employers (IOE) have joined their efforts to compile these findings and recommendations based on rigorous global research, in the first report of its kind to consider the future of EBMOs in a rapidly changing world.

Business needs to maintain confidence in the possibilities available by associating under the umbrella of EBMOs that offer the right mix of representation and services. As the ILO celebrates its centenary this year, and the IOE prepares to mark its own in 2020, we hope that this report can stimulate strategic discussions among EBMOs about their future role, and how they can best adapt and innovate to serve their members and society.

Deborah France-Massin
Director
Bureau for Employers' Activities
International Labour Office



Roberto Suárez Santos
Secretary-General
International Organisation of Employers

ACKNOWLEDGEMENTS

This paper owes credit and thanks to all those who participated in the survey and stakeholder interviews.

Thank you to Deborah France-Massin, Director of the ILO Bureau for Employers' Activities (ACT/EMP) and to Roberto Suárez Santos, Secretary General of the International Organisation of Employers (IOE) for their strategic direction, support and guidance throughout the research process.

The research team consisted of Tugschimeg Sanchir, Senior Adviser ILO ACT/EMP; Alessandra Assenza, Senior Adviser IOE; and Akustina Morni, Adviser IOE, who managed the research project and provided ongoing technical and content support.

Special thanks to Oxford Economics for their work in developing, conducting and analysing the executive survey.

Thanks are due to all ILO ACT/EMP colleagues who provided valuable support throughout the research process. Thanks go to Rafael Gijon, Adam Green, Jae-Hee Chang, Gary Rynhart, Jose Luis Viveros Añorve, Magdalena Bober, Ravi Peiris, Paolo Salvai and Eric Oechslin for their input, comments and reviews. Thanks to Natascha Begue and Pierre Moulet for their administrative support. Thanks also to Sandro Pettineo from ITC/ILO for his input.

The consultant, Claudia Pompa drafted the report. In preparation for the global report, Ms Pompa wrote a series of background reports on the trends affecting the future of business and work, conducted stakeholder interviews and outlined case studies. Ms Pompa integrated the findings of the survey in the global report and incorporated comments from those consulted. Thanks to Travis Burke, Julia Midland and Kelly Mevia-Teevan who provided valuable input to the background reports and case studies.

Special thanks also go to Miguel Benavides de la Vega who was responsible for developing the menu of recommended actions.

The research team also wish to thank Dr Bernd Brandl (Durham University), Phil O'Reilly (Business at OECD), Arnout De Koster (Dutch Employers Cooperation Programme), Tanya Cohen (Business Unity South Africa), Stephen Yee (Singapore National Employers Federation), Veronica Melian (Deloitte) and Michael Sauerzapf (Shell) for their helpful review of a draft version of this report.

Inputs from stakeholder interviews were instrumental in drafting the case studies. Thank you to Felipe Puig, Khalifa Khamis Mattar, Henrik Munthe, Jacqueline Mugo, Mary Nyaga, Sino Moabalobelo, Carolina Valente, Fatima Durango, Guilherme Goncalves, Julian Caligiuri, Sabina Dross and Kanishka Weerasinghe.

Thank you to Maria Angeles Palmi Reig (ILO ACT/EMP), Robert Marinkovic (IOE) and Jean Milligan (IOE) for their contribution to the production and communication of the report.

Thank you to Laurence Blair for copy editing the report and to PEAK Sourcing for the design and layout.

ABOUT ACT/EMP:

The Bureau for Employers' Activities (ACT/EMP) is the specialised unit within the International Labour Office that maintains direct and close relationships with employers' and business organizations. Employers' organizations advance the collective interests of employers at country and regional levels. ACT/EMP assists employers' and business organizations to strengthen their governance, services and advocacy capacity in service of their members' needs.

ABOUT THE IOE:

The International Organisation of Employers is the largest private-sector network in the world, with more than 150 employer and business membership organization members and representing more than 50 million companies. For almost 100 years, in the social and employment policy debate taking place in the ILO – to which the IOE is the sole representative of business – and across the UN, G20 and other emerging forums, the IOE has been recognised for its unique expertise, advocacy and influence as a powerful and balanced voice for business at the international level.

TABLE OF CONTENTS

Preface iii

Acknowledgements v

Table of Contents vii

List of Tables, Boxes and Figures viii

List of Acronyms xi

Executive Summary xiii

Introduction 1

1. Methodology 3

2. Technological innovation has the strongest impact on business 7

2.1 The issue 8
2.2 Implications for businesses 9
2.3 Automation: changing the face of businesses 13
2.4 Opportunities and challenges for EBMOs 19

3. Evolving global economic integration brings new opportunities and challenges 23

3.1 The issue 24
3.2 Implications for businesses 24
3.3 Opportunities and challenges for EBMOs 28

4. Demographics and generational changes are altering the composition of the workforce 31

4.1 The issue 32
4.2 Implications for businesses 34
4.3 Opportunities and challenges for EBMOs 38

5. Sustainability at the core 43

5.1 The issue 44
5.2 Implications for businesses 45
5.3 Opportunities and challenges for EBMOs 49

6. Skills are the currency of the modern workplace 51

6.1 The issue 52
6.2 Implications for businesses 53
6.3 Opportunities and challenges for EBMOs 58

7. The shifting roles of EBMOs 61

8. Conclusions 69

Menu of recommended actions 72

Appendix I 81

Fast Growers 82
Adapters 88

LIST
TABLES, BOXES AND FIGURES

Table 1.1 Survey sample by region. 5

Figure 1.1 Survey sample by employee number and industry sector 5

Figure 2.1 From the following list of business consequences of technological innovation, please assess the impact each has on your business. 9

Box 2.1 The changing nature of work 11

Figure 2.2 From the following list of business consequences of technological innovation, please assess the impact each has on your business. 14

Table 2.1 Countries where the potential for automation is the highest 14

Box 2.2 Beyond automation. 16

Figure 2.3 Please rate how effective the following external initiatives could be in improving the business environment 17

Box 2.3 Technological innovation in agriculture 18

Box 2.4 The challenge of the informal economy. 19

Box 2.5 Case Study – Progretec 21

Figure 3.1 From the following list of business consequences resulting from global economic integration, please assess the impact each has on your business. 25

Box 3.1 The case for integration over populism and protectionism 27

Box 3.2 Case study – BUSA's policy work 29

Box 4.1 Africa's booming population 33

Figure 4.1 From the following list of business consequences resulting from demographic and generational changes, please assess the impact each has on your business 35

Figure 4.2 Proportion of population aged 60+ in 2015 and 2050 36

Box 4.2 Millennials: the key influencers of the workplace 37

Box 4.3 Case Study – How to foster youth membership 39

Box 4.4 Case Study female future 40

Figure 5.1 From the following list of business consequences relating to sustainability, please assess the impact each has on your business. 45

Box 5.1 Promoting Responsible Business Conduct among companies. 47

Box 5.2 Business and the Sustainable Development Goals (SDGs) 48

Box 5.3 Promoting the role of business in the SDGs 50

Box 5.4 Case study – Smart Dubai 50

Figure 6.1 Please indicate whether your business looking for quite different skills in new recruits than three years ago. 53

Figure 6.2 Please rate how effective the following external initiatives could be in helping your business source employees with the skills you need. 55

Figure 6.3 Please rate how effective the following external initiatives could be in helping your business source employees with the skills you need. 56

Box 6.1 Case study – SAPPHIRE 57

Box 6.2 Case study – "Training & Qualification for Industry 4.0 – Managing change successfully" 59

Figure 7.1 Trade union density in OECD 62

Figure 7.2 Employer organization density in OECD (% of firms) 62

Figure 7.3 Are you currently a member of an employer or business membership organization? 63

Figure 7.4 Would you join an employer or business membership organization if it played a more active role helping business respond to the challenges of global trends? 63

Figure 7.5 How important are the following groups in supporting your company's efforts to respond to business trends? 65

Figure 7.6 Please rate how strongly you agree or disagree with the following statements about the support other organizations could provide your company in responding to the global trends. 66

Figure A.1 In which country are you located? 83

Figure A.2 Sample per industry and employee number 84

Figure A.3 From the following list of business consequences of technological innovation, please assess the impact each has on your business 85

Figure A.4 From the following list of business consequences resulting from global economic integration, please assess the impact each has on your business. 86

Figure A.5 From the following list of business consequences resulting from demographic and generational changes, please assess the impact each has on your business. 87

Figure A.6 In which country are you located? 88

Figure A.7 Sample by industry sector and employee number 89

Table A.1 New markets and business models 90

Table A.2 Operating model, organization and ways of working 90

Table A.3 Optimize human capital 90

LIST
OF ACRONYMS

ACT/EMP	Bureau for Employers' Activities of the International Labour Organization
AI	Artificial Intelligence
ASEAN	Association of Southeast Asian Nations
BUSA	Business Unity South Africa
BRICS	Brazil, Russia, India, China and South Africa
CATI	Computer Assisted Telephonic Interview
CNCS	Cámara Nacional de Comercio y Servicios del Uruguay
CNI	Confederação Nacional da Indústria
CONAJE	Confederação Nacional de Jovens Empresários
COPARMEX	Confederación Patronal de la República Mexicana
EBMOS	Employer and Business Membership Organizations
EFC	Employers' Federation of Ceylon
EO	Employer Organization
FDI	Foreign Direct Investment
FIJE	Federación Iberoamericana de Jóvenes Empresarios
FKE	Federation of Kenyan Employers
FoW	Future of Work
GSMA	Global System for Mobile Communications
HR	Human Resources
ICT	Information Communication Technology
ILO	International Labour Organisation
IMF	International Monetary Fund
INEFOP	National Institute of Employment and Vocational Training
IOE	International Organisation of Employers
IoT	Internet of Things
IR	Industrial Relations
ITCILO	International Training Centre of the International Labour Organization
LAC	Latin America and the Caribbean
M+E	Metal and Electrical
MNE	Multinational Enterprise
NEDLAC	National Economic Development and Labour Council
NHO	Confederation of Norwegian Enterprise
OECD	Organization for Economic Co-operation and Development
VET	Vocational Educational Training
RBC	Responsible Business Conduct
SAPPHIRE	SNEF Agency for Productivity Practices, Human Resource and Industrial Relations
SDGs	Sustainable Development Goals
SME	Small Medium Enterprise
SNEF	Singapore National Employers Federation
SSA	Sub-Saharan Africa
UAE	United Arab Emirates
WSG	Workforce Singapore
WTP	Workplace Transformation Programme

EXECUTIVE SUMMARY

Five global trends are shaping the way businesses across the world operate. Technological innovation, global economic integration, demographic and generational shifts, climate change and sustainability, and a global shortage of skilled labour are impacting businesses regardless of size, sector and location, with major implications for the Employer and Business Membership Organisations (EBMOs) that serve and represent them. As the pace of this change accelerates, policymakers, businesses and EBMOs need to innovate, adjust and become more flexible in order to harness opportunities and remain relevant in the rapidly changing business environment.

The ILO Bureau for Employers' Activities (ACT/EMP) and the International Organisation of Employers (IOE) jointly conducted research into these trends, their impact on business, and the ramifications for EBMOs. The study drew on a multi-language literature review, a quantitative survey of 500 business executives, a series of best-practice case studies, and semi-structured interviews with senior EBMO representatives, academics, and ILO/ACTEMP specialists.

The impacts of these five global trends highlight the need for businesses and policymakers to not only keep up with developments, but also to anticipate future issues, trends and scenarios.

Technological innovation – including automation and digitisation – is transforming how and where businesses operate, their workforces and skills requirements. *56 per cent of respondents named technological innovation as the global trend having the greatest overall impact on business. Technology is facilitating access to new markets, fostering opportunities for new digital business models, accelerating the development of new products and services, enabling new ways of working (such as virtual international teams and remote working), and expanding digital networks of suppliers and business partners. 76 per cent of businesses participating in our survey recognised that technological innovation is granting them access to new markets. In North America, 72 per cent of survey participants reported that technological innovation has had a large impact in creating opportunities for new digital business models.*

Despite recent setbacks, the world economy has become truly global with a rapidly changing profile. *Emerging economies–once on the periphery of global value chains, mainly as suppliers of low-cost goods, unprocessed natural resources or simple services–are becoming hubs for capital, innovation and talent. Global economic integration is increasing the harmonisation of corporate global governance, tax/regulatory and business environments, with a large impact on companies. 40 per cent of businesses reported that this increasing harmonisation has had a large impact on their companies. At the same time, businesses are increasingly exposed to the global economy, and political uncertainty is a major factor influencing business decisions. 37 per cent of executives mentioned increasing exposure to global economic and political uncertainty as a major trend.*

Shifting demographics are changing the workplace. *A multi-generational workforce of baby boomers, generation X and millennials encompasses diverse professional expectations. A diversified and inclusive population is also increasingly represented in the workforce, but perhaps the most significant change is the inclusion of women, who are entering employment at historic, record levels. Businesses are concerned about managing a multi-generational workforce. In some regions such as the OECD and ASEAN economies the shifting demographic dynamics and declining working-age population are expected to reshape the long-standing fundamentals of work, retirement and savings. In other parts of the world such as Sub-Saharan Africa and Latin America the conversation is focused on how to take advantage of the youth dividend and its potential economic gains while managing pressures on labour markets and society.*

Companies are increasingly pressured to become sustainable by considering the triple bottom line: financial sustainability alongside social and environmental impact. *Environmental risks are increasing the vulnerability of businesses and people worldwide. Yet increased exposure to environmental risks comes alongside innovation in more sustainable materials and energy sources. Pressure for more sustainable working environments, corporate values and responsible business conduct is coming from workers, consumers and government policy, providing opportunities and premiums for quick-to-adapt companies.*

The challenge of locating, hiring, and retaining skilled workers is felt across borders, sectors and pay grades. *Shifts in knowledge, education and training often mean that the most suitably skilled employees are not found where jobs are located. A lack of relevant skills for the world of work is already creating problems even at entry-level positions. Executives across regions express concern that it is becoming harder to recruit people with the skills needed. 40 per cent of employers noted lack of skills as the main reason for entry-level vacancy, and 60 per cent stated that new graduates were not adequately prepared for current work. The majority of executives believe matching the curriculum to the economy's needs would provide the skilled employees they need. Moreover, they want to see business playing an active role in shaping educational systems to boost skills.*

The ongoing impact of these trends requires anticipation and adaptation by businesses, governments and EBMOs. EBMOs should be prepared to adapt their structure and operate in unfamiliar scenarios and with new, unrepresented or uncoordinated sectors and industries, where relevant data and research is still in its early stages. They need to respond more quickly to changing business needs in the face of global integration, a more mobile workforce and rapid technological change. EBMOs can help reflect and coordinate diverse opinions from emerging-market and developed-economy firms on pressing global issues like migration, trade, and technological governance.

The five global trends offer an unprecedented opportunity for EBMOs to reinvigorate the collective power of business and shape the future. Companies are looking to EBMOs to engage with policymakers to shape the regulatory environment for future-ready economies and societies, find innovative solutions to emerging issues affecting the workplace and harness the productive potential of change to the benefit of all.

EBMOs can provide guidance to members in navigating emerging norms and regulations concerning innovation, sustainability, demographic changes (e.g., restructured pension schemes), and global economic governance. *Due to their nature, EBMOs are well placed to work with different types and sizes of companies, offering small and medium enterprises (SMEs) a seat at the table and helping them integrate into the global economy while connecting multinationals (MNEs) to local business partners and to the government. Moreover, they can align business interests on good governance, stable macroeconomic policies, a conducive environment for companies to flourish, sound fiscal policies and investment in education and infrastructure to build the skills and capacities of tomorrow.*

69 per cent of business in our survey recognised that increasing environmental and disaster risks have considerable impact on their operations and reputation. *Worries over water, pollution and disaster risk-management are part of the new normal. Meanwhile, 51 per cent of businesses said that policymakers are increasingly demanding compliance with environmental targets, while 40 per cent and 45 per cent of firms from high-income and upper-middle-income countries respectively reported that their workforce is demanding more sustainable working environments and corporate values. EBMOs can help coordinate sector and industry-wide responses to these pressures, drafting policies that help rather than hinder companies in taking advantage of the opportunities offered by greater sustainability.*

The challenges posed by changing demographics offer a key opportunity for EBMOs to show leadership and innovation. *62 per cent of companies in Europe and 58 per cent in Asia report that a declining working-age population will have a large impact on their business. 39 per cent of businesses in Africa indicated the youth bulge would have a considerable impact for them, rising to 45 per cent of businesses in LAC. Redesigning work to allow elderly workers to continue to add expertise while earning should be a focus of both EBMOs and businesses. EBMOs will also need to contribute to adapting retirement schemes to reality, with potential solutions including mobile pension plans for individual workers or sector-wide schemes overseen by EBMOs themselves.*

78 per cent of executives indicate that updating the school and education curriculum to match the economy's needs would provide them with the skilled employees they need. *This sentiment is particularly strong in emerging markets, rising to 79 per cent of respondents in Latin America and 86 per cent of African businesses. SMEs are the most active in supporting changes in the skills agenda, with 84 per cent of small businesses supporting updating education systems to meet skill needs. EBMOs can give smaller firms a voice in these discussions and help ensure that the next generation of workers are equipped with the skills needed by firms of all sizes.*

The five global trends present a mix of challenges and opportunities that cannot be addressed by businesses alone. Companies need to develop collective solutions via EBMOs to underwrite the viability and competitiveness of individual businesses. Businesses are seeking improvements in workforce skills, infrastructure, and the business environment. They are keen to play a more active role in this process and work with external partners to do so, including the public sector, private sector, and EBMOs.

EBMOs can help build more collaborative economies in which governments and firms come together to tackle some of the major challenges ahead, and reap the benefits of doing so. *Of those businesses who are not currently members, 70% of executives would consider joining EBMOs if they supported businesses better in facing these global trends. In order to do so, EBMOs will need to develop nuanced and targeted policy proposals and member-support strategies and services, building alliances with other organisations.*

EBMOs can help coordinate and advise on business efforts to improve the skills base of their workforce through revised training programs. *Efforts to increase the skills of current and potential employees have been part of business plans for years, but likely need revisiting in terms of scale and consistency for workers at all skill levels. 70 per cent of respondents recognise the positive effect of providing training and development to support lifelong learning and career transitioning.*

Shaping markets ready for the future will also require proactive engagement by EBMOs with different stakeholders. *Communication and collaborative solutions are needed to promote trust and cooperation between business and society. EBMOs can also bring together policymakers, business leaders, and academics in capturing future business needs and crafting potential responses, while ensuring investments are both timely and relevant in key growth sectors. Business appetite to take part is clear: 67 per cent of executives report that business lacks sufficient input in economic and business policies, and 51 per cent indicate they would participate in a forum to help communicate business ideas to policymakers.*

The accelerating pace of change requires EBMOs to adopt a long-term vision based on strategic foresight; *strengthen representativeness to reflect the current business landscape; provide the leadership required to anticipate the future of work and business; innovate to provide solutions and knowledge to member companies. Harnessing these long-term changes requires sustained planning, but the benefits should not be underestimated.*

Overall, the challenges created by these global trends for companies of all sectors, sizes and geographies offer an unprecedented opportunity for EBMOs to breathe new life into the idea of business collective action, becoming a proactive force in building the work environment of tomorrow. Our findings show that businesses are looking to EBMOs to help provide the right mix of policy and services. EBMOs in turn need to further adapt and innovate to help shape the future for people, businesses and society as a whole.

INTRODUCTION

Automation and technological changes are poised to transform the business world and the workplace, bringing opportunities in their wake. New economic hubs are connecting emerging markets with developed economies, creating a truly globalised economy. As the population ages in industrialised economies and the youth workforce bulges in emerging markets, pockets of untapped potential are emerging in both. The challenges of climate change, migration, and labour mobility present possibilities and incentives that quick-to-adapt businesses are already exploring.

The role businesses will play in these coming changes is a key element of the debate around the future of work. Throughout the history of economic development, markets and jobs have always been in flux, unleashing opportunities and challenges for governments, businesses and workers.[1] Key labour market actors are now similarly compelled to harness the latest changes, using all the approaches, traditional and innovative, at their disposal. While much of the spotlight is on governments, employer and business organizations will play a critical role in helping markets and workplaces to become more resilient.

Employers and business organizations are particularly well placed to help companies and policy-makers to shape the future by addressing challenges and harnessing opportunities. Employer's organizations were originally established to represent the collective labour market interests of companies, especially setting rules and standards so that companies can compete on fair terms. While the division of labour between employers' organizations and chambers of commerce or industry associations still exists in part, the latter part of the twentieth century saw mergers of such organizations, particularly in developed economies, resulting in a unified voice for business.[2] Such division of labour has proved highly beneficial for business for almost a century, especially at the peak of trade union activity. Globalisation compelled first employers and then business membership organizations to cross national and functional boundaries, forcing them out of narrow bargaining roles to address wider market inefficiencies and related social and economic policy issues. To reflect these widening roles, we will use the term Employer and Business Organizations (EBMOs).

Now, the pace of change in the global economy and the ever-diversifying needs of business are increasingly testing the role of EBMOs. There are strong calls for EBMOs to take the lead in shaping these changes. But they must adapt and innovate if they are to remain relevant and effective in responding to changing business needs, emerging product and labour market trends, and evolving policy and organizational realities.[3] For this reason the role of EBMOs will continue to go beyond issues strictly related to the labour market, dealing instead with the wider panorama facing their members.

Against this backdrop, the ILO Bureau for Employers' Activities (ACT/EMP) and the International Organisation of Employers (IOE) have

---

1 Schumpeter, J. (2008) Capitalism, Socialism, and Democracy. New York: Harper Perennial Modern Classics.
2 Ronit, K. and Schneider, V. (2011) Employer and Business Associations: Past Traditions, Current Challenges and Future Adaptations. Geneva: ILO
3 Brandl, B. and Lehr, A. (2016) The Strange Non-Death of Employer and Business Associations: An Analysis of their Representativeness and Activities in Western European Countries. Economic and Industrial Democracy Journal

conducted research on the impact of current trends on businesses, and to understand how this affects EBMOs. This research aims to provide EBMOs with intelligence and insights into how businesses and their collective interest representation are changing, as well as the innovative ways in which EBMOs can maintain and increase their relevance and value for companies.

OUR RESEARCH WAS DRIVEN BY THE FOLLOWING QUESTIONS:

- What are the major trends and drivers affecting businesses and work?
- How are the these drivers impacting companies in terms of business models, processes, human capital needs, human resource management, organizational systems and structures?
- How are changes in business models affecting employment needs, relationships, and skills?
- How might these impacts shape the policy and direct services companies seek from EBMOs?
- How are EMBOs adapting and innovating to better serve members' interests in a changing business environment?

TO ANSWER THESE QUESTIONS, THIS REPORT ASSESSES IN TURN FIVE KEY TRENDS AFFECTING BUSINESS AND WORK:

- the transformations unleashed by technological innovation;
- global economic integration;
- demographics and generational changes;
- business sustainability;
- skills and the growing challenges of locating, hiring and retaining talent.

Within each of these trends, the impact on businesses is broken down to the strategic, operational and organizational level, where data are available, and the opportunities and challenges created for EBMOs are identified. Several case studies of recent EBMO initiatives responding to global shifts are included by way of illustration.

The report then assesses the changing nature of EBMOs, their roles and responsibilities, and the need for them to navigate the potentially disruptive effects of these trends to better serve their members.

Finally, it offers some implications of this research and recommendations as to how EBMOs can adjust their advocacy and services to the new needs of companies. It is anticipated that the strategic nature of the recommendations will enable reflections adapted to national realities and specific contexts.

1

METHODOLOGY

The study is based on a mixed methodology design, including a multi-language literature review, a quantitative company survey, and qualitative case studies including semi-structured interviews with EBMOs and business leaders.

LITERATURE REVIEW

The literature review identified key trends affecting the future of work and assessed developments within the business world to better understand how these trends affect EBMOs.

The review included pertinent, qualitative and quantitative documentation – including academic literature, research and technical papers, government reports and working papers – relating to how key drivers of change are impacting business, how businesses are responding and adapting to these changes, and how these trends are affecting the work of EBMOs at both the regional and local level. The selection criteria were broadly defined as any text reviewing, analysing, evaluating or describing changes affecting business and work published in the past ten years.

Additional research was conducted in French, Portuguese, and Spanish, enabling insights into regions that may not have been apparent in English.

COMPANY SURVEY

The company survey was jointly designed by an external service provider, Oxford Economics, ACTEMP/ILO and IOE. The objective was to collect primary evidence regarding how businesses are affected by the global trends, their response, and where further support could be provided by external organizations such as EBMOs.

The literature review identified five key trends affecting the future of work: *technological innovation, global economic integration, demographics and generational changes, sustainability* and *skills*. However, during the review process it was unclear whether skills was a stand-alone trend or a consequence of other unfolding trends. The survey, while collecting data on all trends, asked participants to rank only the first four trends. The overwhelming response concerning skills prompted us to determine this should be considered a trend in itself.

Oxford Economics conducted the survey, which comprised of completing a quantitative questionnaire of mostly closed questions with C-suite executives from 500 companies and compiling the data obtained.[4] The questionnaire was conducted using a Computer Assisted Telephonic Interview (CATI) technique between September and October 2018.

Country selection was done with a view to ensure a regional balance of IOE member organizations, as well as an equilibrium in level of income and development status. The responses by developing countries generated previously unavailable data and filled knowledge gaps due to a lack of or limited literature at our disposal. The survey focused on manufacturing, retail/wholesale, and travel and hospitality, considered the key industries most affected by the key trends.

At least thirty (30) respondents were selected from each of the following countries: Tanzania, Nigeria, Morocco, South Africa, Haiti, Bolivia, Brazil, USA, Nepal, India, China, Indonesia, Malaysia, Russia, and Germany.

[4] "C-suite" typically refers to the chief executive officer (CEO), chief financial officer (CFO), chief operating officer (COO), and/or chief information officer (CIO).

METHODOLOGY

Table 1.1

Survey sample by region

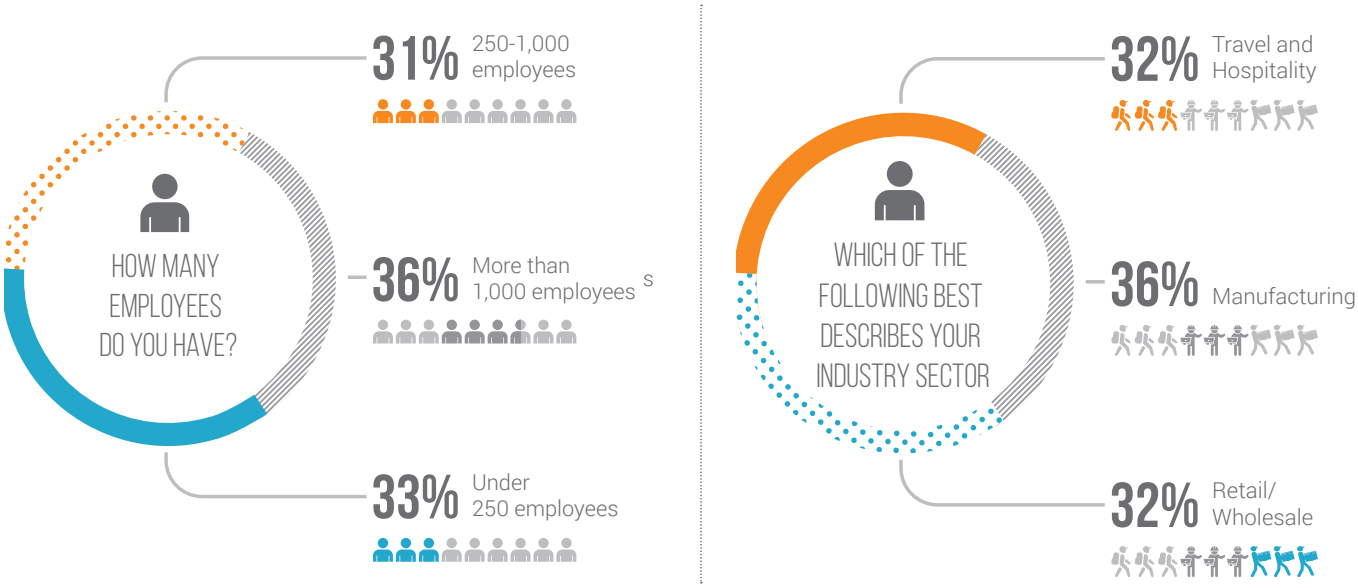
Region			
ASIA/AUSTRALIA	AMERICAS	ASIA AND THE PACIFIC	EUROPE
Tanzania 7%	Haiti 6%	Nepal 6%	Russia 6%
Nigeria 6%	Bolivia 6%	India 8%	Germany 7%
Morocco 6%	Brazil 7%	Indonesia 6%	
S. Africa 7%	USA 7%	China 7%	
		Malaysia 6%	

Countries

Low Income | Lower Middle Income | Upper Middle Income | High Income

Source: Oxford Economics, ACTEMP/ILO, IOE survey

Figure 1.1 – Survey sample by employee number and industry sector



Source: Oxford Economics, ACTEMP/ILO, IOE survey

Regarding company size (headcount), there was a minimum of 150 respondents across each of the following: Small and Medium Enterprises (<250 employees), Mid-Market Enterprises (251–1,000 employees), Large Enterprises (>1,000) for a total of 500 respondents. The spread is likely to be uneven at a country level, reflecting the different composition of firms, though no statistical weighting is applied.

The data was analysed at three levels: strategic, operational and organizational. The strategic level refers to actions taken to provide value to customers and gain a competitive advantage by exploiting core competencies in specific product or service markets. The operational level refers to business practices to create the highest level of efficiency possible within an organization. The organizational level refers to human resource management that supports long-term business goals and outcomes. All results are indicative.

In addition, two key groups emerged from the analysis by the following parameters, which are discussed in Appendix I:

Fast-growers: Respondents who reported positive revenue growth in the previous year, in addition to a predicted average annual growth rate of 10 per cent or more over the next three years.

Adapters: Respondents who estimated an increase in their annual revenue in the coming year as a result of implementing initiatives in each of the three identified business areas.

CASE STUDIES

To add depth to the quantitative survey, ACTEMP and IOE completed a series of best-practice case studies with various EBMOs at the regional and national level. These sought to provide insight into the trends impacting organised business interests and the services of EBMOS, to illustrate developments within EBMOs, and to document specific examples of how EBMOs are adapting to the trends affecting the future of work. This information will be valuable to other EBMOs and businesses as signposts in navigating shifting trends.

SEMI-STRUCTURED INTERVIEWS

As an additional qualitative tool to provide depth to the research, semi-structured interviews were conducted with senior leaders of EBMOs, academics, businesses and ACT/EMP field specialists about the trends affecting business and work and their implications for business and EBMOs.

Conclusions and a menu of recommendations were developed based on the findings of the research as a whole, while taking into consideration the wide range of possibilities open to EBMOs according to their individual characteristics.

LIMITATIONS

While evidence concerning the future of business and work continues to mount, robust and comprehensive studies are still limited. Information in existing studies is typically provided at the level of outputs and outcomes but lacks specific details on the impact on jobs and incomes. Data and comparative research on the future of business and work from across differing economies is severely limited. For this the study, we relied on publicly available information. All outcomes and findings come from a best-effort analysis of the information gathered and available, and may not be fully representative of any one economy or industry.

2

TECHNOLOGICAL INNOVATION HAS THE STRONGEST IMPACT ON BUSINESS

The nature and pace of technological innovation, particularly digitalisation and automation, is changing business and jobs, unleashing unprecedented transformation across multiple sectors and economies.

2.1 THE ISSUE

Technology and innovation have long fostered changes in the way business is conducted, especially in the decades after the Industrial Revolution. However, current technological advances in digitalisation and automation, and the resulting potential for massive transformation across multiple sectors and economies, are unprecedented.[5] Historically, **innovation has eliminated jobs at a faster rate than it has created them. However, the world has seen the overall employment rate increase by 10 per cent over the past five decades,** even as this has proved a slow process that has not affected all countries and workers equally.[6]

> TECHNOLOGY IS THE MOST IMPACTFUL OF THE GLOBAL TRENDS SHAPING THE WORKPLACE AND BUSINESS GLOBALLY. ACCORDING TO OUR SURVEY, 56 PER CENT OF THE 500 RESPONDENTS NAMED TECHNOLOGICAL INNOVATION AS THE GLOBAL TREND WITH THE GREATEST OVERALL IMPACT ON THE WAY BUSINESSES NEED TO BE CONDUCTED.

The transformations generated by technological innovation have fostered serious debate about the future of work and job creation. While some argue that new technologies will create new jobs as humans adapt, others fear they will destroy jobs, as we struggle to cope with the speed of change.[7,8] More pertinent is the question of exactly which kinds of jobs will be destroyed and which will be created. Technological innovation is reaching even the most rural, remote areas, yet the effect it will have on jobs remains to be fully established.

Technological innovation does not exist in a vacuum—people are at the heart of development and implementation—and the relationship between humans and technology requires complex thinking from employers and businesses. Studies disagree about the coming impacts of automation. While some suggest that 47 per cent of US employment and 59 per cent of jobs in Germany[10] will be subject to automation and substitution, others state a more modest 9 per cent and 12 per cent respectively.[11] These differences arise from a larger debate as to what technological change means: for example, are jobs themselves destroyed or simply altered? Building and maintaining the machines that replace workers in one task still requires labour, and new markets for these technologies continue to open. New technologies have also helped create modern employment sectors. For example, outsourcing and off-shoring are viable today because of advances in communication. In this context, technology does not necessarily eliminate jobs per se, but shift their nature and location. Moreover, while routine tasks and computer-to-computer communication are likely to be automated, those jobs that require human interaction, demanding creativity, adaptability, and social skills, will prove difficult if not impossible to automate.[12]

---

5 United Nations Conference on Trade and Development (2018) *Technology and Innovation Report 2018 Harnessing Frontier Technologies for Sustainable Development.* Geneva: United Nations

6 International Labour Office (2016) *Briefing Note 1 The Future of Work Centenary Initiative. Technological Changes and Work in the Future: Making technology work for all.* Geneva: ILO

7 Frey, C. and Osborne, M. (2016) *The Future of Employment: how susceptible are jobs to computarisation?* Oxford: Oxford Martin Programme on Technology and Employment.

8 Salazar-Xirinachs, J. (2016). The future of work, employment and skills in Latin America and the Caribbean. *Pensamiento Iberoamericano,* (2), pp.54-66.

9 Frey, C. and Osborne, M. (2016) *The Future of Employment: how susceptible are jobs to computarisation?* Oxford: Oxford Martin Programme on Technology and Employment.

10 Brzeski, C. and Burk, I. (2015) *Die Roboter kommen. Folgen der Automatisierung für den deutschen Arbeitsmarkt* [The Robots Come. Consequences of Automation for the German Labour Market], ING DiBa Economic Research.

11 Arntz, M., Gregory, T., and Zierahn, U. (2016) *The Risk of Automation for Jobs in OECD Countries: A Comparative Analysis.* OECD Social, Employment and Migration Working Papers, No. 189. Paris: OECD Publishing.

12 Autor, D. (2015) Why Are There Still So Many Jobs? The History and Future of Workplace Automation. *Journal of Economic Perspectives* 29(3), pp.3-30.

TECHNOLOGICAL

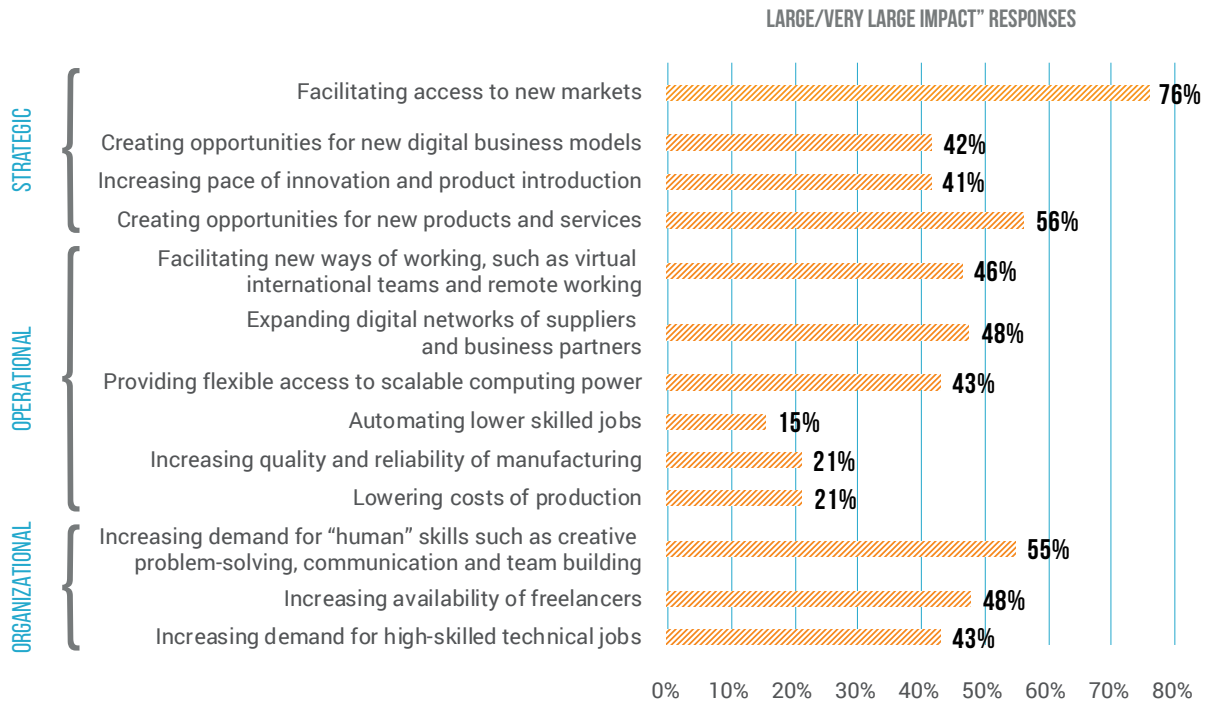
INNOVATION HAS THE STRONGEST IMPACT ON BUSINESS

Employers have already noted technological innovation as a driver of change. Business models and employers must now take into account the exponential growth in cheap computing power and the spread of the Internet. Workers are increasingly expected to be fluent in these drivers, as well as in innovations that are predicted to further change the workplace, such as artificial intelligence (AI), 3D printing and the Internet of Things (IoT). The adoption of these new technologies is changing the very values of both consumers and producers.[13]

2.2 IMPLICATIONS FOR BUSINESSES

At the **strategic level** technology is facilitating access to new markets, fostering opportunities for new digital business models, and developing new products and services. At an **operational level**, technological innovation is facilitating new ways of adding value to products and services, new ways of working such as virtual international teams and remote working, expanding digital networks of suppliers and business partners, and providing flexible access to scalable computer power. At an **organizational level**, businesses are experiencing increasing demand for high-skilled technical people and freelancers, and seeing a push for critical skills such as problem-solving, communication and team building (Figure 2.1).

Figure 2.1 From the following list of business consequences of technological innovation, please assess the impact each has on your business.



Source: Oxford Economics, ACTEMP/ILO, IOE survey

At the strategic level, **the leading impact of technological innovation is in facilitating access to new markets**. Globally, 76 per cent of businesses participating in our survey recognised that technological innovation is granting them access to new markets. Asian and African businesses have especially noted this impact, with 82 per cent and 81 per cent of respondents highlighting this trend.

Technological changes are transforming businesses in such a way that business models based on out-dated technology, or not taking into account the rapid changes brought by innovation, may have trouble competing. In North America, 72 per cent of survey participants reported that **technological innovation has had a large impact in creating opportunities for new digital business models**. Other regions also report a noticeable impact, particularly in Africa and Asia, where 55 per cent and 48 per cent of participants respectively acknowledged the trend.

Technological innovation has also created opportunities for new products and services, with 56 per cent of respondents recognising this as a significant impact. In North America and Europe, the numbers are even higher, with 67 per cent and 71 per cent of executives recognising this trend.

Technological innovation has led businesses to innovate, creating new products and services. An increasing pace of innovation and product introduction due to technological changes was reported by company executives in manufacturing and retail in particular. Advances in automation, information and business-to-consumer platforms are redefining how various functions inside a company work, producing large-scale changes in labour markets, logistics, production, and branding. Models need to adapt to these changes to stay competitive.[14]

At the operational level, **technological innovation is increasingly facilitating and expanding new ways of working.** Participating businesses in general recognized this trend, and it is particularly strong in Europe, where 55 per cent of respondents note the large impact improved access to technology is having on their business. Technological innovation has also allowed businesses to expand their digital network of suppliers and business partners. In North America and Asia, 61 per cent and 51 per cent of respondents respectively reported the significant impact this trend has had on business.

Innovations in technology have freed workers from their desks and employers from 'business hours.' **With advances in collaborative and networking tools, the physical location of the workplace is less important.** Furthermore, flexibility – sought by workers and employers both no longer bound by national borders – is increasingly built into job descriptions. This manifests itself as flexible schedules, working from home, and even virtual workspaces linking workers in different locations.[15] **These new arrangements help companies to keep pace with 24/7 global markets while improving worker satisfaction.**

This shift in how work is performed does not come without challenges. New types of work created by innovative business models such as ride-sharing and delivering services are increasingly raising issues concerning compensation, working time and social protection.[16] Those who opt into flexible work schedules cite a lack of promotions and pay increases, for example.[17] The dispersed and technologically altered workplace complicates management efforts to supervise and coordinate the workforce, update performance-management systems, and reassess productivity. While companies increasingly value workforce innovation, they are concerned about missing the creativity and ingenuity that comes from face-to-face meetings and teams.[18] Overall, managers and workers need to keep developing competent strategies to navigate the changes technology is bringing to the workplace.

---

14 Westerman, G., Bonnet, D., and McAfee, A. (2014) T*he Nine Elements of Digital Transformation. MIT Sloan Management Review*. Available at: https://sloanreview.mit.edu/article/the-nine-elements-of-digital-transformation/ [Accessed December 2018].

15 Ibid.

16 International Labour Organization (2018) *Global Commission on the Future of Work. Issue Brief 9 New Business Models for Inclusive Growth.* Geneva: ILO

17 Deloitte (2016) *Digital Workplace and Culture: How digital technologies are changing the workforce and how enterprises can adapt and evolve.* Deloitte

18 Ibid.

BOX 2.1 THE CHANGING NATURE OF WORK

The understanding of work has changed in fundamental ways. Businesses and workers are forging new relationships in an evolving environment, one that has major ramifications for how we view work. The "sharing economy", the ability to "untether" from the office, the rise of project- and gig-based work, and an increase in entrepreneurship and self-employment, all occurring in large part thanks to rapid technological innovation, have created new possibilities for both workers and employers, while rendering some older business models obsolete.

As the relationship with work changes, it becomes ever clearer that businesses will become more reliant on their most important resource: human capital. However, the nature of engagement with this capital is shifting, as the full-time, open-ended employment contract is becoming less common. Many companies are flattening out, shedding layers of management to increase the flow of ideas across teams. Technological innovations are set to free many more workers from the "tyranny of the desk" in the coming decades. Networks and relationships will begin to matter more than physical proximity, and the growth in co-working spaces adds potential diversity and new views to many projects. In Europe alone, 25 per cent of active workers are nomadic, using technology to work outside their employer's premises.[19]

Mobile and digital platforms have also strengthened the "gig economy" by expanding access to work opportunities.[20] The gig economy enables different cohorts to supplement or piece together their income: of the 20–30 per cent of US and EU workers who engage in independent work, half are traditional workers, students, retirees, and caregivers.[21] Workers themselves are gradually redefining the idea of career as one in which one may balance multiple jobs, tasks, periods of training, and life stages.[22]

The expansion of job platforms has allowed independent workers to showcase their skills, and hiring companies to seek out individuals for specific tasks. This is a global phenomenon, although most apparent in developed economies and the developing economies of ASEAN.[23] These workers—often known as freelancers, contract workers, or independent contractors—are characterized by their ability to deliver "on-demand" services, whether directly to a consumer or to a company.[24] Many of the fields and jobs did not even exist a decade ago.

---

19 World Employment Confederation (2016) *The Future of Work. White Paper for the Employment Industry.* Brussels: WEC.

20 The gig economy is usually understood to include chiefly two forms of work. "Crowdwork" usually refers to working activities that involve completing a series of tasks through online platforms. "Work on-demand via apps" entails traditional working activities such as transport, cleaning, running errands and some forms of clerical work being channelled through apps. These apps in turn are managed by firms that set minimum-quality standards of service and select and manage the workforce. International Labour Organization (2016) The rise of the "just-in-time workforce": On-demand work, crowdwork and labour protection in the "gig-economy". Geneva: ILO.

21 Manyika, J. et al. (2016) *Independent Work: choice, necessity and the gig economy.* McKinsey & Company.

22 International Labour Organization (2016) *The Future of Work We Want. Background document for a conference jointly organized by the European Economic and Social Committee (EESC) and the International Labour Organization (ILO).* Geneva: ILO

23 International Labour Organization (2016) *ASEAN in Transformation: Perspectives of enterprises and students on future work.* Geneva: ILO

24 Dolphin, T. (ed). (2015) *Technology, globalisation and the future of work in Europe: Essays on employment in a digitised economy.* London: IPPR.

Increased access to technology has fostered new consumer behaviour that is difficult to predict, forcing businesses to adjust and shift operations to meet changing demand. 43 per cent of executives mentioned that providing flexible access to scalable computing power[25] has considerably impacted their businesses. This has influenced other changes: consumers from emerging economies understand their new economic heft, and demand the same quality goods as found in advanced economies. But they also want companies to cater to their tastes and culture, and have little loyalty to prior established brands. Companies seeking to capture this market must answer these demands while also cutting cost structures by 20 to 30 per cent to meet emerging economy individuals' real spending power. It is a difficult balance to strike, but the benefits are massive.[26]

> THE NUMBER OF INTERNET USERS WORLDWIDE HAS SKYROCKETED SINCE THE BIRTH OF THE WORLD WIDE WEB IN 1990. THE NUMBER OF USERS REACHED 44 MILLION IN 1995, 413 MILLION IN 2000, AND 3.4 BILLION IN 2016[27] THE USE OF MOBILE PHONES UNDERWENT A SIMILAR BOOM. ACCORDING TO DATA COMPILED BY THE GSMA, TWO-THIRDS OF THE WORLD'S POPULATION ARE CONNECTED BY MOBILE DEVICES. THE MILESTONE OF 5 BILLION UNIQUE MOBILE SUBSCRIBERS GLOBALLY WAS ACHIEVED IN 2017. BY 2020, ALMOST 75 PER CENT OF THE GLOBAL POPULATION WILL BE CONNECTED BY MOBILE.[28]

At an *organizational level*, technological innovation shifts the skills needed by companies and workers.

The challenge to companies and the workforce will be understanding the difference between the tasks that can be replaced, augmented and managed by machines. Technical skills will still be important, but a host of other person-to-person and critical thinking skills will become the resume of the future workforce. Complex problem solving, critical thinking, creativity, people management, emotional intelligence, decision-making and negotiation will be the most difficult skills to automate.[29] Respondents across regions reported an increased demand on critical thinking skills. North America comes in highest with 64 per cent of respondents indicating increased demand; all other regions reported the same trend at around 45 per cent.

These skilled workers make up a cohort known as the "adaptable workforce"—those able to **adapt and re-train as needed to stay relevant as technology evolves.** As companies seek to stay competitive in changing markets, they will need not only to continuously train their own employees but to develop global strategies to rapidly locate and deploy these adaptive workforces. Companies can stay abreast of technology by accessing this skilled "human cloud" for specific projects. This type of relationship can benefit both worker and business, and is predicted to only grow as workers with specific skills such as advanced IT proficiency and digital intelligence find themselves in increasing demand.[30]

Demand for high-skilled workers has increased considerably for businesses in North America and Europe and remains high elsewhere. In Latin America and the Caribbean (LAC) for example, the challenge facing most businesses—digital and otherwise—is a major lack of human capital.[31]

---

25 Computational power and computing architectures shape the speed of training and inference in machine learning, and therefore influence the rate of progress in the technology (Hwang, T. 2018)

26 Bisson, P., Kirkland, R., and Stephenson, E. (2010) *The great rebalancing. Strategy & Corporate Finance Insights.* Available at: https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-great-rebalancing [Accessed October 2018]..

27 Murphy, J. and Roser, M. (2019) Internet. Available at https://ourworldindata.org/internet [Accessed January 2019].

28 GSMA (2018) *The Mobile Economy 2018.* London: GSMA

29 World Economic Forum (2016) *The 10 skills you need to thrive in the Fourth Industrial Revolution.* Geneva: WEF

30 World Economic Forum (2017) *The Future is Automated. Here's how we can prepare for it.* Geneva: WEF

31 World Economic Forum (2017) *Latin America has the world's biggest skills gap. Apprenticeships could close it.* Geneva: WEF

Digital companies face a shortage of researchers, low rates of secondary and tertiary education and disconnected networks in terms of innovation and knowledge sharing. Businesses are struggling to recruit skilled workers at both high and low-skill levels, leading to less investment in the region. By 2019, LAC is expected to face a deficit of 449,000 professionals needed to work in digital technology, potentially dampening the region's growth prospects.[32]

In this scenario, middle- and low-skilled workers may find their positions quickly eliminated as automation increases. These adjustments will occur against a backdrop of an aging workforce and increasing technological capacity. Entirely new sectors are being developed, combining uniquely human skills with the reliability of robots, while jobs once thought to be permanent are being displaced.[33] This is not a trivial change: the UN predicts nearly two-thirds of jobs in the developing world will be automated, and nearly every single OECD nation has seen decreasing numbers of middle-skilled jobs.[34] Businesses will most likely be forced to automate to remain competitive, but managers will need to critically examine what to do with employees whose jobs may be threatened.[35] **This is a question not only of cost, but of social and political repercussions and implications for branding. Re-thinking and re-skilling positions for displaced workers may ease some of the pressure, while technological innovation can provide new jobs in other sectors.**

2.3 AUTOMATION: CHANGING THE FACE OF BUSINESSES

Automation will create significant changes in how most businesses operate. Automation has the potential to reduce errors, increase speed and quality and cut costs; however, it also has the potential to create large-scale mistakes, crowd out mid-sized companies and cause job losses. Automation will likely impact most jobs involving highly structured physical activity in predictable environments, such as manufacturing and retail, alongside data collection and processing. At the same time, skilled workers will also find automation replacing prior routine-intensive tasks, potentially boosting their productivity.[36]

Automation is disrupting occupations and activities on a global scale, but the impact varies across nations and sectors. Factors such as education, cost of labour, accessibility of technology and demographics determine how economies and businesses address change. Businesses in North America have been the most affected by automation, with 31 per cent reporting considerably large impacts.

Businesses in Africa, Asia and Latin America reported that automation has already affected low skilled jobs, with 53 per cent, 49 per cent and 47 per cent of executives respectively saying they have already experienced a noticeable impact. In Europe the same was true for 47 per cent of businesses. Survey respondents from the manufacturing sector were, as expected, the most affected by this trend, with 33 per cent reporting large impacts compared to 7 per cent from the retail sector (Figure 2.2).

---

32 CEPAL (2016) *Ciencia, tecnología e innovación en la economía digital: La situación de América Latina y el Caribe.* Santiago: CEPAL

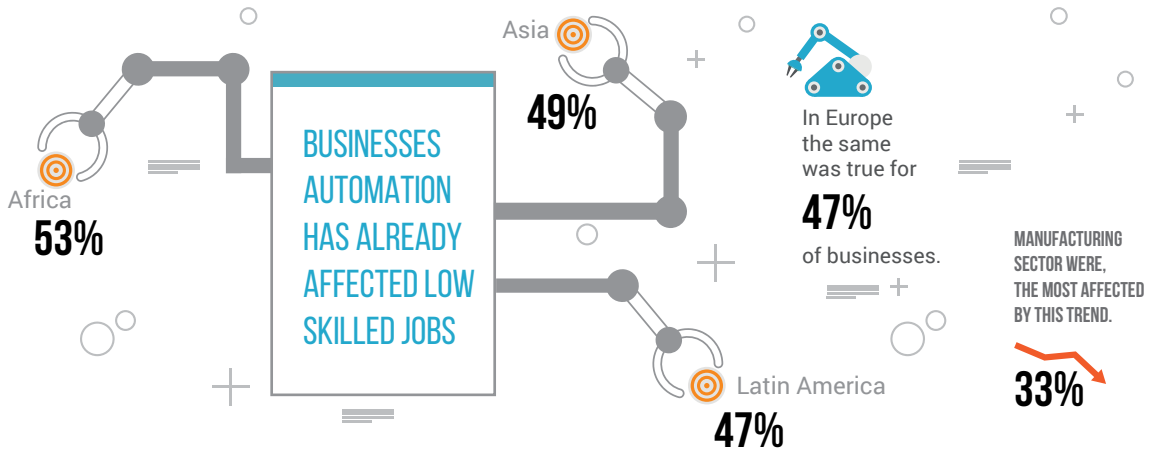
33 Frey, C. and Osborne, M. (2016) *The Future of Employment.*

34 See: United Nations Conference on Trade and Development (2016). *Robots and Industrialization in Developing Countries.* Policy Brief No 50. Geneva: United Nations; OECD (2018) *Transformative Technologies and Jobs of the Future.* Background report for the Canadian G7 Innovation Ministers' Meeting. Paris: OECD; Frey, C. and Osborne, M. (2015) *Technology at Work: The Future of Innovation and Employment.* Oxford: Oxford Martin School

35 Bughin, J. et al. (2018) *Skill Shift. Automation and the future of the workforce.* McKinsey&Company

36 Manyika, J. et al. (2017) *A Future that Works: Automation, Employment and Productivity.* McKinsey & Company

Figure 2.2



The challenge for businesses and policy makers when assessing the opportunities and challenges of automation is not only that economies are distinct from one another but that nations themselves are highly regionalised. Urban-rural divides influence policy, proximity to resources and borders differentiate trade, and prevailing political systems may strengthen or weaken local governments. Cities tend to create more skilled jobs, whereas rural areas have seen less economic growth and job development over the past decade.[37]

Table 2.1

Countries where the potential for automation is the highest

THE COUNTRIES WHERE THE POTENTIAL FOR AUTOMATION IS HIGHEST

Percentage of work activities that could be automated by adapting current technology.

AFRICA		ASIA/AUSTRALIA		EUROPE		NORTH AMERICA		SOUTH AMERICA	
Kenya	51.9%	Japan	55.7 %	Czech Rep.	52.2 %	Mexico	51.8%	Peru	53.2 %
Morocco	50.5 %	Thailand	54.6 %	Turkey	50.4 %	Costa Rica	51.7 %	Colombia	53.0 %
Egypt	48.7 %	Qatar	52%	Italy	50.3 %	Barbados	48.7 %	Brazil	50.1 %
Nigeria	45.7 %	South Korea	51.9 %	Poland	49.5 %	Canada	47.0 %	Chile	48.9 %
South Africa	41.0 %	Indonesia	51.8 %	Spain	48.5%	U.S.	45.8 %	Argentina	48.2 %
		India	51.8 %	Germany	47.9 %				
		Malaysia	51.4 %	Greece	47.8 %				
		China	51.2 %	Austria	47.4 %				
		Russia	50.3%	Switzerland	46.7 %				
		Philippines	47.9 %	Sweden	46.0 %				
		U.A.E.	47.3 %	Netherlands	45.4 %				
		Oman	46.8 %	France	43.1 %				
		Bahrein	46.1 %	U.K.	42.8 %				
		Saudi Arabia	46.0 %	Norway	42.4 %				
		Australia	44.9 %						
		Singapore	44.2 %						
		Kuwait	41.1 %						

Source: Harvard Business Review (2017), The Countries Most (and Least) Likely to be Affected by Automation.[38]

37 Berger, T. and C. Frey. (2016) *Structural Transformation in the OECD: Digitalisation, Deindustrialisation and the Future of Work, OECD Social, Employment and Migration Working Papers,* No. 193. Paris: OECD Publishing

38 SHarvard Business Review (2017), *The Countries Most (and Least) Likely to be Affected by Automation.*

TECHNOLOGICAL

INNOVATION HAS THE STRONGEST IMPACT ON BUSINESS

Automation will have a significant impact across regions. By 2030, nearly 3.4 million manufacturing and construction jobs in LAC could disappear due to automation and shifts to service industries, a loss of some 1–2 per cent of total employment.[39] In Mexico, Brazil and Argentina alone, roughly half of the labour force is vulnerable to automation.[40] Such figures imply a major shift in the current makeup of LAC economies and where jobs will be located.[41] Informal jobs are under the most threat as they are typified by low productivity, and may be the first to be eliminated in the region.[42]

Throughout Africa, automation remains a threat to jobs, with an estimated 41 per cent of jobs in South Africa, 44 per cent in Ethiopia, 46 per cent in Nigeria, and 52 per cent in Kenya vulnerable to elimination as a result of technological advances.[43] However, automation may also help offset some of these job losses through gains in efficiency and productivity – including decreasing transport and communication costs – that will likely allow for new market growth that brings new jobs.[44]

Technological advancements are reshaping Africa's agricultural sector in helping to pioneer a new agro-business strategy. Automation is replacing many jobs traditionally done by farm labourers such as harvesting and crop sorting. But technology is also helping small landowners to share resources to limit expenditures and thus increase the size of their businesses, replacing some of the jobs lost to automation. Digital technology such as mobile phone applications, sensors, satellites, and drones help to increase agricultural productivity and incomes by aiding farmers with small business finance, crop and weather monitoring, animal control, market access and agricultural education.

Association of Southeast Asian Nations (ASEAN) economies are particularly susceptible to automation due to their high concentration of labour-intensive manufacturing and service jobs.[45] Many tier-one suppliers named improved product quality and better workplace productivity as a significant driver for increasingly adopting automation. Robotic automation is having the greatest impact, replacing low-skilled jobs and simple assembly tasks; over 60 per cent of salaried workers in Indonesia and over 70 per cent in Thailand face a high risk of automation. Women are a large component of the workforce in retail, business processing outsourcing and textiles/clothing/footwear, and tend to be more affected by automation than men.[46]

Automation, AI, 3D printing (additive manufacturing), and other technological innovations will exacerbate the situation of low demand for products and services caused by aging societies and the more efficient use of resources, causing some low-skilled and semi-skilled manufacturing jobs to disappear.[47] Yet **increased demand for advanced materials and robotics that are not seen as labour-replacing, but labour enhancing, will create jobs.**

---

39 OECD, ECLAC, CAF (2016) *Latin American Economic Outlook 2017: Youth, Skills and Entrepreneurship.* Paris: OECD Publishing.

40 O'Neil, S. (2017). *Automation is Changing Latin America Too. Council on Foreign Relations.* Available at: https://www.cfr.org/blog/automation-changing-latin-america-too [Accessed Oct. 2018].

41 OECD, ECLAC, CAF (2016) *Latin American Economic Outlook 2017.*

42 OCDE/CEPAL/CAF. (2016). *Perspectivas económicas de América Latina 2017: Juventud, competencias y emprendimiento.* Paris: OECD Publishing.

43 World Economic Forum (2017) *The Future of Jobs and Skills in Africa: Preparing the Region for the Fourth Industrial Revolution.* Geneva: WEF

44 See : Schwab, K. (2017) *La Quatrième révolution industrielle : ce qu'elle implique et comment y faire face.* Geneva: WEF ; Schoeffling, K. (2014) *Nouvelles technologies, nouveaux temps de travail : vers une stratégie de création d'emplois dans le monde arabe.* Washignton D.C: World Bank; Sudan, R. and Yadunath, D. (2015) *Nous dirigeons-nous vers un monde sans emploi?.* Washington D.C: World Bank

45 ASEAN Member states are Brunei Darussalam, Cambodia, Indonesia, Laos PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

46 International Labour Organization (2016) ASEAN in Transformation.

47 World Economic Forum (2016) *The Future of Jobs: Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution.* Geneva: WEF

In a developing country context, automation may eliminate jobs, albeit not directly. Rather, as developed nations are better able to harness automation, their need for cheaper labour in the developing world labour decreases.[48] In developed nations, automation may augment domestic jobs, while offshore or outsourced jobs become obsolete, damaging developing nations' development and growth strategies.[49] Indeed, recent studies note that susceptibility to automation is negatively correlated to GDP per capita: the poorer a state's citizens are, the more vulnerable they are.[50] **Overall, more research is needed on the effects of automation on developing nations, especially on the informal sector where most of their jobs are located.**

BOX 2.2

BEYOND AUTOMATION

Supporting digital infrastructure to promote growth

Digitalization, defined as "the use of digital technologies to change a business model and provide new revenue and value-producing opportunities," is transforming the ways businesses operate around the world.[51] Entire industries are being transformed by digital technologies such as AI, big data, 3D printing and the IoT. The digital economy, understood as the broad range of economic activities that use digitised information and knowledge as key factors of production, is not only creating new jobs and promoting economic growth but also influencing how societies interact.[52]

New efficiencies continue to be one of the primary drivers for large companies to invest in new technologies. *Innovation, such as increased use of AI, allows companies to reduce costs and enable savings. Recent research shows that AI has the potential to increase profitability by an average of 38 per cent by 2035 and lead to an economic boost of US$14 trillion across 16 industries in 12 economies by 2035.[53] Many sectors such as banking and financing are already starting to invest in AI in efforts to automate knowledge work, even as employers and researchers remain unsure as to the long-term effects AI will have on the workplace.*

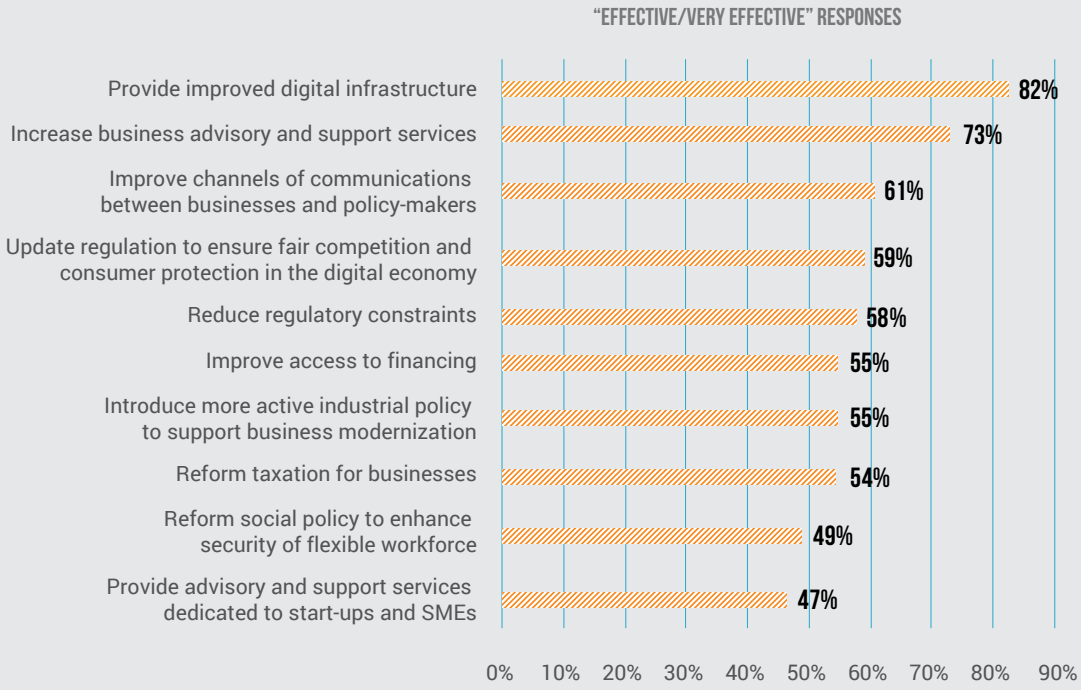
However, investing in new business models is still one of the most difficult and least frequently targeted drivers, particularly for large companies.[54] This point strongly resonated with survey respondents. When asked what initiatives could be put in place in order to improve the business environment, ***82 per cent of businesses mentioned improved digital infrastructure as the most important, far ahead of all other non-skills-related initiatives.*** *94 per cent of European businesses, 86 per cent of North American firms, and 87 per cent of executives of mid-size firms agreed (Figure 2.3).*

48 International Organisation of Employers (2017) *Understanding the Future of Work.* Geneva:
49 Autor, D. (2015) *Why Are There Still So Many Jobs?* pp.3-30
50 Frey, C., Osborne, M., and Holmes, C. (2016) *Technology at work v2.0. The Future Is Not What It Used To Be.* Oxford: Oxford Martin School
51 Gartner (2019), *IT Glossary.* Available at https://www.gartner.com/it-glossary/digitalization [Accessed December 2018]
52 ADB Institute (2018) *Understanding the Digital Economy: What Is It and How Can It Transform Asia?.* Available at https://www.adb.org/news/events/understanding-digital-economy-what-it-and-how-can-it-transform-asia [Accessed January 2019]
53 Accenture (2017) *How AI boosts industry profits and innovation.* Accenture
54 World Economic Forum. (2018). *Digital Transformation Initiative: Unlocking $100 Trillion for Business and Society from Digital Transformation.* Geneva: WEF

TECHNOLOGICAL

INNOVATION HAS THE STRONGEST IMPACT ON BUSINESS

Figure 2.3. Please rate how effective the following external initiatives could be in improving the business environment.



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

There also appears to be a correlation between a country's income level and support for improved digital infrastructure. *The highest-income countries recorded the highest responses (89 per cent) and the lowest-income countries, the lowest (73 per cent). This could be due to the fact that low-income countries are still grappling with issues of physical infrastructure. In Africa, for example, electricity coverage ranges from 65 per cent in urban areas to just 28 per cent in rural areas, and only 43 per cent of people across the continent have access to electricity in their home. Furthermore, 53 per cent of roads throughout Africa are unpaved, limiting access to education, health services, trade and economic opportunities.*[55] *However, these countries in particular should be mindful about the importance of developing an appropriate and robust digital infrastructure that allows them to benefit from the digital economy and avoiding deepening the digital divide. Emerging economies may be able to partially leapfrog their infrastructural deficiencies development through investment in new highly-efficient technology.*

[55] African Development Bank Group (2018) *Infrastructure Development.* Available at https://www.afdb.org/en/knowledge/publications/tracking-africa's-progress-in-figures/infrastructure-development/ [Accessed December 2018]

While automation may seem inevitable to some, the ability to automate does not necessarily translate into practice. Employers and businesses must consider the costs of developing and deploying hardware and software, the supply and demand from providers and customers, and current labour costs: cheap manual labour is still perceived to be readily available around the world and may remain the more economical option.[56]

As technology augments workers' ability to complete complex tasks, **those companies and economies with highly skilled workers will be best positioned to take advantage of these new and/or improved employment sectors.**[57] Employers and companies who can stimulate innovation, manage and mobilize resources towards new ventures and adapt to the new norms of competition will hold the advantage in a fast-changing scenario. Not all businesses will be able to do so, nor do all countries possess a workforce with the skills needed to spread the benefits of automation equally.

BOX 2.3 TECHNOLOGICAL INNOVATION IN AGRICULTURE

Technological innovation and the transformation of African agriculture advances in digitisation and modernisation of farming techniques, if utilised correctly, are predicted to yield new opportunities within agribusiness worth US$70-90 billion per year.[58] This growth potential needs a large youth workforce to be realized. However, much needs to be done to change perceptions of "agriculture as a way of life" to "agriculture as business," requiring efforts by employers, entrepreneurs, policymakers, farmers and young people themselves. Technological innovation has the potential to fundamentally transform African agriculture—simply improving storage technology could save some of the estimated US$4 billion lost post-harvest per year. Indeed, digital technology is already having a greater impact than ever before through data sharing, aggregation, communication, farm and plot management, and providing new methods of doing business.[59] Young "agripreneurs" are often better placed than their elders to harness these developments, though they will still face the myriad issues that restrict agricultural and entrepreneurship potential in Africa: especially lack of access to land, finance, markets, natural resources, healthcare, and improved infrastructure.[60]

56 Manyika, J. (2017) Technology, Jobs, and the Future of Work. McKinsey&Co.
57 OECD (2017) Future of Work and Skills. Paper presented at the 2nd Meeting of the G20 Employment Working Group 15-17 February 2017 Hamburg, Germany. Paris: OECD.
58 African Development Bank Group (2016) Feed Africa: Strategy for Agricultural Transformation in Africa 2016-2025. Abidjan: African Development Bank Group
59 AGRA (2016) Africa Agriculture Status Report 2016: Progress Towards Agriculture Transformation in Sub-Saharan Africa. Nairobi: AGRA
60 AGRA (2016) Africa Agriculture Status Report 2016: Progress Towards Agriculture Transformation in Sub-Saharan Africa. Nairobi: AGRA

BOX 2.4

THE CHALLENGE OF THE INFORMAL ECONOMY

It is important for governments, businesses and EBMOs to consider how the informal sector is changing in reaction to the trends under discussion.[61] In sub-Saharan Africa (SSA) alone, the informal sector vastly outweighs the formal. At most, only 25 per cent of the nearly 220 million young people to enter SSA's workforce between now and 2035 will secure a formal waged job.[62] The informal sector is smaller in other regions but still considerable, impacting how economies adapt to innovation.

Digital technology's greatest contribution may lie in facilitating the transition into formality. However, informal firms and self-employed people often lack the ability to fully utilise technology. This stems from a number of reasons, including cost, limited technical skills, incomplete physical and digital infrastructure, competition from more established firms and poor social-security nets.[63]

Yet while digital technologies and innovation will undoubtedly eliminate some low-skill jobs from the informal sector, they can also increase the diversity of the workforce. Information and communications technology (ICT) can provide greater access to information and services to a wider range of people, boosting the inclusion of marginalized groups and transforming the opportunities available to them.[64]

2.4 OPPORTUNITIES AND CHALLENGES FOR EBMOS

Helping business to anticipate change, ameliorate negative effects and take advantage of opportunities will be a key area where EBMOs can add value for their members, as well as in increasing market efficiency. By taking into account the differences between sectors, geography, education levels, regulatory environment and specific country contexts, EBMOs will need to develop multiple complex policy and member support strategies, rather than 'one-size-fits-all' approaches. This will be especially true for apex organizations, often representing multiple geographies and sectors. For many, particularly employer organizations, this will mean creating alliances with other types of business membership organizations and expanding the business agenda.

As the nature of work continues to change, EBMOs will play an increasingly critical role in helping members navigate a shifting landscape.[65] EBMOs can be at the forefront of these changes and assist members by helping shape labour regulation and providing innovative solutions in collaboration with others. EBMOs should also consider developing tailored solutions for those companies operating under new businesses models where the regulatory framework has not yet been clarified.

61 The informal sector is broadly characterised as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small scale. Labour relations - where they exist - are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. OECD (2003) Glossary of Statistical Terms.

62 Filmer, D., Fox, L. et al. (2014) *Youth Employment in Sub-Saharan Africa: Challenges, Constraints and Opportunities.* Washington D.C: World Bank Publications

63 Casey, J. and Harvey, J. (2015). *Literature Review: Technology and the Future of Work.* London: Practical Action

64 Rockefeller Foundation (2013) *Digital Jobs in Africa: Catalyzing Inclusive Opportunities for Youth.* New York: Rockefeller Foundation

65 Manyika, J. et al (2017) *A future that works.*

However, the unifying trend behind these shifts is that businesses and economies with highly skilled workers are more likely to profit from innovation. Increased investment in human resources will complement investment in automation and technology. **EBMOs focused on ensuring members stay competitive should not only examine the effects of automation, but how to support the expansion of worker cohorts with advanced technical skills.** This may hold especially true in emerging economies, where technology plays a highly disruptive role, at once delivering leaps forward in capabilities while also potentially decreasing inward investment as companies from advanced economies focus on automation at home.[66]

Labour dislocation and redeployment will become a central policy issue for EBMOs, which will need to focus on fostering dialogue with trade unions and among stakeholders. This dialogue is incredibly important as growing sophistication in technology means that is no longer only low-skilled manufacturing jobs that are being automated. What were once thought of as middle-skilled jobs requiring human input may also be overtaken. The growing division between high skilled and medium- and low-skilled workers could increase, as rising opportunities for those with skills contrast with stagnant growth for the latter group. This could lead to structural unemployment, especially for those already working who find themselves now lacking a job and opportunities to build new skills.[67]

EBMOs and other stakeholders will need to actively find alternative paths to solve these issues. One route is increasing efforts to train workers for the age of automation: teaching both technical and critical skills that encompass creativity, problem solving, managing and coaching and understanding human emotions and interactions. Another path may be further support for technology-enabled entrepreneurs and independent work to alleviate dependence on specific industries or jobs. EBMOs will also need to work closer with governments to create conditions for emerging businesses and services to flourish.

EBMOs face changes in their very structure as well as new opportunities. Technological innovations mean new sectors and industries are created rapidly, many lacking the coordination and organization that EBMOs provide. EBMOs will need to communicate with new businesses, and assess how best to approach innovating sectors and understand the needs of potential members. The relative novelty of certain industries also means that data and research may be unavailable or still in their early stages: EBMOs will need to operate in an environment in which unknowns may dominate.

---

66 Berger, T. and Frey,C. (2016). *Structural Transformation in the OECD.*
67 Manyika, J. et al (2017) A future that works.

BOX 2.5 CASE STUDY – PROGRETEC

The Cámara Nacional de Comercio y Servicios del Uruguay (CNCS), Uruguay's National Chamber of Commerce and Services, has represented the country's private sector since 1867. CNCS is composed of more than 15,000 members and more than 110 unions. CNCS's training programs are currently largely informed by the anticipated impact of fast-paced technological innovation on Uruguay's businesses.

In 2018, CNCS conducted analysis on the potential employment impacts of companies increasingly incorporating technology into their business processes and operations. The study, which employed a methodology developed by Oxford University, identified the subsectors of the economy in which the workforce is most threatened by automation, such as trade (wholesale, retail and vehicles), hospitality and food service, and financial services.[68] Moreover, CNCS is working to support businesses and their workers to adapt to the changes technology will bring.

Specifically, it has partnered with the country's National Institute of Employment and Vocational Training (INEFOP) to launch the PROGRETEC Labour Reconversion Program, which aims to develop knowledge and skills that allow workers and entrepreneurs to take advantage of the opportunities and manage the threats posed by technological change. Through PROGRETEC, companies can apply for funding for projects to help them improve their competitiveness, quality of employment, management of human talent and productivity.[69]

While several EBMOs globally have begun developing and implementing initiatives to help their members adjust to the impacts to their business that technological innovation is bringing, CNCS is taking an innovative approach. Firstly, it has conducted the analysis needed to help its membership and other stakeholders understand which economic sectors face the greatest threat from technological innovation. That will help sectoral EMBOs, government, labour organizations and other stakeholder groups understand where resources will be needed, contribute appropriate support, and help them prepare.[70]

Secondly, CNCS is supporting a competitive grants programme that invites companies, based on their detailed and specific knowledge, to consider possible solutions and make a convincing proposal for funding. CNCS can then make better-informed decisions about how best to allocate its grants.[71]

---

68 Camara Nacional de Comercio y Servicios del Uruguay (2018) *El Avance Tecnológico y el Sector Comercio y Servicios del Uruguay*. Reunión de Organizaciones de Empleadores del Cono Sur, 13 y 14 de agosto 2018, Santiago de Chile.

69 Progretec (2018) Available at http://www.progretec.cncs.com.uy/progretec/ [Accessed November 2018]

70 Puig, F. (2018). *Interview for Progretc case study in Progretec (2018)* Available at http://www.progretec.cncs.com.uy/progretec/ [Accessed November 2018].

71 Ibid.

3

EVOLVING GLOBAL ECONOMIC INTEGRATION BRINGS NEW OPPORTUNITIES AND CHALLENGES

Despite recent setbacks, the world economy has become truly global with a rapidly changing makeup. Emerging economies–once on the periphery of global value chains, mainly as suppliers of low-cost goods, unprocessed natural resources or simple services–are becoming hubs of capital, innovation and talent. However, several major challenges need to be confronted, including by business, if the global community is to sustain the benefits of economic integration.

3.1 THE ISSUE

Just as technology connects people across the globe, it also connects companies and enables global economic integration. This can create profound effects on established business models and markets, as decades' of dominance by advanced economies is being challenged by new players and new markets. **Emerging economies—once on the periphery of global value chains, mainly as suppliers of low-cost goods, unprocessed natural resources or simple services—are becoming hubs of capital, innovation, and talent in their own right.**[72, 73] Governments and businesses need to develop strategies for a new reality in which an integrated global economy connects emerging and advanced economies, replete with new markets, competitors and industries.

Rapid growth in markets, jobs and wealth in emerging economies is creating new business models and interest groups, often leaving governments unable to keep up. New geographical centres of power and production have transformed the global economy, bringing innovation and opening new markets, but emerging markets will need good governance and broader sharing of the benefits of globalisation among their populations in order for these gains to prove sustainable.[74]

Globalisation has hitherto had a positive effect by reducing poverty and creating jobs, particularly in developing countries.[75] At the same time, UNCTAD notes that foreign direct investment (FDI) fell by 23 per cent year on year in 2018.[76] This follows a persistent downward trend in FDI in recent years, especially in developed countries.

Political stability is threatened by growing perceptions of income inequality at the individual level, despite falling inequality between advanced and developing economies in recent decades.[77] As standards of living rise in developing nations, better-connected citizens are more likely to be angered if they fail to benefit from globalisation, as well as by the perceived distance of economic and political elites. Strong reactions to perceived inequality may be seen in the rise of populist political movements across much of the globe.[78]

Unemployment is high among the poorest in many nations, creating additional fuel for political unrest.[79] Governments are establishing different transition schemes for those losing jobs due to global changes, but more work is needed in seeking economic and labour models that support job creation and retention.

3.2 IMPLICATIONS FOR BUSINESSES

Recent decades have also witnessed the rise of emerging economies—and seen their companies playing an increasingly important global role. Where multinational companies often viewed their overseas subsidiaries as junior components created to support headquarters, global value chains and increasing internationalisation of business have today led to higher degrees of interdependency.[80] No longer are the world's most successful companies entirely Western—multinationals based in Asia, Africa and Latin

---

72 See: Shankar, V. and Hanson, N. (2013) How Emerging Markets are Reshaping the Innovation Architecture of Global Firms, in Naresh K. Malhotra (ed.) *Review of Marketing Research (Review of Marketing Research),* Vol. 10 pp.191-212

73 Kelly, J. (2018) *These are the world's most innovative cities, and here's why.* Geneva: WEF

74 Frey, C. and Rahbari, E. (2016) *Do labour-saving technologies spell the death of jobs in the developing world?* Washington D.C.: Brookings

75 Stiglitz, J. (2003) Globalization and growth in emerging markets and the New Economy. *Journal of Policy Modeling, vol. 25, pages 505-524.*

76 UNCTAD (2018) *World Investment Report. Geneva: United Nations*

77 World Bank (2019) *World Development Report 2019: The Changing Nature of Work.* Washington D.C.: World Bank

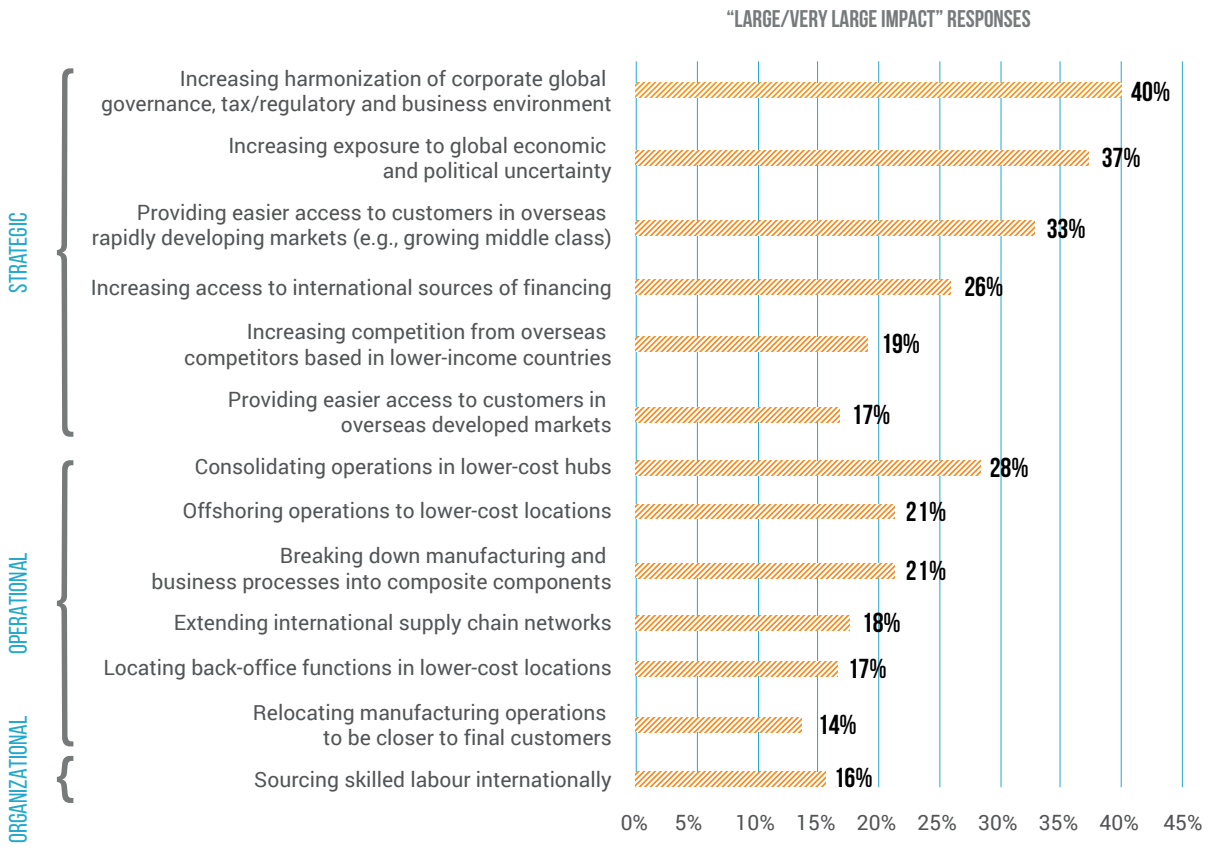
78 Rodrik, D. (2018) *Populism and the economics of globalization. Populism and the economics of globalization. Volume 1, Issue 2. Pages 12-33.*

79 Rodrik, D. (2018) Populism and the economics of globalization. *Populism and the economics of globalization. Volume 1, Issue 2. Pages 12-33*

80 OECD, WTO, and World Bank Group (2014) *Global Value Chains: Challenges, Opportunities, and Implications for Policy.* Report prepared for submission to the G20 Trade Ministers Meeting Sydney, Australia, 19 July 2014.

America have lately come to dominate their domestic and international markets. By 2025, almost half of the Fortune 500 companies are expected to be based in developing countries.[81] Emerging economies' firms are not simply domestic players, but able and willing to pursue international markets. In this context, businesses around the world are increasingly recognising the need to build more resilient and competitive value chains.

Figure 3.1 From the following list of business consequences resulting from global economic integration, please assess the impact each has on your business.



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

[81] Dobbs, R. et al (2013) *Urban world: The shifting global business landscape.* McKinsey&Company

New geographic centres of power bring new innovation, markets, competitors, and industries to the global economy, but this brings a growing need to address issues such as good governance and perceived inequality in order to stay sustainable.[82] 40 per cent of businesses reported that the increasing harmonisation of corporate global governance, tax/regulatory and business environments has had a large impact on their companies, while 37 per cent of executives mentioned increasing exposure to global economic and political uncertainty as a major trend (Figure 3.1).

To survive in this new connected economy, businesses will have to rethink investment, innovation and demand at home and abroad. Twice as many multinational companies exist now as in 1990, and a growing number are headquartered in emerging markets.[83] The lifespan of businesses is also decreasing: the average age of an S&P 500 company is under 20 years, down from 60 years in the 1950s.[84] 19 per cent of executives reported a considerable impact from increasing competition from overseas businesses based in lower-income countries. Thus, **inter-business competition is no longer limited to developed nations, as emerging market companies are growing rapidly while remaining lean and efficient.**[85]

This has coincided with **the growth of emerging economies as valuable markets with major potential**—almost all global production companies' profits increased by unforeseen gains in emerging economies with room for even more growth.[86] However, breaking into these markets has proven difficult for many business models. Increasingly, businesses need to take into account both local and global considerations. Cultures and tastes vary across borders, as do consumer profiles and regulations: many emerging-economy companies are more adept at catering to these underserved markets than established international businesses.[87]

Some companies seem ready to cede this potential growth to new firms, doubling down on instead on advanced markets which still house the majority of global profits. However, this strategy will miss out on the global growth that will occur in emerging markets.[88] 28 per cent of businesses mentioned the considerable impact of consolidating operations in lower-cost markets and 21 per cent reported impact from moving operations to lower-cost locations. **Those models that understand the emergence of these economies as the future of growth, consumption, production and innovation are setting themselves up to reap long-term profit.**

More recently, **new technologies are changing businesses' calculations on the best locations to source products.** Only 18 per cent of trade in goods currently involves exports from low-wage countries to high-wage countries.[89] Variables other than labour costs, including access to a skilled workforce, proximity to consumers and the quality of infrastructure, are becoming more important in deciding where to source production.

The most successful emerging- and advanced-economy business models are based on networks of global communications, information, and production.[90] These models are harnessing technology to make every company a global enterprise, connecting consumers with products and services through the Internet. Innovation and new technology make possible the growth of businesses that avoid costly investments in infrastructure or production, instead remaining agile while gaining advantage within a number of industries.[91] Other businesses have focused on integrating themselves within increasingly

---

82 Frey, C. and Rahbari, E. (2016) *Do labour-saving technologies spell the death of jobs in the developing world?*
83 *Dobbs, R., Koller, T. and Ramaswamy, S. (2015) The Future and How to Survive It. Harvard Business Review.*
84 Credit Suisse Equity Research. (2017) *Global Equity Themes Disruptive forces in Europe: A Primer.* Credit Suisse
85 Dobbs et al. (2015) *The Future and How to Survive It.*
86 Bisson et al.(2010). *The Great Rebalancing.*
87 Dobbs et al. (2015). *The Future and How to Survive It.*
88 PWC (2015). The World in 2050: *Will the shift in global economic power continue?* London: PWC.
89 Lund, S. et al (2019) *Globalization in transition: The future of trade and value chains.* McKinsey&Company
90 Bisson, P., Stephenson, E. and Viguerie, P. (2010) *The Global Grid.* McKinsey&Company
91 Dobbs et al. (2015) *The Future and How to Survive It.*

interconnected supply chains. Regardless of their specific model, in an age of global economic integration a company's success will depend on drawing on international networks to do business. However, firms are only starting to explore this aspect. Only 18 per cent of executives mentioned experiencing significant impact from extending international value chain networks and a mere 13 per cent of businesses reported experiencing a significant impact from relocating manufacturing operations closer to clients.

This integration is increasingly influenced by the 140 million people entering the middle class each year, nearly all from emerging economies.[92] Current estimates have the global middle class reaching some 4 billion people by end 2020 and 5.3 billion people by 2030.[93] Incomes have meanwhile stagnated in advanced economies due to persistent unemployment, lacklustre wage growth and lack of investment from domestic companies.[94] Global productivity has also stagnated and, in some cases, even declined over the last decade.[95] These are massive shifts, reshaping how markets are defined and shifting wealth generation away from the west. Traditional centres of economic power now share the scene with rising economies like China, India, and Brazil. These markets are not monolithic: Asian companies have tended to expand rapidly abroad while Latin American businesses tend to focus on regional markets, for example.[96] **A company's growth strategies may look completely different across varying products, sectors, or economies, but they are influenced by a highly competitive environment that is increasingly interconnected.**

BOX 3.1 THE CASE FOR INTEGRATION OVER POPULISM AND PROTECTIONISM

Arguments for protectionism have arisen in response to a "decline in labour's share of national income; the long-term trend of rising income inequality; the increase in the share of goods and services that are tradable, and therefore of the broader scope of the population affected by the pressure of competition; and the perceived acceleration in the pace of economic change.[97] In many countries, policymakers feel increasingly unable to protect citizens and domestic firms from greater global financial mobility.

Despite economic fluctuations, the weight of evidence indicates that economic openness and deepened integration underlies sustained growth. While many argue that protectionist policies–including trade restrictions–increase local growth and reduce inequality, these policies have often resulted in worsened economic outcomes, particularly affecting the poor and worsening inequality in the long-term.

Nevertheless, greater economic integration cannot achieve broad-based gains in growth in isolation. Policymakers need to improve the flexibility and resilience of political systems and economies in the face of volatility, rather than trying to insulate themselves from change, to secure sustained and shared prosperity.

92 Kharas, H. (2017) *The unprecedented expansion of the global middle class. An update.* Washington D.C.: Brookings.
93 Kharas, H. and Hamel, K. (2018) *A global tipping point: Half the world is now middle class or wealthier.* Washington D.C: Brookings
94 ACCA (2017) *Business Models of the Future: Emerging Value Creation.* London: ACCA.
95 Majumdar, R. (2017) *Understanding the productivity paradox.* Deloitte Insights
96 Dobbs et al. (2015) *The Future and How to Survive It.*

3.3 OPPORTUNITIES AND CHALLENGES FOR EBMOS

This new interdependent world poses fresh challenges, but also opportunities, for businesses and EBMOs, with the private sector having a clear role in complementing government efforts. **Emerging economies are increasingly competing with advanced economies for investment and jobs, but through cooperation and collaboration, EBMOs can help ensure that all relevant actors focus on mutual benefit as opposed to undermining sensible regulations.**

Just as governments are answerable to their citizens, companies are feeling greater pressure to be responsible corporate citizens. Global economic integration is making it easy for companies to move investment around the globe almost instantly in pursuit of new opportunities. Interconnected economies also mean shocks in one place can reverberate around the world. Governments and companies must therefore work together to ensure that capital movement is equitable and supports the wider interests of society.[98]

New voices in new sectors and markets will change and enlarge the mission of EBMOs. Companies from emerging markets may have entirely different views to those from advanced economies, or even among themselves. EBMOs will need to reflect a variety of opinions and needs. However, greater integration may support greater alignment among EBMOs on matters that affect a number of industries, regions and companies. For example, migration, trade and net neutrality – essentially, the principle that Internet Service Providers should not block or promote specific content – for example, are global issues in which EBMOs from both emerging and advanced economies have an important stake. Furthermore, EBMOs can offer a seat at the table to the small and medium enterprises (SMEs) that make up their membership and are affected by the moves of larger multinationals, helping them integrate into the global economy.

The growing number of multinational enterprises (MNEs) offers EBMOs an opportunity to provide services to overseas multinationals with operations–or even just important value chains–in their country. The interests of multinationals vary by sector, size of the host country, and the size/value of the multinational's operations in that country, among other factors, but EBMOs can provide useful information on national laws, connections to local business partners, and links to the government. They can also help align business interests on key issues such as good governance, stable macroeconomic policies, sound fiscal policies and investment in education and infrastructure. **Most multinationals seek to integrate into the markets in which they operate and be seen as local companies: EBMOs can help them achieve that goal.**

[98] Sharma, S. D. (2014) *Global financial contagion: Building a resilient world economy after the subprime crisis.* New York: Cambridge University Press.

BOX 3.2 CASE STUDY — BUSA'S POLICY WORK

In 2016, Business Unity South Africa (BUSA) sought to improve its approach to policy engagement, making it less reactive and more structured and coordinated.[99]

BUSA consulted its members, asking each to identify policy areas affecting the business community. BUSA then consolidated the responses to generate a prioritised list of ten focus areas, and formed a policy committee for each to undertake research and stakeholder engagement and otherwise support the organization's policy and legislative objectives. They report progress to the BUSA board on a quarterly basis and to all members at BUSA's annual meeting.

Two standing policy committees (Economic & Trade Policy and Social Policy) oversee the sub-committees for each focus area. For the Economic & Trade Policy Committee these include Environment; Energy; Tax; and Trade, Transport & Logistics. The Social Policy Standing Committee has a single subcommittee: Education & Skills Development.[100] Both policy committees have a focus on transformation, small business, as well as regulatory certainty and impact.

BUSA has also boosted its participation in the National Economic Development and Labour Council (Nedlac), an institution through which government, labour, business and civil society collectively negotiate the economic, labour and development policy issues facing the country.[101] BUSA revised its approach to Nedlac participation in order to enhance its transparency and representativeness. New guidelines were introduced outlining how BUSA members would represent the organization within Nedlac. More rigorous research and the development of position papers related to issues tabled by Nedlac helped BUSA strengthen its position in the negotiation process. BUSA also began tabling issues with Nedlac for the first time.[102]

BUSA's more rigorous approach to policy engagement has enabled the organization to become more valuable to its members. As a result, it subsequently enjoyed a 20 per cent increase in membership over 18 months. It also saw no resignations, and even saw former members return to the organization.[103]

99 Cohen, T. and Tshawe, M. (2018) *Interview for BUSA Case Study.*
100 Business Unit South Africa. (2018) Policy Business Unit South Africa. Available at: http://busa.org.za/policy/ [Accessed November 2018].
101 National Economic Development and Labour Council (2017) *Nedlac.* Available at: http://nedlac.org.za/ [Accessed November 2018].
102 Cohen, T and Moabalobelo, S. (2018) *Interview for BUSA Case Study*
103 Ibid.

4

DEMOGRAPHICS AND GENERATIONAL CHANGES ARE ALTERING THE COMPOSITION OF THE WORKFORCE

Gender and demographic dynamics are combining to create an emerging multi-generational and highly diverse global workforce.

4.1 THE ISSUE

Shifting demographics are changing the workplace. Companies are confronting the challenge of a multi-generational workforce comprised of baby boomers, Generation X and millennials who have different concepts about what it means to work and different professional needs.[104] The notion of working for one company for 30 years until reaching a generous retirement package is considered out-dated or unfeasible, and work is increasingly viewed as a purposeful activity rather than simply a means to make money. 70 per cent of those consulted in a large-scale recent study said they would like to work for an organization with a powerful social conscience.[105]

The global population is aging. 60 per cent of all people live in nations with stagnant or shrinking populations, while the number of elderly people is on track to double by 2050, rising from 841 million in 2013 to more than 2 billion.[106] OECD economies are predicting major growth in the elderly population alongside a decrease in the workforce. By 2020, Europe's working-age population will have declined by 10 per cent, and one in three adults across the OECD will be over the age of 65. In 2011, China's working-age population reached 925 million, but by 2050 its working-age population is forecast to fall by 225 million. By 2050, 500 million people are expected to be 60 or over, compared with slightly over 200 million today.[107]

These trends are not only found in major developed economies, but are also increasingly visible in other regions. Population growth in ASEAN will slow across the next 25 years. Myanmar, Singapore, Thailand and Vietnam are all predicting a major growth slowdown and are starting to plan for an older population and proportionally smaller workforce.[108]

An ageing population will profoundly affect not only the workforce but also the economy, as baby boomers reshape the long-standing fundamentals of work, retirement and savings. As health outcomes increase worldwide, the standard retirement age of 65 is increasingly seen as arbitrary and possibly even detrimental. Baby boomers are increasingly living a "multi-stage" life wherein they change their career multiple times.[109]

Meanwhile, some regions are experiencing a youth bulge. Population growth has started to decrease in LAC and the region is currently experiencing a "youth dividend" as younger generations reach working age, providing potential economic gains while also increasing pressures on labour markets and society.[110]

Africa hosts the world's fastest growing population. By 2050, the continent is expected to be home to 1 in 4 people.[111] The World Economic Forum estimates that between 15 and 20 million young people will join the African workforce each year for at least the next 30 years, indicating that Africa in 2050 is likely to boast 850 million young workers (aged 18–25) in total. This demographic will be better educated than before, with the percentage of African young people with at least a secondary education estimated to increase from 36 per cent in 2010 to 52 per cent in 2030.[112] However, they may not be more likely to have the skills needed for employment.

---

104 For the purposes of this report, baby boomers are those born during the demographic Post–World War II baby boom between the years 1946 and 1964. Generation X, are those born during 1960s and 1980s. Millennials are those born between 1980 and 2000. Millennials are also known as Generation Y or Generation C..

105 PwC (2017) *The Workforce of the Future: The views of 10,000 workers. PwC.*

106 See: World Employment Confederation (2016) *The Future of Work*; International Organisation of Employers (2017) *Understanding the Future of Work*. Geneva: IOE

107 Myers, J. (2016) *China's working-age population will fall 23% by 2050*. Geneva: WEF

108 International Labour Organization (2016) *ASEAN in Transformation.*

109 See: Gratton, L. and Scott, A. (2016) *How Work Will Change When Most of Us Live to 100*. Harvard Business Review; Deloitte (2016) *The Future of the Workforce Critical drivers and challenges*. Deloitte

110 Salazar-Xirinachs, J. (2016) The future of work, employment and skills in Latin America and the Caribbean.

111 Bickersteth (2015) *9 Mega-Trends Shaping the Future of Africa.* Geneva: WEF

112 World Economic Forum (2017) *The Future of Jobs and Skills in Africa.*

DEMOGRAPHICS

AND GENERATIONAL CHANGES ARE ALTERING THE COMPOSITION OF THE WORKFORCE

BOX 4.1 AFRICA'S BOOMING POPULATION

Sub-Saharan Africa is one of the few regions in the world still experiencing rapid population growth. SSA will be home to 31 per cent of the planet's population by 2050, up from 12 per cent today, an exponential change. Rising life expectancies and declining death rates will deliver SSA a "youth bulge" of nearly 220 million youth between now and 2035.[113] However, the formal sector lacks capacity to absorb these jobseekers.[114] While in previous generations agriculture gave an income to the majority of Africans, urbanisation and changes in attitudes regarding farming may adversely affect the sector.[115] However, technological advances in the agricultural sector may also change perceptions positively and create new opportunities in off-farm work for young people in particular.

The workplace is also increasingly mirroring the makeup of the population.[116] A more diverse and inclusive segment of the population is making headway into the workforce, but perhaps the most significant change is the inclusion of women, who are entering employment at record proportions.[117] This is a hugely significant development for women globally.

However, although women tend to enjoy higher educational attainment than men, they still receive limited leadership opportunities, earn less and are overrepresented in specific sectors, notably the informal market and unpaid family labour. While the gender gap in labour force participation rate has narrowed over the past 30 years in many countries, it remains high globally – at 33 per cent, according to one recent report. Part of the reason for this global gap in employment parity is the gender pay gap – at 19 per cent globally – which undermines the incentive to work. This not only reduces individual and household income but has a negative effect on the broader economy.[118]

The voice of businesses is also represented in the Steering Committee of the Equal Pay International Coalition (EPIC), encouraging and promoting efforts by companies to tackle the pay gap.[119] For example, promoting equal access to training and education, recruitment and career development opportunities are seen as effective approaches in the long term.[120] **EBMOs can provide policy guidance to members on how to address gender disparities in pay and employment, in a forward-looking, innovative, and practical manner.** However, there is a need to

113 Filmer, D., Fox, L. et al. (2014) *Youth Employment in Sub-Saharan Africa.*
114 AGRA (2016) *Africa Agriculture Status Report 2016.*
115 Filmer, D., Fox, L. et al. (2014) *Youth Employment in Sub-Saharan Africa.*
116 Helen, B. (2018) *More balanced workplace ethnic mix is hampered by lack of data.* Financial Times. Available at: https://www.ft.com/content/78c83026-1d7a-11e8-a748-5da7d696ccab [Accessed September 2018].
117 See: Ortiz-Ospina, E. and Tzvetkova, S. (2017) *Working women: Key facts and trends in female labor force participation.* Our World in Data. Available at: https://ourworldindata.org/female-labor-force-participation-key-facts [Accessed September 2018]; World Economic Forum (2016), The Future of Jobs…
118 World Economic Forum (2018), The Global Gender Gap Report, p.9. Geneva: WEF.
119 Equal Pay International Coalition (EPIC). Available at: https://www.ilo.org/global/topics/equality-and-discrimination/epic/lang--en/index.htm [Accessed March 2019].
120 IOE (2015) *Female Talent: Unleashing its Full Potential For the Future.* Geneva: IOE.

carefully evaluate the effectiveness of mandatory pay equity audits and transparency reporting, which some experts argue may prove counterproductive in undermining the position of women in the workplace.[121]

An estimated 865 million women worldwide have the potential to contribute to the global economy and national development.[122] Halving the gender gap in labour-force participation would boost GDP by an extra 6 per cent by 2030 across OECD countries, with a further 6 per cent gain if men and women worked in equal proportions.[123]

Gender and demographic dynamics are combining to create an emerging multi-generational and highly diverse global workforce. At the same time, **inclusivity and diversity need to be understood as not simply ethical and social issues but as economic issues that can boost and improve society as a whole.** ILO ACT/EMP research on women in business suggests that companies are making progress, but more needs to be done. Globally, 78.3 per cent of firms report having a male CEO, and 64 per cent of companies do not have a critical mass of women on their boards.[124] There has been considerable growth in women in managerial positions with women filling in the ranks at greater speed than men since 1991; however, women continue be less represented than men in all regions, with just 34 per cent of managerial roles globally occupied by women.[125]

The OECD, IMF, and World Bank have all noted that investment in gender equality yields the highest return of all development-linked investments, and called on governments to increase access to skilled jobs and invest more in initial and later-life education for women and girls.[126] Addressing these deficits effectively means promoting multi-stakeholder collaboration, including the positive engagement of EBMOs.

4.2 IMPLICATIONS FOR BUSINESSES

Diversity in hiring plays an increasingly important role in business models due to demographic change. 46 per cent of businesses report that they expect a significant impact from a more diverse and multigenerational workforce. Companies are developing strategies to attract, manage and retain a diverse, multi-generational workforce in the face of increasing options for workers to choose when, how and where they work (Figure 4.1).

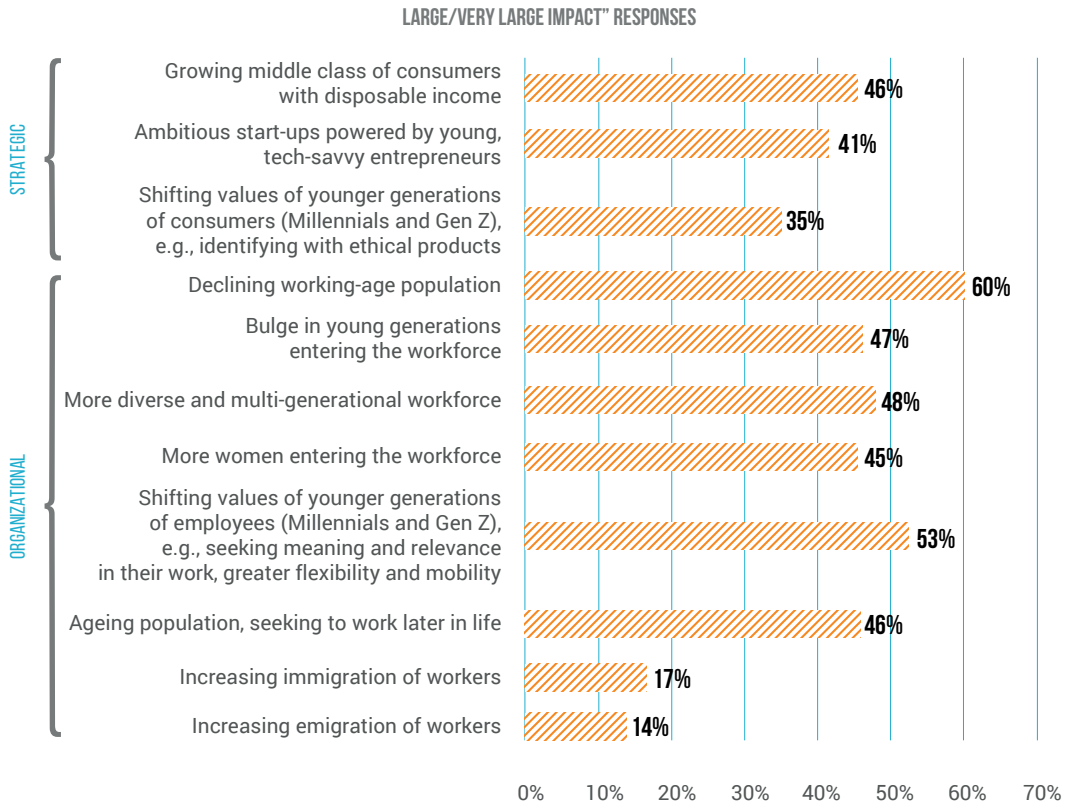
Demographics and generational changes are impacting business across different levels. At a **strategic level**, businesses are experiencing a growing middle class of consumers with disposable income, competition from ambitious start-ups powered by young and tech savvy entrepreneurs and shifting values among young consumers. At an **operational level** and **organizational level**, businesses are concerned about how to manage multi-generational workforce that includes a declining working-age population in some regions and a youth bulge in others.

121 IOE (2019) *IOE Guidance Note on the ILO Global Commission on the Future of Work's Report.* Geneva: IOE.
122 Novin, N. (2014) *Comment donner du travail à 865 millions de femmes.* World Bank
123 Kiviniemi, M. (2015) *Why a push for gender equality makes sound economic sense.* OECD Observer. Available at http://oecdobserver.org/news/fullstory.php/aid/4889/Why_a_push_for_gender_equality_makes_sound_economic_sense.html [Accessed October 2018]
124 International Labour Organization (forthcoming). *Women in Business.* ILO
125 WEF (2018), *The Global Gender Gap Report.*
126 See: Hoel, A. (2015) Investing in Women is Vital to Ending Poverty, Boosting Needed Growth. World Bank. Available at http://www.worldbank.org/en/news/feature/2015/07/14/investing-women-vital-ending-poverty-boosting-needed-growth [Accessed October 2018]; Kiviniemi, M. (2015), Why a push for gender equality makes sound economic sense. OECD Observer. Available at http://oecdobserver.org/news/fullstory.php/aid/4889/Why_a_push_for_gender_equality_makes_sound_economic_sense.html [Accessed October 2018]; Bloom, D., Kuhn, M. and Prettner, K. (2017) Invest in Women and Prosper. International Monetary Bank. Available at https://www.imf.org/external/pubs/ft/fandd/2017/09/bloom.htm [Accessed October 2018]

DEMOGRAPHICS

AND GENERATIONAL CHANGES ARE ALTERING THE COMPOSITION OF THE WORKFORCE

Figure 4.1 From the following list of business consequences resulting from demographic and generational changes, please assess the impact each has on your business.



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

46 per cent of companies expect the growing middle class of consumers with disposable income to have a large impact on business. **To capture these opportunities, businesses will need to understand consumers better and business models will need to align to the changing values of different generations, regions and cultures.**

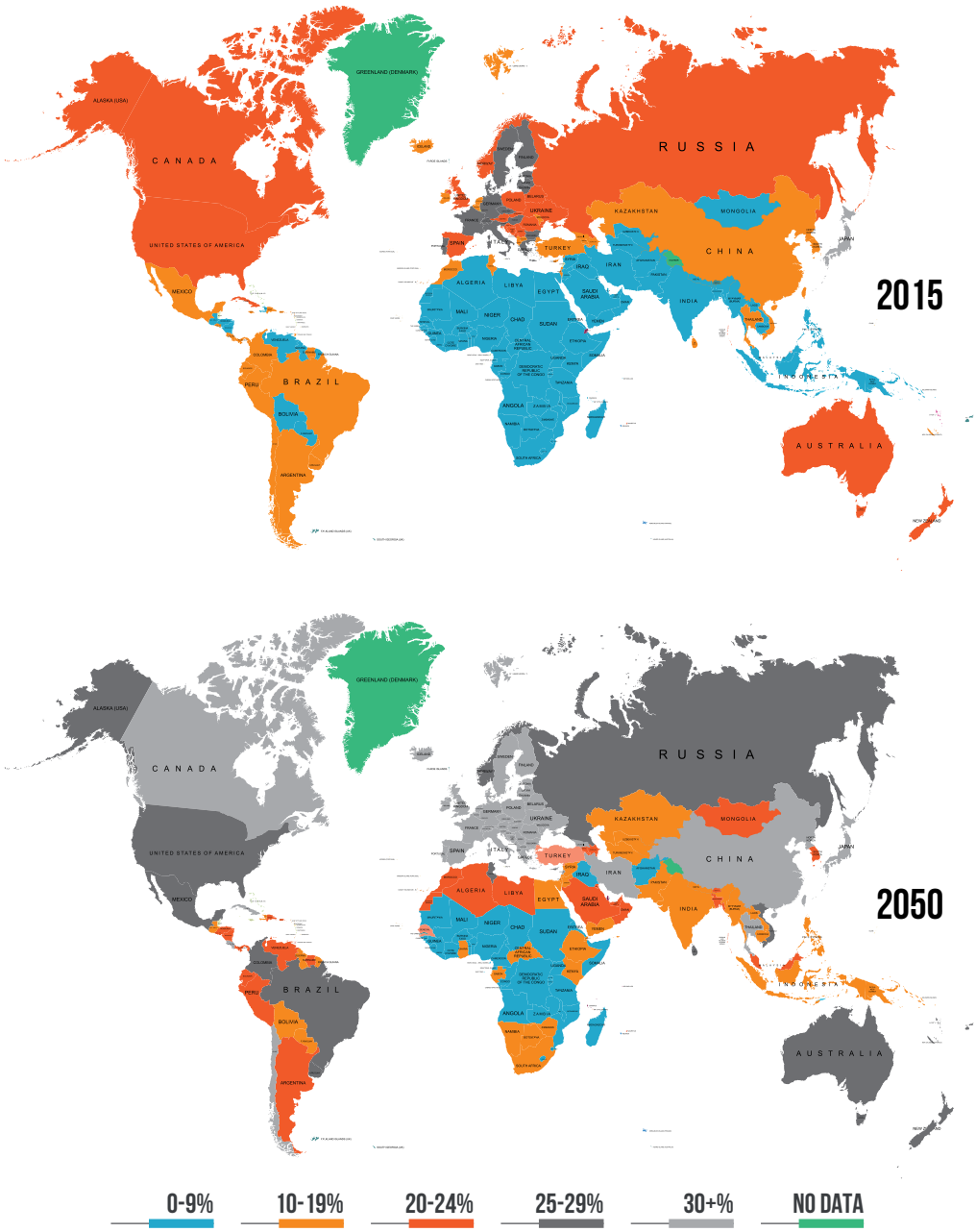
The baby boomer generation is a prime example of the shifting market. They are likely the wealthiest generation in history, and are living longer, healthier lives than ever before. However, few businesses have focused on changing strategies to better attend to the needs of this demographic. Not only does the "silver market" have wealth to spend, they are disrupting previous notions about the lifestyles of older people.[127]

At the same time, **business models must carefully examine how millennials make decisions, their likes and dislikes and how they evaluate products.** 35 per cent of surveyed businesses acknowledged that the shifting values of the younger generation of consumers would impact their business. Advertising among millennials is especially tricky, as many tend to view a plethora of fragmented media that makes any single campaign necessarily complex. Adding to this difficulty is millennials' reticence to accept what a brand says about its own products; they are more likely to listen to either their peers or trusted influencers.[128] Beyond simple advertising, millennials want to feel engaged with a product or service, and that they are an equal partner in the producer-consumer relationship.

127 The Economist Intelligence Unit (2017) *Thriving through Disruption*. EY
128 Ibid.

Demographic changes have become an important concern for business. 26 per cent of businesses from high-income countries reported demographics as the second-highest impact on their businesses behind technology. The predicted growth of aging populations in Europe and Asia is increasingly becoming a key issue, with 62 per cent of companies in Europe and 58 per cent in Asia reporting that a declining working-age population will have a large impact on their business.[129]

Figure 4.2 Proportion of population aged 60+ in 2015 and 2050



Source: World Population Prospects 2015, UNDESA Population Division.

[129] The working age population is defined as those aged 15 to 64. OECD Data (2018).

DEMOGRAPHICS

AND GENERATIONAL CHANGES ARE ALTERING THE COMPOSITION OF THE WORKFORCE

Lifespans have been steadily increasing globally, and the elderly in many countries are increasingly reluctant to retire (Figure 4.2). Improvements in medicine and sanitation have more than doubled the global average life expectancy since 1900. Global life expectancy at birth in 2016 was 72.0 years (74.2 years for men and 69.8 years for women).[130] In this scenario, baby boomers are taking longer to retire, mainly due to increased financial responsibility and better health.[131] Recent studies highlight that one-third of American and one-quarter of Australian baby boomers plan on working into their 80s.[132] Data from our survey indicates businesses are already thinking about how to cope with an aging population seeking to work later in life. 53 per cent of business in North America and 49 per cent of companies in Europe expect this trend to impact their business significantly.

AN AGING POPULATION WILL PROFOUNDLY AFFECT NOT ONLY THE WORKFORCE BUT ALSO THE ECONOMY, AS BABY BOOMERS CONTINUE TO RESHAPE THE LONG-STANDING FUNDAMENTALS OF CAREERS, RETIREMENT AND SAVINGS.[133]

Nevertheless, businesses are also concerned about the impact on their operations of the youth bulge being experienced by some regions of the world. 47 per cent of firms reported that they will be impacted by the bulge in younger generations entering the workforce in emerging economies. 39 per cent of businesses in Africa indicated the youth bulge would have a considerable impact for them, rising to 45 per cent of businesses in LAC.

BOX 4.2

MILLENNIALS: THE KEY INFLUENCERS OF THE WORKPLACE

Millennials, those born between 1980 and 2000, make up more than half the global workforce. In most OECD countries, millennials will be the largest cohort since the peak of the baby boomers; in the US alone, they number 83.1 million.[134] In SSA, under-25s will make up 60 per cent of the total population by 2035.[135]

In general, millennials expect flexibility, values-driven workplaces, corporate responsibility, meaningful and relevant work, an emphasis on learning and training, and mobile work environments.[136] millennials are set to be the key influencer on the workplace over the coming decades and businesses need to be attuned to the changes they will cause. Their willingness to "job hop," for example, exacerbates high turnover rates and existing skills mismatches; a survey of 7,700 university graduates found that over half were looking to change their jobs within six months to two years, while another eight-nation survey found that millennials more likely to leave their current jobs when encountering less-than-ideal situations.[137] As baby boomers retire, some millennials with little management experience may have to take over from these departing seniors. But firms have reported difficulty finding millennials with the requisite skills

130 World Health Organization (2019) *Life expectancy*. Available at https://www.who.int/gho/mortality_burden_disease/life_tables/situation_trends_text/en/ [Accessed September 2018]
131 Deloitte (2016) *The Future of the Workforce*.
132 Ibid.
133 Gratton, L. and Scott, A. (2016) *How Work Will Change…*
134 United States Census Bureau (2015) Millennials Outnumber Baby Boomers and Are Far More Diverse, Census Bureau Reports. Available at https://www.census.gov/newsroom/press-releases/2015/cb15-113.html [Accessed August 2018].
135 AGRA (2016) Africa Agriculture Status Report 2016.
136 International Labour Organization (2016) ASEAN in Transformation.
137 Ibid.

to justify management positions, negatively affecting millennials' wages and careers.[138]

Millennials are at the forefront of innovation and adaptation. They understand social media better than their elders, are more comfortable with new technology and form the backbone of the "freelance economy," driven by on-demand work and mobility fostered by mobile and internet technology.[139] Employers will need to harness this natural affinity for technology to tackle the 21st-century marketplace. Companies that are able to engage and keep millennials within their ranks for longer will be more competitive as their workforce matures into senior roles. Companies that seek to maintain out-dated models of career-advancement and generational structure, which will rarely attract or retain millennials for long, do so at their own risk. Although seniority and experience are still highly valuable, businesses will need new leadership methods that appeal to all generations in the workplace.

The new management model will confront a workforce that is not only diverse, but also highly technologically adept and geographically dispersed. Demographic shifts have influenced both SMEs and MNEs. The new typical company is not specific to any one nation, but influenced by skilled workers from across the globe working in complex teams.[140] Flexibility and modularity—the ability to break down jobs into specific projects and tasks—can offer baby boomers an opportunity to continue to advise and work on topics within their expertise, while providing millennials with opportunities to learn new skills, be exposed to different teams and work in a number of fields.

While increasingly more women are found in boardrooms and management positions, traditionally-male occupations and in the workplace in general, the pressure to show greater progress is mounting.[141] Business is seeking to take advantage of untapped female potential, with 45 per cent of executives reporting that more women entering the workforce will have a noticeable impact on business. **Specialised training and internship opportunities, including in non-traditional fields, may help to break down barriers and make productive sectors more gender-inclusive.**[142]

4.3 OPPORTUNITIES AND CHALLENGES FOR EBMOS

EBMOs should help members develop management models and strategies that empower the new workforce. Training and learning opportunities for all workers are needed to stay competitive. Mentoring and job-shadowing schemes can assist millennials in overcoming skills mismatches and introducing diversity and experience into varied

138 Ibid.
139 Deloitte (2016) *The Future of the Workforce.*
140 International Organisation of Employers (2017) *Understanding the Future of Work.*
141 UNCTAD (2018) *World Investment Report 2018.*
142 See : Novin, N. (2014), *Comment donner du travail…* ; Puech, O. (2013) *Autonomiser les adolescentes à Port-au-Prince: "Nous sommes l'avenir d'Haïti"*. World Bank.

teams. EBMOs and their members also need to overcome the challenge of high turnover rates among millennial employees.

Within this context, as hierarchies break down, baby boomers seek semi-retirement and more modular opportunities and millennials focus more on projects than career advancement, businesses will need to rethink strategies of up-skilling, re-skilling and talent attraction and retention.[143] **EBMOs will need to help businesses make sense of a more horizontal workforce that can make best use of shifting demand from all parties: older and younger employees and customers.**

This shift includes a need for EBMOs to work with members on re-evaluating the idea of retirement.

Record numbers of elderly people are retiring, yet despite growing numbers of millennials finding work, the overall workforce is shrinking, fracturing the assumed trajectory of workers replacing and sustaining retirees.[144] To manage this shift, redesigning work to allow elderly workers to continue to add expertise while earning should be a focus of both businesses and EBMOs.

In this vein, **EBMOs will need to contribute to reforming or adapting retirement schemes to reality.** Potential solutions could be mobile pension plans that travel with the worker (rather than being attached to any single employer) or generalized sector schemes such as demography agreements set up through EBMOs and managed through memberships of both employee and employer.[145]

BOX 4.3 CASE STUDY — HOW TO FOSTER YOUTH MEMBERSHIP

The Federación Iberoamericana de Jóvenes Empresarios (Ibero-American Federation of Young Entrepreneurs, or FIJE) is a representative body for some 150,000 young entrepreneurs across 20 countries and national youth entrepreneurship associations.[146] FIJE aims to connect, train, and represent young business leaders, amplifying the impact of youth entrepreneurship in creating new businesses, jobs and income. It also seeks to increase the productivity and competitiveness of the private sector in the region, which displays high rates of youth unemployment and underemployment.[147] Among the youth business organizations that make up FIJE are the Confederação Nacional de Jovens Empresários (CONAJE) in Brazil and the Confederación Patronal de la República Mexicana (COPARMEX Jóvenes) in Mexico.

CONAJE brings together different types of young entrepreneurs from across Brazil, with over 10,000 active members in 26 out of 27 Brazilian states. It also indirectly serves over 36,000 young business owners and entrepreneurs. While CONAJE is independent from Brazil's primary EBMO, the Confederação Nacional da Indústria (CNI), the two organizations have a long-standing strategic partnership. CONAJE actively participates on three of CNI's most important thematic councils: small and medium enterprises, legislative matters and economic policy. CONAJE's mission is to develop young leadership, so that individual members can later on serve on employer organizations at the regional and federal level.[148]

143 IOE(2017) *Understanding the Future of Work.*
144 Ernst, E. (2015). *The Shrinking Middle.*
145 PEW Charitable Trust (2017) *Retirement Needs and Preferences of Younger Public Workers.* PEW
146 Federacion Iberoamericana de Jovenes Empresarios (2016). *Informe de Gestion.* FIJE
147 Ibid.
148 Gonçalves, G. (2018). Interview for CONAJE case study.

COMPARMEX Jóvenes, with around 6,000 members across the country, is one of 17 working groups that compose COMPARMEX. The president of COMPARMEX Jóvenes serves as a director on the COMPARMEX board, demonstrating the seriousness with which the larger national organization takes its youth organization and demographic. Divided into three sub-organizations–business professionals, entrepreneurs and university students–COMPARMEX Jóvenes tailors its resources to these three specific groups.[149]

National and regional youth entrepreneurship oriented EBMOs like these play a critical role in the private sector ecosystem. They encourage younger business leaders and entrepreneurs to join their national employer associations, either through the EBMO's youth wing or directly, helping EBMOs attract new members.

In addition to the long-term leadership contributions these younger professionals offer, they also inject fresh and innovative ideas into EBMO strategies, helping the organizations keep aligned with evolving social norms and trends.

Similarly, **EBMOs must work with women to integrate them more fully into the workforce.** EBMOs should prioritise issues related to gender equality as they have considerable impact on the viability and profitability of companies. This will require a multi-pronged approach, involving education, cultural change and policy. EBMOs can promote dialogue amongst stakeholders and support firms in boosting gender equality.

BOX 4.4 CASE STUDY – FEMALE FUTURE

In 2002 the Government of Norway proposed a law that would require listed companies to reserve at least 40 per cent of board of director seats for women. The Confederation of Norwegian Enterprise (NHO) responded with the Female Future program.[150]

Launched in 2003, the program aims to identify and build the leadership capabilities of promising women in the workforce. The program supported member companies in improving their female leadership pipelines to meet the statutory board seat quota and helped them promote women into other internal leadership positions. The program ran until 2008, when the board quota came into effect. Considered a success, Female Future was soon reintroduced and remains in place in Norway, and has since been introduced elsewhere.[151]

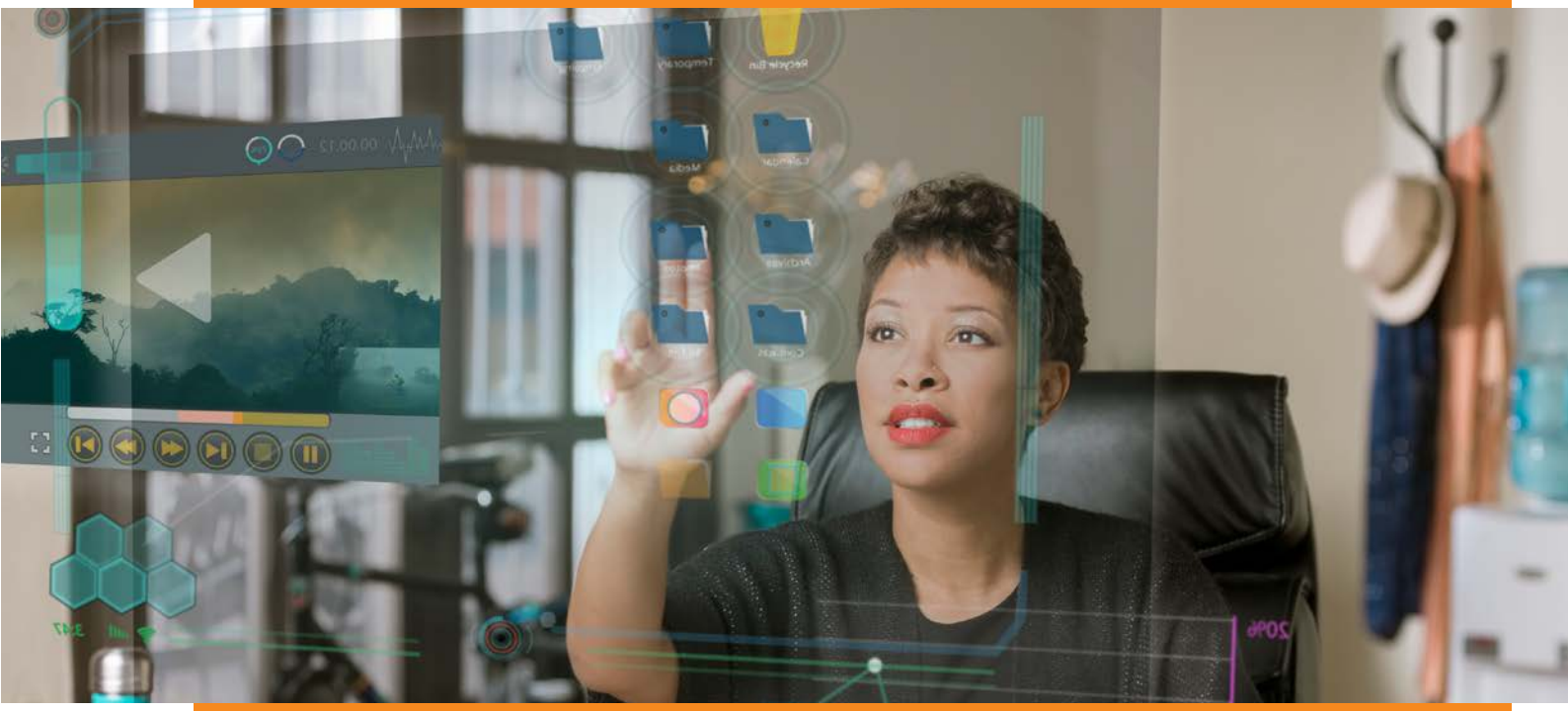
NHO's initial steps were to market the newly launched program to companies. Recruited firms were then encouraged to sign a contract committing them to invest in elevating women into management positions and board seats. These

149 Montiel, F. (2018) *Interview for Coparmex Jovenes case study*
150 *International Labour Organization (2011) Female Future. Turning the tide. World of Work No72. Pp16-20*
151 *Iczyk, M. Grzesiak, M., Richert-Kamierska, A and Starnawska, M. (2014) Women and elderly on the BSR labour market-good practices' analysis and transfer. Hamburg: Baltic Sea Academy*

companies then nominated and paid for a number of high-potential female employees to join the Female Future program.[152] These women then participated in a yearlong training program, with their cohort joining a growing professional network of participants and alumni.

As of 2018, roughly 1,600 women have taken part in Female Future across more than 800 Norwegian companies. Of the 23 participants in the program's 2017 cohort, six had been offered board positions at the time of writing, and 11 had advanced professionally to a more senior executive position.[153] In a 2014 program evaluation most participants reported positive impacts on their careers. Two out of three had been offered board positions and/or been promoted within six months. Six out of ten had experienced a progression of their management careers, and the same percentage had taken on one or more leadership roles.[154]

The success of NHO's Female Future program has sparked the interest of other EBMOs whose members are keen to invest in developing female leaders, such as the Federation of Kenyan Employers (FKE). Following the passage of Kenya's new constitution in 2010, which contained explicit clauses on gender-equality and opened the door to future affirmative action legislation, FKE collaborated with NHO to introduce the Female Future program in Kenya. 78 companies have participated in enrolling employees in the program since it launched in 2013, while other participants have self-sponsored in order to take part. In total, 231 women have participated so far.[155]



152 Ibid.
153 Munthe, H. (2018) *Interview for Female Future case study.*
154 Ibid.
155 Nyaga, M. (2018) *Interview for Female Future case study*

5

SUSTAINABILITY AT THE CORE

Companies are expected to become sustainable by considering the triple bottom line: profit alongside social and environmental impact. Environmental risks are increasing the vulnerability of businesses and people worldwide.

5.1 THE ISSUE

By 2050, the planet will be home to an estimated 9.7 billion human beings, up from 7.7 billion today.[156] The use, scarcity and preservation of natural resources will pose a fundamental challenge to a burgeoning global population. Moreover, **the profound and prolonged effects of climate change will present new challenges and opportunities to both the workforce and business.**

Furthermore, amid increasing globalisation, **Responsible Business Conduct (RBC) and human rights have become a prevalent theme globally.** Seventy years since the signing of the Universal Declaration of Human Rights, many of these principles continue to be infringed and disregarded to varying degrees around the world. Yet there is broad societal agreement on the need for better implementation and enforcement of human rights.[157]

Companies are influenced by their consumers and their employees–both are seeking ever-greater sustainability and social responsibility. Renewable energy use is rising, commensurate with a fall in cost; natural gas will soon outpace coal as the world's second-largest energy source; and the political will to fight and adapt to climate change is mounting.[158] Many emerging markets, the engines of global growth of the coming decades, have embraced renewables and other carbon-reducing strategies within their development plans. Meanwhile, companies and corporations striving to be more efficient with their limited resources may have the most impact on sustainability of all.[159]

The sustainable energy sector will likely see rapid growth in the future, especially in the realm of technological innovation. Some of this will be powered by large, established firms, but other organizations and start-ups will have roles to play, including business incubators tied to universities, small, flexible organizations, and sustainability consultants. **There is no firmly established link yet between sustainable energy and stronger labour market performance, but sustainable energy can be geared to provide more jobs.**[160] However, the sector suffers from a shortage of highly skilled employees, causing "bottlenecks" and delays in the economic and employment gains of greening economies.[161]

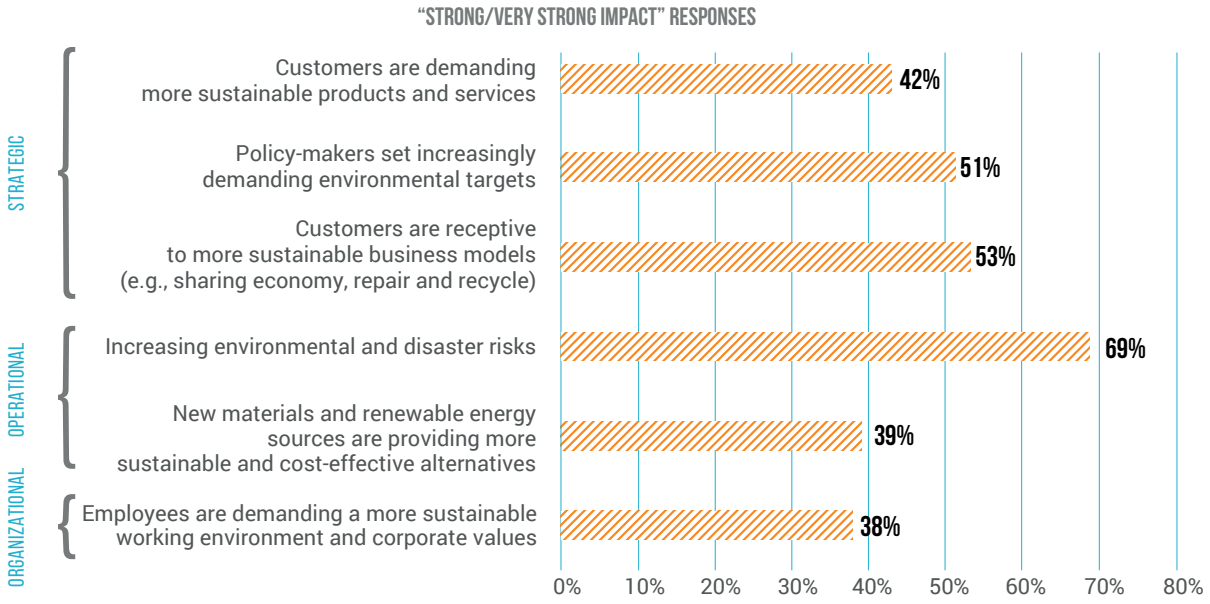
Global climate change, exacerbated by the build-up of carbon emissions, continues unabated. While technology and innovation pull nations into prosperity, this comes at a heavy environmental price. Although China may be the last nation to use traditional industrialisation to develop, the sheer number of middle-class consumers this is creating will strain global resources.[162] Some emerging economies allege an unfairness in that the West was free to industrialise using fossil fuels and resources, and yet now demands conservation and sustainability measures from poorer nations. **The question facing the world is how to balance economic development with the usage of finite resources.**

156 UNDESA (2015) *World population projected to reach 9.7 billion by 2050.* Available at http://www.un.org/en/development/desa/news/population/2015-report.html [Accessed October 2018]
157 Human Rights Watch (2019). *World Report 2019.* HRW: New York.
158 EY (2016) *The upside of disruption: Megatrends shaping 2016 and beyond.* EY
159 Ibid.
160 Bowen, A. and Kuralbayeva, K. (2015) *Looking for green jobs: the impact of green growth on employment.* London: LSE
161 International Labour Office (2015) *Anticipating skill needs for green jobs A practical guide.* Geneva: ILO
162 Frey, C. and Rahbari, E. (2016) *Do labour-saving technologies spell the death of jobs in the developing world?* Washington D.C.: Brookings

5.2 IMPLICATIONS FOR BUSINESSES

69 per cent of business in our survey recognised that increasing environmental and disaster risks have considerable impact on their operations and reputation. Worries over water, pollution and disaster risk-management are part of the new normal. Stricter environmental regulations, alongside green demands from consumers and workers, mean **business models need to consider the triple bottom line: social, environmental and financial.** On a strategic level, consumer and regulator demands necessitates change in business models; operationally, increased exposure to environmental risks comes alongside innovation in more sustainable materials and energy sources; at the organizational level, more workers are echoing consumer demands for sustainable work environments and values.

Figure 5.1 From the following list of business consequences relating to sustainability, please assess the impact each has on your business.



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

Consumers are increasingly pressuring companies to improve sustainability. Consumer organizations and NGOs are increasingly demanding information on working conditions and routes to market; investors include information on RBC and human rights in their investment decisions and corporate benchmarks publicly rank the RBC performance of companies. Moreover, more consumers are seeking environmentally friendly products, and those companies that can deliver have captured large market shares. Consumers are willing to pay premiums on electric cars, environmentally

friendly plug-in products, organic produce and even green cleaning products.[163] Around three-quarters of millennials say they would be willing to pay small premiums on "green goods."[164] Globally, 53 per cent of the surveyed executives mentioned that today's customers are more receptive to sustainable business models, while 42 per cent acknowledged that customers are demanding more sustainable products and services (Figure 5.1).

This demand also comes from policymakers and workers. Politicians are increasingly predisposed towards legislation and policy-making concerning RBC and human rights, while trade unions are drawing companies' attention to working conditions in supply chains. Moreover, 51 per cent of businesses said that policymakers are increasingly demanding compliance with environmental targets, while 40 per cent and 45 per cent of firms from high-income and upper-middle-income countries respectively reported that their workforce is demanding more sustainable working environments and corporate values.

An ongoing UN treaty initiative on business and human rights (the Intergovernmental Working Group on Transnational Corporations & Other Business Enterprises) could pose a particular challenge to global companies. The initiative, which has been under deliberation lead by the Government of Ecuador since 2014, is exploring how to hold transnational corporations liable under international human rights law for rights violations in a cross-border context. However, the outcome of this proposal is still unclear.[165]

With plentiful data now at the fingertips of business and consumers, supply chain management becomes even more important. Investments are made more and more on the basis of sustainable business practices, meaning reputation is key.

Business relations are more and more shaped by environmental and labour standards. Companies headquartered in the United States of America and Europe are increasingly engaging in robust due-diligence processes to mitigate adverse impacts on human rights in their global value chain. NGOs, trade unions and citizen-activists with smartphones can quickly identify and draw global condemnation of poor working conditions or environmental standards if firms fail to act. Consumers moreover expect that companies will use their leverage to improve human-rights standards in their supply chains. Regulations or draft regulation in some European countries (including the United Kingdom, France, Netherlands, and Switzerland) and benchmarking initiatives between companies are further strengthening standards.

---

163 Bisson, P., Stephenson, E. and Viguerie, P. (2010) *Pricing the Planet*. McKinsey & Company

164 Nielsen (2015) *Green Generation: Millennials say Sustainability is a Shopping Priority.* Oxford: Nielsen

165 UNHRC (2014) *Open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights.* Available at: https://www.ohchr.org/EN/HRBodies/HRC/WGTransCorp/Pages/IGWGOnTNC.aspx [Accessed March 2019].

BOX 5.1

PROMOTING RESPONSIBLE BUSINESS CONDUCT AMONG COMPANIES

The Walt Disney Company is funding a two-year programme (2017-2019) on promoting responsible business conduct among companies, including its supply chain intermediaries.

The Employers' Activities Programme (ACT/EMP) of the International Training Centre of the ILO (ITCILO) is delivering the programme, which consists of empowering EBMOs to design and give training services on RBC and Occupational Safety and Health (OSH) to their members.

These companies, many of which are supply chain intermediaries of Disney, can then adopt and embed RBC and OSH throughout their operations and business relationships.

By raising companies' awareness on the need to embrace RBC and its positive linkages with Fundamental Principles and Rights at Work, the EBMOs will contribute to create a conducive environment for responsible and professional business that will benefit their members and create the favourable conditions to acquire new ones.

Among the strengths of the initiative is its sustainability beyond the implementation phase with the ITCILO. The training package, once developed with the ITCILO, will be owned by the EBMOs and will become integral part of their services offering.

More and more businesses are benefiting from mastering the triple bottom line. In the past 15 years, global investment in renewable energy has increased five-fold, and stands at approximately US$300 billion per year—a major source of potential capital.[166] The market for sustainability, whether in energy, products or other services, is growing, and smart businesses can capture large shares of this market. While the operating environment for many such companies is complex, the returns on investment in sustainable practices are potentially huge. A study drawing on 18 years of data found that socially responsible companies outperformed others in both financial and stock returns. Such returns may reflect better and more responsible management, increased consumer interest due to practices, or sustainable models attracting higher-quality employees.

Sustainable operating models also help insure firms against the impact of climate change and social and environmental risks on their supply

[166] Antonich, B. (2019) Renewable Energy Investments Increased Five-fold Globally Over Past 15 Years. International Institute for Sustainable Development.

chains.[167] 39 per cent of businesses reported that new materials and renewable energy sources are providing more sustainable and cost-effective alternatives, with a significant impact on business operations. This is true particularly for the manufacturing sector, where 43 per cent of businesses reported large impacts. Those business models that incorporate changing predictions of supply and demand, including potential price changes for currently cheap inputs like water, may better weather periods of uncertainty.

BOX 5.2 BUSINESS AND THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

While the potential for business to improve society through more sustainable business practices is commonly discussed, the benefit for businesses has not been understood until relatively recently.[168]

The 2030 Agenda for Sustainable Development adopted by world leaders in 2015 represents a global vision for sustainable development.[169] *Built around 17 Goals, 169 targets and 232 indicators, it frames a unique and current consensus on a "plan of action for people, planet and prosperity."*[170] *Unprecedented in their recognition of the role of business and the private sector in sustainable development, the SDGs are "an opportunity to demonstrate leadership of the private sector where appropriate on key issues on the national development agenda… to showcase how Employers' Organizations are contributing to the successful implementation of the 2030 Agenda, and to demonstrate the private sector's ability to deliver solutions, take initiatives and engage in partnerships to scale up progress given its creativity, capacity for innovation and job creation, technical and management skills and financial resources."*[171]

A recent report from the Business and Sustainable Development Commission estimated that achieving the SDGs could aid businesses in generating more than US$12 trillion across four sectors–energy, cities, food and agriculture, and health and well-being–by 2030.[172] *Sustainable practices may also create more than 380 million new jobs within these sectors over the next 10 to 15 years.*[173]

Businesses appear to be grasping the opportunity. 71 per cent of surveyed firms have already begun to plan ways to incorporate the SDGs into their business frameworks. This shift could help realise the SDGs through increased innovation, investment, and increasing the global labour force. It will also offer businesses an opportunity to mitigate environmental and social risks and increase profits.[174]

---

167 Global Reporting Initiative (2015) *Sustainability and Reporting Trends in 2025: Preparing for the Future. Analysis Paper prepared for GRI's Reporting 2025 Project.* Amsterdam: GRI

168 PwC (2015) *Make it Your Business: Engaging with the Sustainable Development Goals*. PwC

169 United Nations General Assembly. *Resolution adopted by the General Assembly on 25 September 2015.* Available at http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E. [Accessed January 2019]

170 United Nations General Assembly. *Resolution adopted by the General Assembly on 25 September 2015.* Available at http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E. [Accessed January 2019]

171 International Organisation of Employers (2016) IOE *Overview on implementation of the 2030 agenda for sustainable development: The Role of Business*. Geneva: IOE

172 A two-year initiative, the Business Commission was created to make the business case for the Sustainable Development Goals, or Global Goals. Our flagship report, Better Business, Better World, mapped the economic prize for companies that align with the Global Goals, and how to achieve it. The Business Commission formally closed its doors in January 2018 but several offshoot initiatives continue. See: http://businesscommission.org/about [Accessed March 2019].

173 Business and Sustainable Development Commission (2017) *Better Business, Better World.* London: BSDC

174 PwC (2015) *Make it Your Business: Engaging with the Sustainable Development Goals*. PwC

5.3 OPPORTUNITIES AND CHALLENGES FOR EBMOS

Sustainability cannot be achieved by either businesses or governments alone; **it will take collaboration and communication to create efficient markets that allow companies to pursue their goals while still being responsible corporate citizens.** EBMOs can act as a broker in these dialogues between governments, firms and citizens, seeking a path that is equitable to all stakeholders.

In reality, while most governments are drafting stricter regulations, there is no general consensus over priorities, schemes or enforcement mechanisms. EBMOs will need to help members address sustainability issues that typify the new operating environment across the globe. For companies operating across borders, **EBMOs may need to address differing sets of restrictive regulations.** Overall, the major question of the coming decades will be how governments and companies balance economic growth with sustainability and how to navigate this changing landscape.

This question will push EBMOs to come up with innovative solutions. **Policy and regulation will likely look different at local and national levels, leading to strategies that shift based on scale.** Some governments, companies and EBMOs have tackled major issues through broad partnerships, while smaller or localised challenges may be better handled by interaction between local businesses and the public.[175] It is likely that building more collaborative economies, in which all participants have a stake and voice in solving issues, will make up the bulk of EBMOs' work in the coming decades.

No matter how well EBMOs and governments work together to improve policy, **the realities of climate change and increasing occurrence of natural disasters will affect how businesses operate.** The destruction of a hurricane or scarcity caused by years of drought may tie governments and companies closer together through recovery efforts to stimulate the economy and integrate more sustainable and resilient processes. Already, new adaptation companies have arisen that provide new financial models and insurance for those exposed to environmental challenges, as well as working to enhance the physical robustness of workplaces and communities.[176] Partnerships among these companies, other businesses and governments can help protect citizens against the harmful effects of resource scarcity and climate and environmental change.

EBMOs have a critical role to play in preparedness for disaster management. EBMOs can coordinate and collaborate with businesses on developing disaster-response plans which aim to manage the crisis, maintain business continuity, and guide recovery and reconstruction effectively. EBMOs can assist members in integrating preparedness and disaster-recovery plans into their systems, training businesses about ensuring the safety of their employees and ensuring that guidance is provided to help businesses resume operations with minimal disruption when disaster strikes.

EBMOs can raise awareness and build capacity on sustainable practices. As sustainable practices become more important to both companies and consumers, EBMOs can act as a forum for ideas and models that support businesses seeking change and facilitate the exchange of experience. EBMOs should inform their member companies on developments and trends with regards to RBC and human rights, provide training and advice on the different tools, frameworks and texts governing RBC and human rights norms, as well as help to build partnerships between key actors.

175 Global Reporting Initiative. (2015). *Sustainability and Reporting Trends in 2025: Preparing for the Future. Analysis Paper prepared for GRI's Reporting 2025 Project. Amsterdam: GRI*

176 Bisson, P., Stephenson, E. and Viguerie, P. (2010). *Pricing the Planet.* McKinsey&Company

BOX 5.3 PROMOTING THE ROLE OF BUSINESS IN THE SDGS

In 2015, The United States Council for International Business in partnership with the IOE and other business organizations launched the web platform "Business for 2030."

This site showcases previous and ongoing contributions by business towards sustainable development through the prism of the SDGs. The goal is to stimulate a more productive partnership between the public and private sectors at the UN and at national levels, and to demonstrate the need for a proportionate role for business in the negotiations, implementation and follow-up mechanisms of the 2030 Development Agenda at both the UN and at national levels. Business for 2030 is an official Employee Action of the #GlobalGoals campaign of Project Everyone and is an official Action Network of the UN Partnerships Registry of the Economic and Social Council.

BOX 5.4 CASE STUDY – SMART DUBAI

The Government of the United Arab Emirates (UAE) has started to transform various urban centres into 'Smart Cities'. As a strategic partner representing the private sector, the Federation of UAE Chambers of Commerce & Industry is heavily involved in these initiatives, including the conception, design, and implementation and monitoring of various smart city projects across the country.

The Smart Dubai initiative, which was launched in 2014 and plans to make Dubai a Smart City by 2021, structures its goals across a set of strategic pillars: efficient, seamless, safe and personalised. Smart Dubai envisions a city where all its resources are optimised for maximum efficiency, where services are integrated seamlessly into daily life, and where its people and their information are protected.[177]

The authorities are embarking on more than 545 initiatives designed to reshape the way residents and visitors experience the city. Key strategic goals include: transforming more than 1,100 essential government services into smart services carried out primarily online; introducing autonomous vehicles and smart transportation services; providing free, high-speed Wi-Fi across the emirate; and developing a data-driven economy that authorities estimate will generate an additional US$2.83 billion in GDP by 2021.[178]

Smart Dubai utilises technology to improve the living and business environment. At the consumer level, city services are more efficient and seamless, saving time and money; at a financial level, efficient city services enable cost savings in all industries while insights from data drive innovation and stimulate economic growth; and at a resource and infrastructure level, when city resources, energy and infrastructure are sustainable and resilient, a clean and healthy environment is maintained.

Ultimately, the UAE expects that this pioneering approach will make Dubai a model example for future Smart City developments worldwide.

[177] Smart Dubai 2021 (nd) *Smart Dubai 2021. Preparing Dubai to embrace the future, now.* Available at https://2021.smartdubai.ae/ [Accessed February 2019]

[178] Visit Dubai (2019) *How advanced ICT drives Dubai's Smart City.* Available at https://www.visitdubai.com/en/business-in-dubai/why-dubai/news-and-insights/becoming-the-worlds-smartest-city [Accessed February 2019]

6

SKILLS ARE THE CURRENCY OF THE MODERN WORKPLACE

Globally, employers and businesses are increasingly encountering challenges in locating, hiring and retaining talent.

6.1 THE ISSUE

The challenge of locating, hiring, and retaining talent is felt across borders, sectors and pay grades, with high skilled workers in short supply.[179] Shifts in knowledge, education and training often mean that the most suitably skilled employees are not found where jobs are located.[180] Studies estimate that by 2020 there may be a global shortage of 38–40 million highly skilled workers.[181]

The lack of relevant skills for the world of work is already creating problems even at entry-level positions—in a recent study, 40 per cent of employers noted lack of skills as the main reason for entry-level vacancy, and 60 per cent stated that new graduates were not adequately prepared for current work.[182] This has spurred a "war for talent" in which businesses are competing to attract highly skilled workers through a combination of benefits, engaging work, career support and innovation.[183]

At the same time the global labour market will experience a potential surplus of 90-95 million low skilled workers, with these imbalances potentially adversely affecting developed and developing economies alike.[184] **The issue is further complicated by increased digitalisation and technological innovation, which are fundamentally changing the skills needed to secure work.**

Migration brings net positives for workers, businesses, economies, and society but can generate resistance that needs to be addressed. According to recent estimates, migrants made an absolute contribution to global output of roughly US$6.7 trillion, or 9.4 per cent of global GDP in 2015. Demographic changes in developed economies will demand an increase in migration from developing nations, as economies such as the United States of America, Canada, and the European Union require young workers to contribute labour and tax to balance out aging populations.[185] Most evidence suggests that regular migrants make a positive net contribution to the economies and societies in which they live and work.[186] Yet newly arrived workers face a number of challenges such as lower wages, high rates of unemployment, and sometimes open racism and xenophobia. Migration can also generate resistance among local workforces. Governments must respond to the perceptions that foreign workers undercut wages and job opportunities for native workers, and that migration is associated with unacceptable labour conditions and abuses – both through taking policy action on these issues and emphasising the benefits of migration to the public.

Migration policies are often uncoordinated and ineffective at solving skills-gap issues.[187] When well-managed, migration is a vehicle for fulfilling personal aspirations, for balancing labour supply and demand, for sparking innovation and for transferring and spreading skills. Labour market needs and migration policy interests of the private sector vary greatly among companies, industries, countries and regions. But all employers and workers alike benefit from clear, transparent, and efficient national immigration laws and policies that permit the movement of human capital when and where they are needed. Overly complex and frequently changing systems hinder compliance with national laws and threaten labour-market protections. They also make it difficult for businesses to recruit necessary skills and for migrants to pursue their careers and support their families.

---

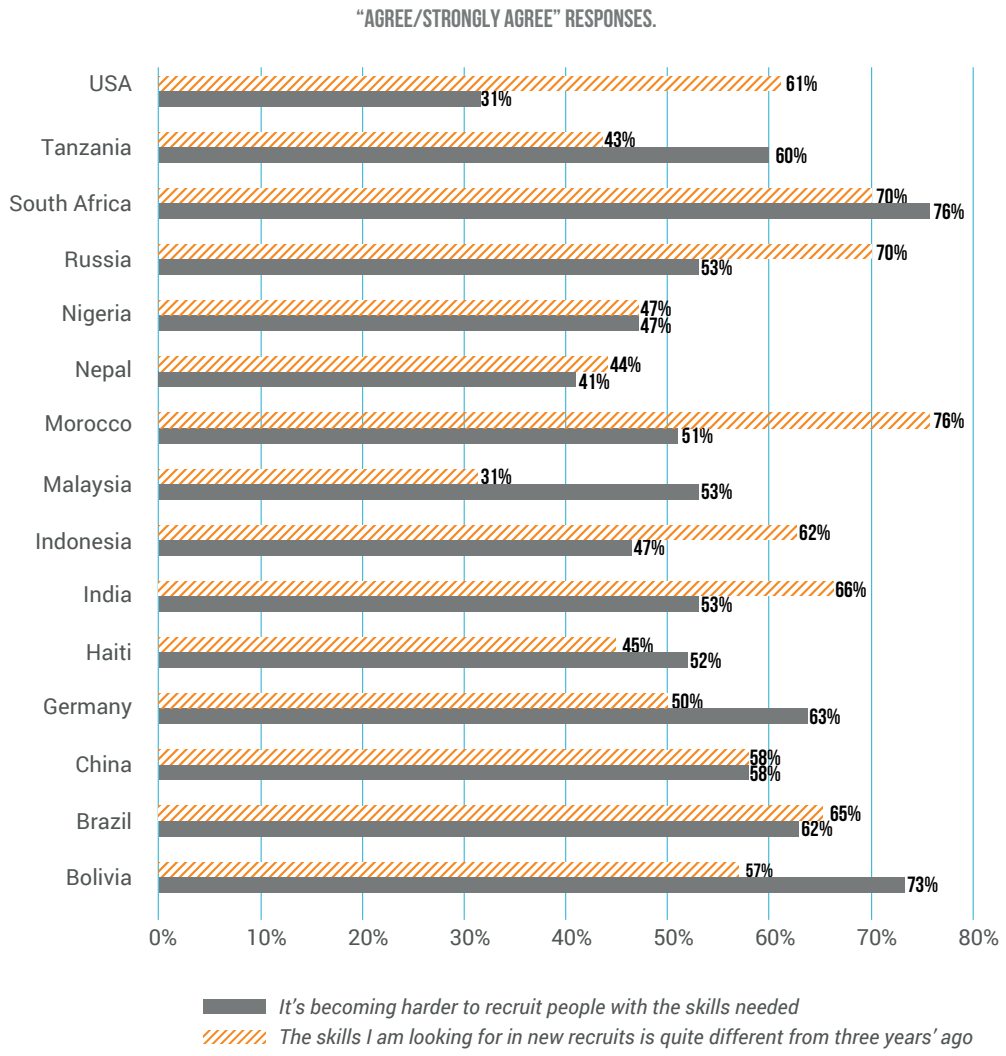
179 Manyika, J. (2017), *Technology, Jobs and the Future of Work*.
180 Ibid.
181 International Organisation of Employers (2017) *Understanding the Future of Work*. Geneva: IOE
182 Manyika, J. (2016) *Technology, Jobs and the Future of Work*.
183 Manyika, J., Lund, S., Robinson, K., Valetino, J. and Dobbs, R. (2015) *A labour market that works: connecting talent with opportunity in the digital age*. McKinsey&Company
184 International Organisation of Employers (2017) *Understanding the Future of Work*. Geneva: IOE
185 Manyika, J. (2016) *Technology, Jobs and the Future of Work*. McKinsey Company. McKinsey&Company
186 OECD (2014) *Is migration good for the economy?* Migration Policy Debates. Paris: OECD
187 Manyika, J. (2016) *Technology, Jobs and the Future of Work*.

6.2 IMPLICATIONS FOR BUSINESSES

Globally, employers and businesses are increasingly encountering challenges in locating, hiring and retaining talent. However, **skills requirements and ease of recruiting varies widely across regions, defying any obvious patterns of developed vs. emerging economy.**

As illustrated below (Figure 6.1), a large proportion of businesses in the United States of America (61 per cent), Brazil (70 per cent), India (66 per cent) and Germany (65 per cent) agreed that **businesses are looking for quite different skills in new recruits than three years ago.** In a similar vein, executives across Bolivia (60 per cent), Haiti (53 per cent), China (47 per cent), South Africa (51 per cent) and Malaysia (63 per cent) agreed in similar proportions that **it is becoming harder to recruit people with the skills needed.** The United States of America (31 per cent) resists the trend slightly as the nation where fewest businesses report recruitment difficulties, with Nigeria (41 per cent) in a similar position.

Figure 6.1 Please indicate whether your business looking for quite different skills in new recruits than three years ago.



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

Education systems are partially responsible for the dearth of capable and skilled workers. Many countries feature educational systems that are poorly equipped to adapt to changes in the workplace, whether due to inaction in policy, a lack of funding, lack of coordination with the private sector or other factors. This resonates strongly with businesses, with 78 per cent of executives indicating that updating the school and education curriculum to match the economy's needs would provide them with the skilled employees they need. This sentiment is particularly strong in emerging markets, rising to 79 per cent of respondents in Latin America and 86 per cent of African businesses.

MANY EXISTING EDUCATIONAL AND TRAINING PROGRAMS ARE SPECIALIZED, LEAVING OUT A LARGE COHORT OF POTENTIAL WORKERS. THIS IS ESPECIALLY TRUE OF LOW-SKILLED WORKERS, 33 PER CENT OF WHOM EXPERIENCE NO SKILLS DEVELOPMENT THROUGHOUT THEIR CAREERS AND THUS RECEIVE NO HELP IN ADAPTING TO TECHNOLOGY AND JOB SHIFTS.[188] THE PROBLEM IS SET TO BECOME MORE ACUTE, WITH A GLOBAL SURPLUS OF 90-95 MILLION LOW-SKILLED WORKERS BY 2020 BURDENING MARKETS, GOVERNMENTS AND COMPANIES.[189] MANY COMPANIES WILL STILL NEED MANUAL LABOUR OR JOBS REQUIRING INTERPERSONAL RELATIONS, PROTECTING SOME LOW-SKILLED JOBS FROM AUTOMATION. MIDDLE-SKILLED JOBS, HOWEVER, ARE QUICKLY BEING REPLACED BY NEW TECHNOLOGIES.[190] THIS EROSION OF THE MIDDLE CLASS THREATENS LIVING STANDARDS, REDUCES CONSUMER DEMAND AND MAY CAUSE SOCIAL INSTABILITY.[191]

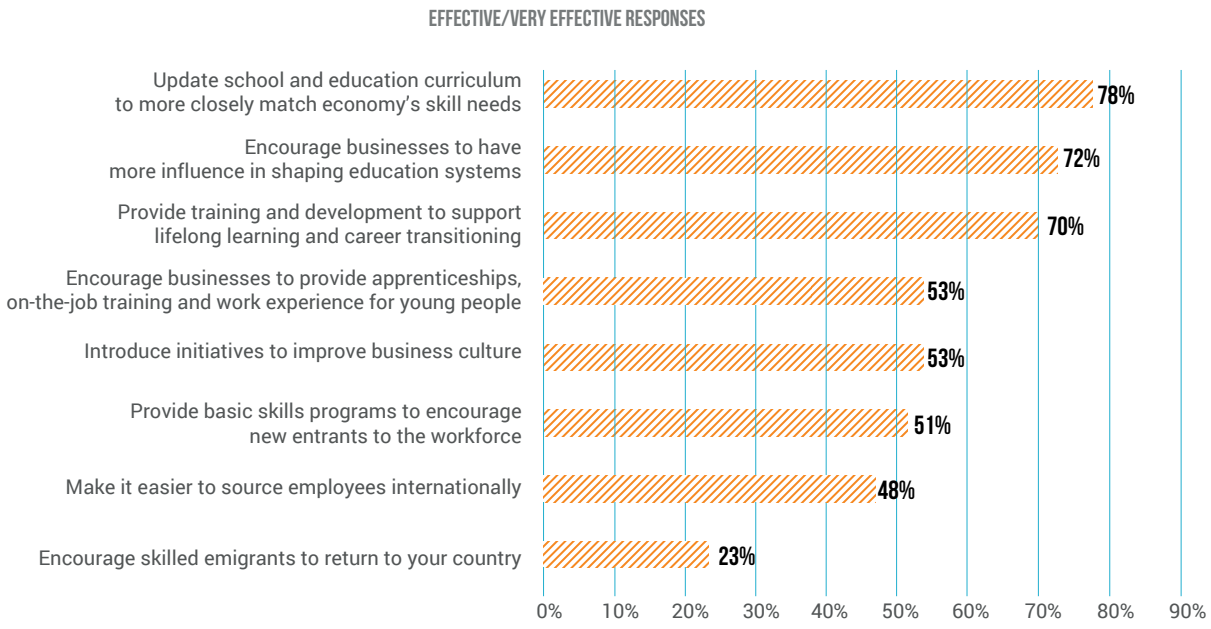
Businesses themselves are interested in playing an active role in skills development. 72 per cent of businesses would welcome changes to make it easier for them to play a more active role in developing skills by influencing educational systems. Businesses in North America (39 per cent) and Europe (36 per cent) feel especially strongly about helping to shape the education system (Figure 6.2).

Lifelong learning and development programs are key to building and maintaining a functional talent pool. Efforts to increase the skills of current and potential employees have been part of business plans for years, but likely need revisiting in terms of scale and consistency for workers at all skill levels.[192] 70 per cent of respondents recognise the positive effect of providing training and development to support lifelong learning and career transitioning. However, this recognition varies by region: businesses in Europe (76 per cent), North America (72 per cent) and Asia (72 per cent) are more likely those in Africa (68 per cent) and LAC (64 per cent) to report training and development for lifelong learning as effective.

This difference may be due to varying levels of familiarity with a culture of up-skilling and re-skilling, which needs to be further promoted in emerging economies. **The skills gap can profoundly affect a company's ability to scale, innovate and compete.** Strategies to address the gap include apprenticeship, specific training programs, or piggybacking on current educational institutions. 53 per cent of respondents think that encouraging businesses to provide apprenticeships, on-the-job training and work experience for young people could help boost the pool of skilled workers.

188 Dolphin, T. (2015) *Technology, globalisation and the future of work in Europe.*
189 International Organisation of Employers (2017) *Understanding the Future of Work*. Geneva: IOE
190 World Employment Confederation. (2016), *The Future of Work.*
191 Manyika, J. (2016) Technology, *Jobs and the Future of Work.*
192 Deloitte (2017) *Rewriting the Rules for the Digital Age.* Deloitte Global Human Capital Trends

Figure 6.2 Please rate how effective the following external initiatives could be in helping your business source employees with the skills you need.



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

Small companies are the most active in supporting changes in the skills agenda. 84 per cent of small businesses support updating education systems to meet skill needs, while mid-sized firms were the least likely (72 per cent) to report that such initiatives would be effective in helping them source employees with the skills they need. A similar pattern emerged when looking at encouraging businesses to have a more active role shaping education; 82 per cent of small businesses indicated that this would be effective, compared to 63 per cent of mid-sized firms.

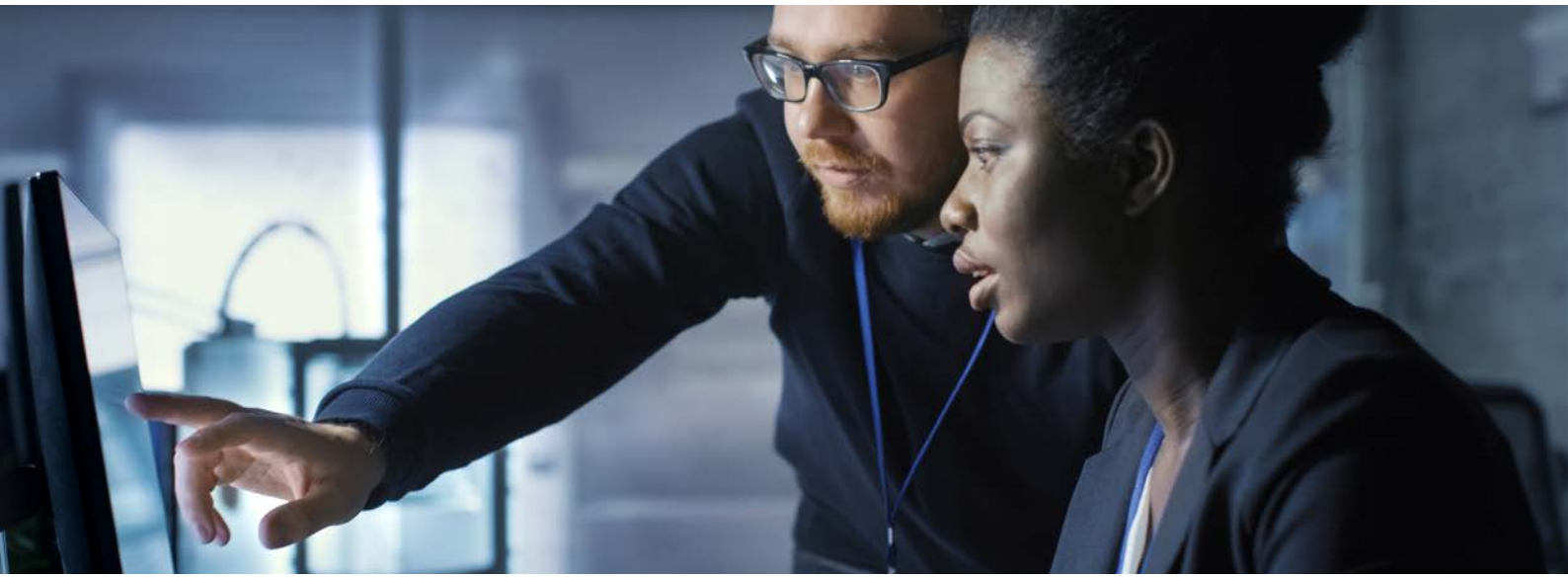
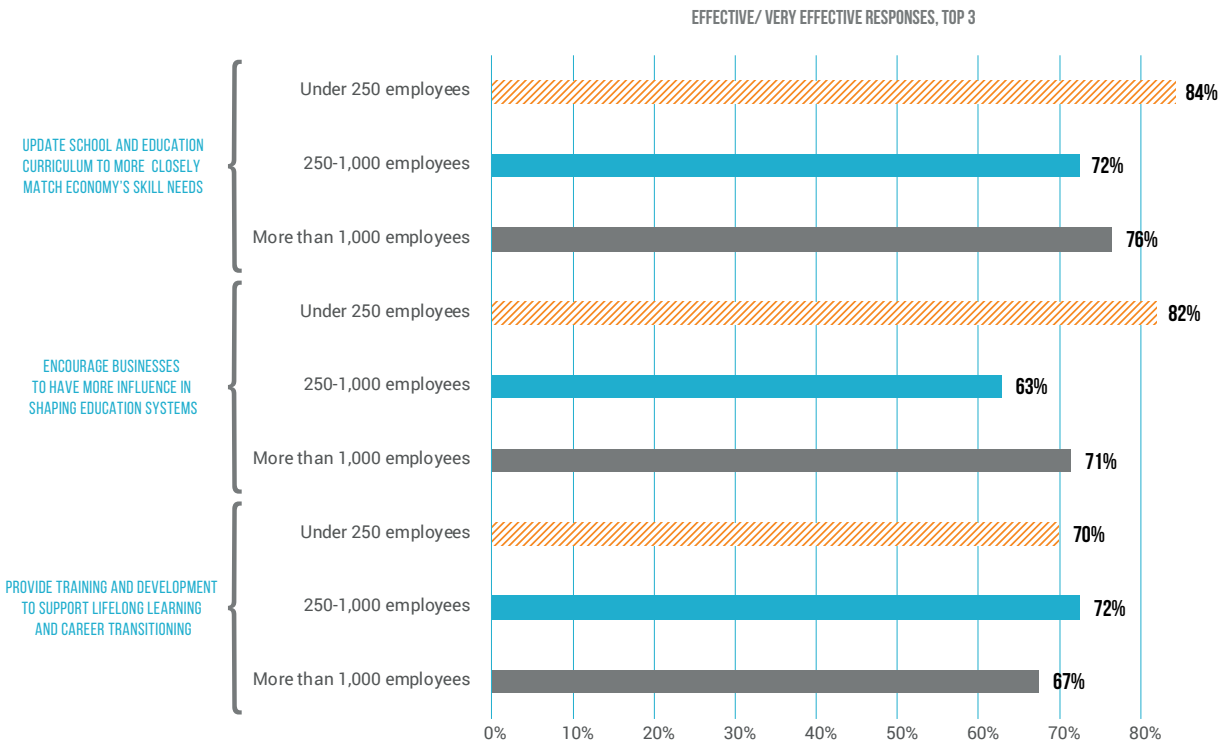


Figure 6.3 Please rate how effective the following external initiatives could be in helping your business source employees with the skills you need.



Source: Oxford Economics, ACTEMP/ILO, IOE survey..

While improving skills requires investment and new approaches, the long-term necessity is apparent to business leaders. The competition for talent can hinder those businesses that cannot recruit skilled employees, whether due to their inability to offer comparative salaries or benefits, or to a simple lack of available talent in their sector or region.

BOX 6.1

CASE STUDY – SAPPHIRE

Singapore National Employers Federation (SNEF) is a trade union representing employers and the third partner in Singapore's unique system of three-way collaboration (with unions and the government) known as tripartism.

In 2017, to help prepare employers for the future economy, SNEF proposed an initiative called SAPPHIRE (SNEF Agency for Productivity Practices, Human Resource and Industrial Relations) to the government. The initiative aims to help companies transform into manpower-lean organizations underpinned by a strong human-capital strategy to enhance competitiveness and sustain business growth. SAPPHIRE does this through an approach integrating human resources (HR), industrial relations (IR) and productivity practices.[193]

SAPPHIRE provides companies with five workplace transformation programmes (WTP) through their consultancy services:

> ***Ageless:*** *integrates older workers into a lean, multi-generational workforce for sustainable inclusive growth. The programme includes job redesign and re-employment, re-training (re-skilling and up-skilling), redeployment, career counselling and workplace health promotion.*
>
> ***Human Resource-Centric:*** *integrates progressive HR and IR practices into lean management. The programme includes flexible work arrangements, talent management and management-union partnership.*
>
> ***Learning:*** *integrates lifelong learning into the organization's culture that continually reskills its workers in order to boost business growth. The programme includes a company-wide training roadmap, personal training plans, the utilisation of the future of work programme and workplace learning.*
>
> ***Lean Operations:*** *integrates lean management practices into operations to reduce wastage of all forms and boost sustainability.*
>
> ***Technology-enabled:*** *integrates investment in technology with culture, skills upgrading and work practices to increase the capacity for growth. The programme includes changing working practices, training workers to handle technology to introduce new business models and process innovation.*[194]

Companies embarking on the WTP can receive a 70 per cent subsidy from WSG for up to 100 consulting hours, equivalent to SGD$10,000 (US$7,400) per project.[195] *The consultancy services include diagnosis, development of solutions and interventions, and measurement of improvements achieved.*

Since its launch in 2017, SAPPHIRE has worked with 200 organizations, from SMEs to multi-national enterprises.[196]

---

193 SNEF (2017) SAPPHIRE Available at https://snef.org.sg/adaptgrow/sapphire/ [Accessed February 2019]
194 Ibid.
195 Approximately US$7,350 as of February 2019.
196 SNEF Agency for Productivity Practices, Human Resource & Industrial Relations (SAPPHIRE) Available at: https://www.youtube.com/watch?v=l427Vkh3174&t=260s Accessed [February 2019]

6.3 OPPORTUNITIES AND CHALLENGES FOR EBMOS

The skills gap presents both challenges and opportunities to EBMOs. To ensure a prepared workforce, **EBMOs need to support members by matching education and skills training to business needs.** This will require a host of stakeholders–policymakers, business leaders, and academics–monitoring skills demands and ensuring investments are both timely and relevant in key growth sectors. Without this collaboration, workforce preparedness planning may splinter into less effective, isolated attempts that fail to deliver appropriate skills to workers.

EBMOs should advocate for improvements in education and training for low-skilled workers and the unemployed. While demands on educational institutions to deliver work-ready youth have only increased, more young people are leaving secondary education without even the basic skills needed by today's employers. To increase the potential labour pool, companies and governments should improve education, support social protection schemes, and connect these young people to improved job prospects. This work can be expanded to help combat youth and long-term unemployment in developed and developing nations through outreach and corporate programs emphasising the importance of life-long learning, including in partnership with governments.

EBMOs should coordinate efforts between local universities and training institutions, trade unions and their own members to create local talent pools. Creating local talent pools is incredibly important to many businesses, especially those SMEs answering to local or regional demand. Doing so also helps build ties to local communities. EBMOs can help the private sector work with education providers to outline plans for aligning skills with training.[197]

[197] World Economic Forum (2017) *The Future of Jobs and Skills in Africa: Preparing the Region for the Fourth Industrial Revolution.* Geneva: WEF

BOX 6.2 CASE STUDY – "TRAINING & QUALIFICATION FOR INDUSTRY 4.0 – MANAGING CHANGE SUCCESSFULLY"

In April 2016, Gesamtmetall, IG aMetall, VDMA and ZVEI – the employer, business and worker organizations for Germany's metal, engineering and technology-based (MET) industry – signed an agreement titled "Training & Qualification for Industry 4.0 – Managing change successfully." They committed to analysing all vocational education and training (VET) and continuing education and training (CVET) programs offered by the industry, paying particular attention to those related to Industry 4.0: the growing use of automation and data-exchange in manufacturing (also known as the fourth industrial revolution).

The organizations involved company experts and scientists in this process. They came to the conclusion that VET and CVET in the German MET industry must be updated to fit the world of industry 4.0 but that there is no need for completely new job profiles or to shift the practical orientation of existing occupations.

Their recommendations, published in early 2017, suggested adding a module on "digitalisation of work, data protection and IT-security" to current training regulations and updating the existing "operational and technical communication" and "planning and organising the work, evaluating results" components in the context of Industry 4.0.

They also recommended that VET and CVET should include new optional qualifications (such as IT security, additive manufacturing and system integration, etc.). In order to support companies and VET schools in this area, they offered guidelines for subject-related teaching assistance.

The recommendations for action were coordinated with the competent ministries and key decision-makers. Companies were able to adopt the updated training regulations as of August 2018.[198]

---

198 ME Gesamtmetall (2018) Metall- und Elektroberufe werden digital – Modernisierung der Ausbildung auf den Weg gebrach. Available at https://www.gesamtmetall.de/aktuell/pressemitteilungen/metall-und-elektroberufe-werden-digital-modernisierung-der-ausbildung-auf [Accessed February 2019]

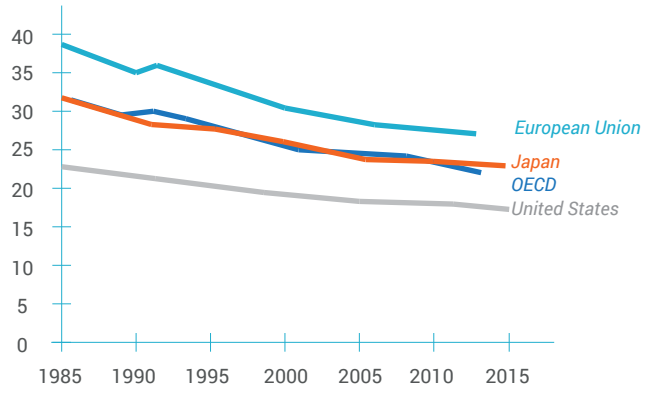
7

THE SHIFTING ROLES OF EBMOS

EBMOs look to continue evolving in their roles and responsibilities as businesses adapt to new circumstances. EBMOs are increasingly challenged by the broader array of choices that companies have in associating and representing their interests, such as informal arrangements based on temporary projects or issues. A growing number of service providers on the market tailor services and solutions to the needs of companies.

EBMO membership numbers have fluctuated as a result. OECD countries, particularly in Western Europe, have shown relative stability in EBMO memberships, even in the wake of the 2008 financial crisis – even as trade union membership has fallen (Figure 7.1).[199] Other English-speaking nations have seen a decline in EBMO membership numbers, but new regions such as Central and Eastern Europe and Asia have registered growth.[200] In Asia, EBMO membership remained stable and even grew somewhat. Though global membership and the actual number of EBMOs may be in decline, EBMOs are also amalgamating into larger organizations focused on a wider business agenda, possibly strengthening their impact. (Figure 7.2).[201]

Figure 7.1 Trade union density in OECD



Source: OECD Employment Outlook 2018

Figure 7.2 Employer organization density in OECD (% of firms)

Source: OECD Employment Outlook 2018

199 Brandl, B. and Lehr, A. (2016) *The Strange Non-Death of Employer and Business Associations.*
200 Benson, J., Zhu, Y. and Gospel, H. (2017) *Employers' Associations in Asia: Employer Collective Action.* London: Routledge
201 Ibid.

Figure 7.3 Are you currently a member of an employer or business membership organization?

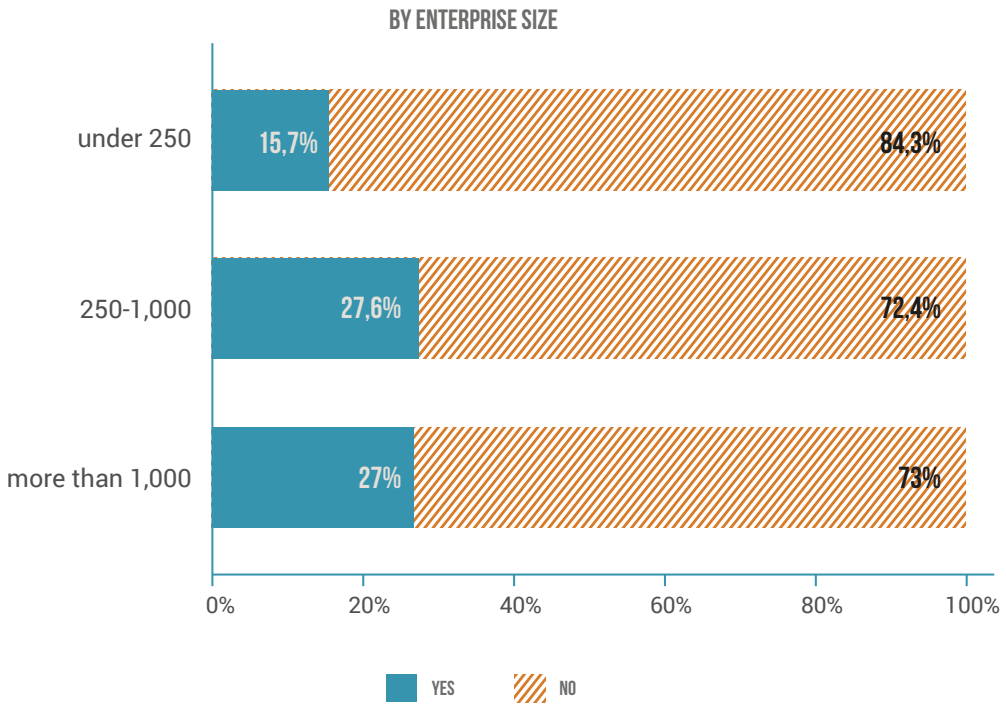
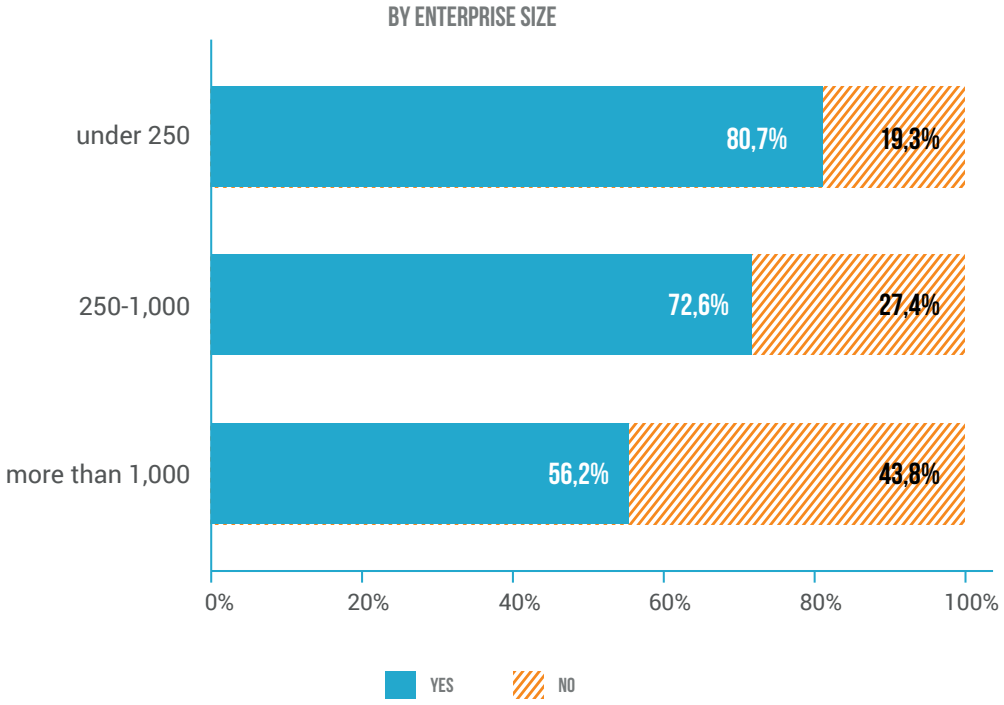


Figure 7.4 Would you join an employer or business membership organization if it played a more active role helping business respond to the challenges of global trends?



Manufacturing remains the primary sector for EBMO membership, a trend especially apparent in the realm of industrial relations, as in many countries, trade union membership and participation in collective bargaining has declined. And, though European participation in unions has remained high, collective bargaining has often devolved from national to industry and sector levels, or simply internalized within firms. **Yet multi-employer bargaining is still the base for most negotiations and as such EBMOs cannot afford to ignore the needs of their members, even as their influence in certain roles changes.**[202] In some cases, this has meant jointly agreeing on wages and conditions, from local levels to nationwide. In others, EBMOs help member firms handle disputes with employees and unions and thereby promote industrial stability.[203]

EBMOs continue to serve employers through engaging in industrial relations with trade unions, influencing standards and rules in competition, organising training and skill development, advising on policy and representing employers to governments and the public. **EBMOs were originally formed to boost members' influence against external pressure, but today's EBMOs have shifted towards proactively supporting members by focusing on a range of services,** including training, advice, representation or support. These are offered as part of membership or on a per-service fee.[204]

This is especially true in regards to the role of EBMOs in skills development. Multi-employer training can fail to fully meet the priorities of an individual firm, but multi-employer cooperation leads to more training at a higher standard overall.[205] Those firms that act together can set standards and ensure that all members train and share the costs involved, reducing free-riding and signalling to potential trainees that they will meet a mutually recognised industry standard. EBMOs can support or coordinate training if they are not directly providing it.[206]

Political support remains an important aspect of EBMOs' mission. Most EBMOs support the growth of private entrepreneurship through bottom-up participatory policymaking (involving workers, entrepreneurs, and companies), seeking reform in markets to generate long-term economic growth.[207] Not only do EBMOs advocate for these changes, they enjoy a greater degree of access to governments than any individual firm due to their presence in tripartite social dialogue institutions, and act as trusted agents due to their dynamic of cooperation among all members.[208] **As a voice for the business community, EBMOs are today in the best position to inform and work with policymakers whose decisions impact on companies, particularly in emerging sectors.**

When asked about the importance of different groups in supporting the business response to current global t rends, 49 per cent of businesses identified government and the public sector as the most important actors. **External business partners and EBMOs were named almost equally as the second most important in supporting business efforts (Figure 7.5).** Of the 20 per cent of firms that ranked EBMOs as most important, a quarter are located in Asia and 19 per cent are firms under five years old.

---

202 See: Amosse, Th. Bryson, A., Forth, J., and Petit, H. (eds) (2017) *Comparitive Workplace Employment Relations: An Analysis of Britain and France.* London: Palgrave McMillan; European Commission (2015) *Industrial Relations in Europe* 2014. Luxembourg: Publications Office of the European Union; Eurofund (2015) *Collective Bargaining in Europe in the 21st Century.* Luxemburg: Publications Office of the European Union

203 Traxler,F. (2004). The Metamorphosis of Corporatism: From classical to lean patterns. *European Journal of Political Research Volume 43, Issue 4 pages 571 - 598*

204 See: Woll, C. (2006) National Business Associations under Stress: Lessons from the French Case. *West European Politics, Taylor Francis (Routledge), 29 (3), pages 489-512*; European Commission (2015) *Industrial Relations in Europe 2014.*

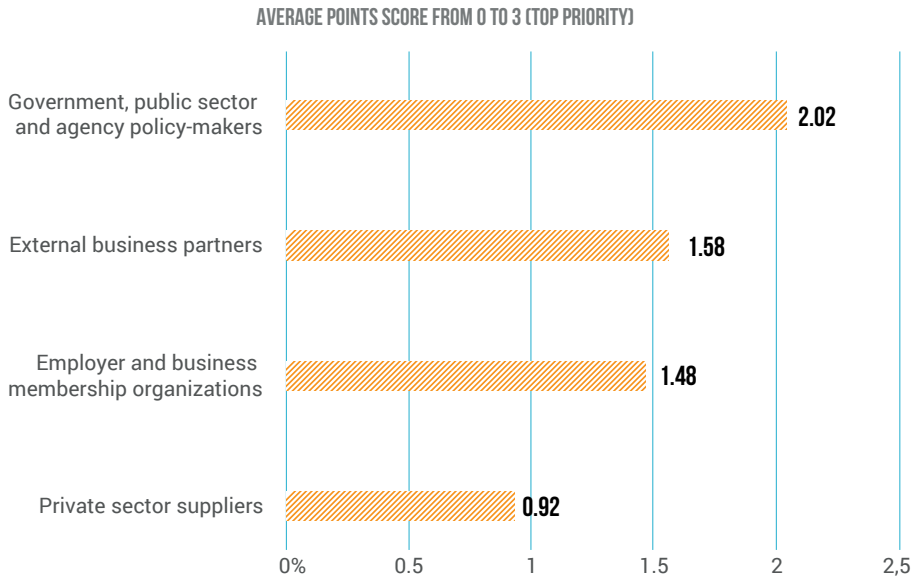
205 Gospel, H. and Foreman, J. (2006) Inter-Firm Training Co-ordination in Britain British Journal of *Industrial Relations, vol. 44, no. 2, pages. 191-214.*

206 Ibid.

207 Zhang, J. (2007) Business Associations in China: Two Regional Experiences. *Journal of Contemporary Asia. 37:2, pages 209-231*

208 Bouwen, P. (2004) The Logic of Access to the European Parliament: Business Lobbying in the Committee on Economic Affairs. *Journal of Common Market Studies Volume 42, Issue 3 Pages 473-495*

Figure 7.5 How important are the following groups in supporting your company's efforts to respond to business trends?



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

Businesses working with EBMOs face a number of challenges. With increased global integration, they face increased competition; with a more mobile workforce, they face a loss of potential talent; with increasingly advanced technology, they face obsolescence. While these issues have always been on the agenda of the EBMOs, **the pace of change is such that the speed of the reaction and support is almost as important as its relevance.**

Adaptation to and mitigation of the most disruptive effects of the global trends discussed above is the main challenge facing EBMOs. Organizations will need to play a predictive role in trying to best assist potential members. While they can draw lessons from current trends, they will still need to stay abreast of the latest changes and be flexible in their ability to adjust. Foresight and analysis from reliable and business-friendly sources such as EBMOs, translated into business solutions, will be increasingly valuable to firms.

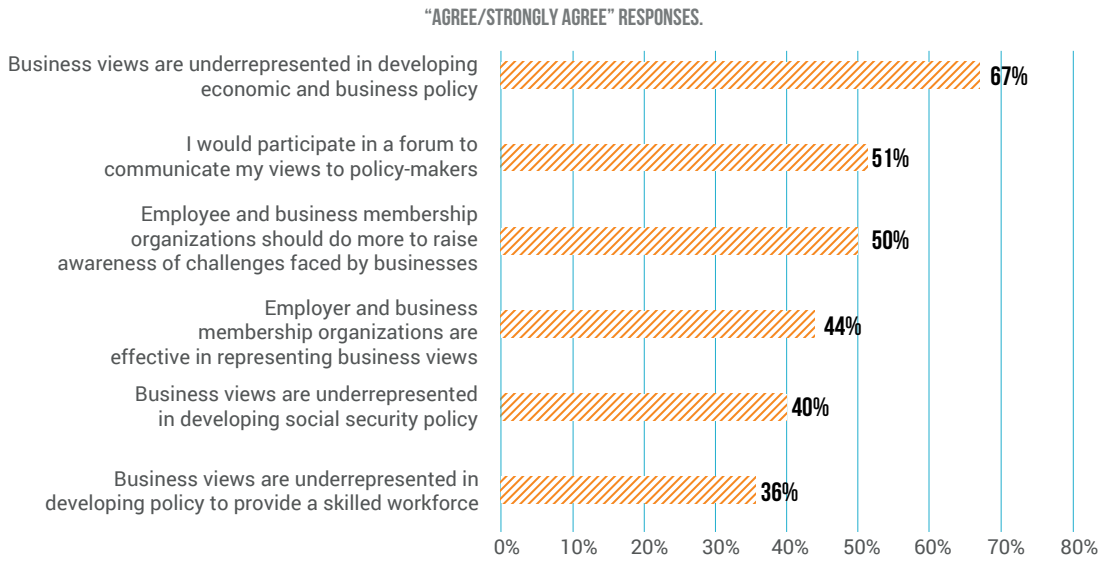
OVERALL, 23 PER CENT OF SURVEYED FIRMS ARE CURRENTLY EBMO MEMBERS. 70 PER CENT OF NON-MEMBERS WOULD CONSIDER JOINING THEIR RELEVANT EBMO IF IT PROVIDED MORE SUPPORT TO BUSINESSES RESPONDING TO GLOBAL TRENDS.

As such, **the remit of EBMOs has expanded**. Employers have acted collectively to improve corporate social responsibility and gender equality in numerous sectors.[209] Collective action has also improved all aspects of the supply chain, fostering better communication and RBC among both large multinational corporations and small, independent suppliers.[210] Similarly, in sectors with transferable skills between companies, EBMOs have acted to create licensing and other standards that allow employees to move between sites and projects.[211]

EBMOs have to adjust to a more globalised and interconnected economy. While this makes cooperation and coordination more difficult, effective EBMOs have been linked to strong economic performance, especially in Southeast Asia, East Asia, and Sub-Saharan Africa.[212] Overall, those firms represented by EBMOs have been better equipped to create political support for improved business climates, encourage increased information flow between governments and help grow nascent markets.[213]

EBMOs could improve the service they provide. Only 44 per cent of companies in our survey agreed that EBMOs do an effective job of representing business views. Half of respondents agreed EBMOs could do more to raise awareness of the challenges facing businesses. Yet there is a clear appetite for the kind of influence that EBMOs can provide, with 67 per cent of respondents reporting that business lacks sufficient input in economic and business policies, and 51 per cent indicating they would participate in a forum to help communicate business ideas to policymakers (Figure 7.6).

Figure 7.6 Please rate how strongly you agree or disagree with the following statements about the support other organizations could provide your company in responding to the global trends.



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

209 Vågeng (2008) *Employers' organizations: How do we meet changing company needs and expectations?* Paper presented at the IOE Annual Meeting
210 Gospel, H. and Foreman, J. (2006) *Inter-Firm Training Co-ordination in Britain.*
211 Gospel, H. and Foreman, J. (2006) *Inter-Firm Training Co-ordination in Britain.*
212 See: Qureshi, M. and te Velde, D. (2007) *State Business Relations and Firm Performance in Zambia; Hisahiro (2005) Comparative Analysis of Governance: Relationship between bureaucracy and policy coordination capacity with particular reference to Bangladesh*. JICA
213 Sullivan, J., Bettcher, K, and Shkolnikov, A. (2008) *Business Associations, Business Climate, and Economic Growth: Evidence from Transition Economies*. Washington D.C.:CIPE

EBMOs need to be forward-thinking in examining their own services and how they will adapt to the identified trends to support business. There is a need to think both globally and locally to provide services–innovation is not limited in geographic scope or locality, and EBMOs must be attuned to their members. Necessarily, the services for each organization or sector will be different, but will need to incorporate the previously mentioned trends, especially concerning the role of technology in how work will change. EBMOs may play a more hands-on role in helping to hire talent, or an advisory role in which digital innovations will work best according to shifting demand. But if an EBMO does not adapt to the changing world of work, if it continues to think in traditional models of classical employer-employee relationships, and if it ignores innovation, it will ultimately prove of limited service to its members.

EBMOs need to work more with governments in creating a regulatory and institutional environment that minimises the negative effects and harnesses the opportunities of global trends. This will require intimate knowledge of business dynamics, evidence-based strategies and the leadership of the business community. Increasing interdependence of product and labour markets will force EBMOs to look at policy in such a way that the economic dimension of development and growth is considered alongside social and environmental stability. Modernising the culture and institutions of social dialogue will be critical, and will involve greater engagement with trade unions.

EBMOs will need to improve their representativeness if they are to remain the main private sector partner in private-public dialogue. Innovative strategies to reach out to unrepresented or emerging economic actors–especially micro, small and medium enterprises (MSMEs), individual operators and informal economic entities–will determine their strength and even their legitimacy as the voice of business.

8

CONCLUSIONS

Technological innovation, global economic integration, demographic and generational changes, sustainability issues and skills shortages are having a significant impact on companies of all sizes across the globe. Firms across all regions are feeling an impact on all aspects of their business, from the strategic and operational to the organizational level, with the fastest-growing companies reporting heightened awareness. As the pace of this change accelerates, policymakers, businesses and EBMOs need to innovate, adjust and become more flexible in order to drive change and remain relevant in the rapidly changing business environment.

IN OUR STUDY WE ANALYSED EACH OF THESE GLOBAL TRENDS IN TURN, FIRST FOCUSING ON HOW BUSINESSES ARE BEING IMPACTED, THEN EXPLORING AREAS WHERE FURTHER SUPPORT COULD BE PROVIDED BY EBMOS TO BUSINESSES.

Businesses are primarily seeking improvements in the business environment, infrastructure, and workforce skills.

Leveraging technologies and other changes deriving from the global trends will help companies to compete, innovate, and become more productive. However, technology can only effectively serve business when it is supported by efficient and simple regulations and institutions that favour a vibrant business climate and innovation and do not hinder job creation. Promoting and enabling entrepreneurship, especially among young people, is part of this objective.

Digital infrastructure is currently inadequate for companies seeking to navigate these changes. As many as 82 per cent of businesses mentioned improved digital infrastructure as the most important initiative needed, far ahead of all other (non-skills related) initiatives. Fibre-optic networks, fixed broadband, mobile telecommunications, communications satellites and data centres are some of the foundational services needed to sustain the firms of the future. These technologies will also facilitate greater access to information and services, boosting workforce diversity among marginalised groups and drawing in those currently employed in the informal economy.

Employers and businesses globally are encountering the challenge of locating, hiring, and retaining talent due to educational systems that have not adapted to the changing nature of work, new or wholly changed job sectors, increasing mobility and skills obsolescence. Companies should prioritise support for education and targeted reskilling programs that will help firms to recruit skilled talent. Continuing education/vocational training will aid firms in harnessing the capacity of existing employees while mitigating the risk of high turnover rates. Specific programs should include computer-based learning, networked learning, e-learning, coding and foreign languages. Attitudes also matter, and policies which help to substantially shift the mindset of individuals and companies towards constantly anticipating the skills needed in the future will be key.

For businesses, to harness the talent of the growing share of the labour market dominated by millennials, they must offer creative employment options and alter the way they view work. Talented workers are the forefront of innovation and adaptation but want and expect flexibility, mobility, values-driven workplaces, corporate responsibility, meaningful and relevant work, an emphasis on constantly updating competences through formal and informal learning, and mobile work environments. Failing to shift operational strategies risks firms losing this edge. Conversely, companies that are able to keep talent within their ranks for longer will be more competitive as their workforce matures into their roles. Implementing more options for remote work and

flexible scheduling will aid firms in accessing this talent. Creating space to employ more freelancers will significantly improve businesses' capacity to access mobile and specialised talent, as well as helping them to draw on the skills of an aging workforce (in OECD and ASEAN economies) working beyond traditional retirement ages.

Considering the **opportunities for EBMOs**, the report highlighted the need to increase their awareness of how global trends are impacting business and prioritise urgent strategic, operational and organizational actions to ensure businesses are adequately supported. Firms will increasingly need to work closely with external partners to develop more inclusive and integrated policy frameworks to support growth. They are keen to play a more active role in these challenges, including working with external partners and EBMOs.

At the *strategic level,* EBMOs helping business to understand and anticipate change and increase market efficiency will be one of the key areas where they can provide value to their members. EBMOs will need to develop multiple policy and member support strategies, rather than "one-size-fits-all" approaches.

These strategies should include efforts to: help enhance job creation in the face of technological advances; help members develop management models that empower a diverse, technologically adept and geographically disbursed workforce; help businesses integrate a horizontal workforce (i.e. with less middle-management); help millennials to improve or adapt retirement schemes; help governments to support more transparent systems that foster best practices; help to train young people for the jobs of the future; shape labour regulation on behalf of members; work with key stakeholders to develop a regulatory framework that encompasses new business models and ways of working; and foster communication and cooperation between members, businesses, and policymakers.

One key strategy EBMOs can undertake to support businesses is the reform of national education systems, from the early-years education through to the tertiary level. Businesses globally indicated in our survey a desire to play a greater role in education and skills development to help them locate and retain talent. EBMOs need to work with policymakers, businesses and trade unions to understand where skills gaps lie and support education restructuring–through policy, funding, and coordination with the private sector–that prioritises tech and innovation skills. Academic curricula should be coupled with real-world experiential learning to teach workers how to apply knowledge, especially in making connections between community, work and global enterprise. EBMOs can help restructure training and education programs to more closely align with the needs of global firms.

At the *operational level*, EBMOs must respond to the call to improve services and to be more involved in supporting businesses and their response to global trends. They should engage with the government and other stakeholders to identify new resource opportunities to implement programmes to develop and test new schemes to support a smooth transition. They can improve their communication on the potential impact of change to members through all available channels. Innovation is needed to tailor products to member companies based on concrete technological changes, workforce demographics and customer demands. Services should reflect the imperatives of diversity, environmental sustainability, disaster resilience and responsible business conduct. Finally, EMBOs should maximise networking opportunities for members to exchange best practice and learning, such as innovation labs, training sessions and tailor-made conferences.

At the *organizational level*, EBMOs can consider adapting structures, capacities and resources, including by investing in data collection and analysis; reviewing organizational structure to accommodate emerging sectors and businesses;

and maximising the use of technology and media for services and communication.

These improvements can only be achieved by adequately managing and investing in capable human capital, generating the skills and capacity to understand and respond to the business needs of today and the future.

> THE CHALLENGES CREATED BY THESE GLOBAL TRENDS FOR COMPANIES OF ALL SECTORS, SIZES AND GEOGRAPHIES OFFER AN UNPRECEDENTED OPPORTUNITY FOR EBMOS TO BREATHE NEW LIFE INTO THE IDEA OF BUSINESS COLLECTIVE ACTION, BECOMING A PROACTIVE FORCE IN BUILDING THE WORK ENVIRONMENT OF TOMORROW. OUR FINDINGS SHOW THAT BUSINESSES ARE LOOKING TO EBMOS TO HELP PROVIDE THE RIGHT MIX OF POLICY AND SERVICES. EBMOS IN TURN NEED TO FURTHER ADAPT AND INNOVATE TO HELP SHAPE A BETTER FUTURE FOR PEOPLE, BUSINESSES AND SOCIETY AS A WHOLE.

MENU OF RECOMMENDED ACTIONS

Below, we offer a menu of practical recommendations for EBMOs action, each designed around the challenges and opportunities posed for businesses by the trends affecting the future of work and generated from a combination of the survey responses, literature review and interviews.

Each EBMO's reaction to these trends depends on the national environment, organizational structure and capacity, the industrial relations system and many other factors. No one-size approach will fit all, but three broader actions should be prioritised:

- Anticipating the impact of the global trends on businesses
- Anticipating and influencing the regulatory implications of changes generated by the global trends
- Being a reference to businesses and policymakers in the "future of business" arena, leading by example, and demonstrating successful adoption of new stakeholder partnerships tools and a collaborative culture.

Our specific recommendations are divided below among three separate sections: business environment; operational models and business strategies; and business organization, ways of working and workforce skills.

For each of these sections, the recommendations are presented in a three-fold structure intended to reflect the way EBMOs will likely structure their response:

- **Strategic level:** what are the policy areas EBMOs should be engaged in? What are EBMO goals in terms of advocacy? Where can EBMOs provide new leadership?
- **Operational level:** what services can EBMOs develop and propose? How can they sell new products, information and data? How can they revise their service portfolio to play a role in the business environment?
- **Organizational level:** how can EBMOs improve internal structures? Where are new skills and resources needed? How should they invest to attract new members?

BUSINESS ENVIRONMENT

CHANGES AND CHALLENGES FACING BUSINESSES

REGULATORY ENVIRONMENT

Businesses are adopting new models while existing regulations are failing to keep pace with innovation.

Businesses need a clear and simple regulatory framework that supports innovation, entrepreneurship and the creation of new business opportunities and jobs.

INFRASTRUCTURE & CONNECTIVITY

Infrastructure and connectivity are critical to allow sectors and businesses to compete and grow in an increasingly high-tech environment.

Networks and services that guarantee connectivity and access to internet would drive new income opportunities, prosperity and business creation.

TECHNOLOGY & INNOVATION

Technology and innovative practices are helping businesses generate new opportunities.

Business can greatly benefit from policies that foster technology adoption, innovation and digital entrepreneurship, but many businesses still struggle to understand the magnitude of changes required in their culture, processes, tools and skills.

GLOBALIZATION & ECONOMIC INTEGRATION

Globalisation opens access to new markets, services, talent and financing, but also develops new sources of competition and more complex environments for business stakeholders.

Business can thrive from policies that foster outsourcing, global trade, workforce mobility, support new ways of working, and help converge standards for professional certifications and education.

RECOMMENDED ACTIONS FOR EBMOS

At the strategic level

- Engage effectively in national and international policy discussions on:
  - Adapting the regulatory environment to the global trends and their disruptive effects on businesses, including regulatory hurdles to growth, technology adoption and international expansion
  - Incentives for enabling technologies, digital infrastructure and connectivity; public investment, subsidies for technology and moving to a greener way of doing business
  - Simplified corporate tax and labour regulations that foster business activity, particularly for new and small businesses
- Proactively engage in dialogue with trade unions to share the private-sector perspective on issues shaping the future of business and work, challenges in the regulatory environment and strategies to comply with the imperatives of sustainability
- Build partnerships with thought leaders, academia, and think tanks, and constantly update internal repository of information and knowledge
- Make use of international networks to build a global knowledge repository of good practices.

At the operational level

- Create knowledge resource centres to capture the latest trends, risks and opportunities and build a database of useful resources that can be accessed by businesses and policymakers on:
  - Good practices implemented around the globe by EBMOs, policymakers and others in relation to connectivity, regulatory environment and sustainability

SUSTAINABILITY & RESPONSIBILITY

Businesses face growing pressure to find ways to achieve growth and economic development while using resources sustainably and minimising negative social impacts. Climate change is a vital concern for all businesses.

Polices that help companies meet the triple bottom line of sustainability (profit, social impact and impact on the environment) will hugely benefit them and society as a whole.

- Specialised content providers: businesses, researchers and thought leaders, universities, export agencies
- Specialised service providers that can support businesses and policy makers: training providers, technology consultants, digital schools and innovation hubs.

- Improve communication strategies and regularly provide data and information on the business environment and business needs to policy makers and members
- Promote forums to connect business leaders, policymakers EBMOs and experts to discuss good practices and determine sustainability strategies
- Promote public-private innovation and digital entrepreneurship initiatives such as innovation hubs and tailor-made digital entrepreneurship conferences.

At the organizational level

- Review the fitness of the EBMO to address the impact of global trends on members
- Invest in staff with relevant expertise and innovation capacity
- Invest in data collection, analysis and communication
- Invest in understanding the membership market: current and potential members and new emerging businesses
- Adapt organizational structures, process and capabilities to maximize responsiveness
- Review organizational structure to accommodate emerging sectors and businesses
- Maximise the use of technology and social media for services, advocacy and communication

OPERATIONAL MODELS AND BUSINESS STRATEGIES

CHANGES AND CHALLENGES FACING BUSINESSES

BUSINESS MODELS

New business models are disrupting industries across the globe. Businesses are moving from traditional process or product-centric business models to innovative customer- centric strategies. Data, especially when related to customer preferences and behaviours, has become a new important source of value for businesses.

New technologies (mobile, IoT) and tools (social media, platforms) enable much closer engagement with customers as well as the integration of more complex networks of business partners.

Platform businesses erupted as market aggregators where supply of goods or services was very fragmented. They allowed buyers to compare suppliers and thus promoted transparent competition. Nevertheless, network effects (the more suppliers you gather, the more buyers are attracted, who attract a greater number of suppliers) has caused "winner gets all" effect. A few platforms have grown exponentially and disrupted traditional businesses (travel and leisure, real estate, banking).

INNOVATION & BUSINESS DEVELOPMENT

Innovation is now a necessity for companies who want to grow. Leading businesses have not only allocated financial resources to innovation but have also adopted an innovative company culture and innovative work practices.

A new collaborative culture is enabling the adoption of open innovation practices (sharing information and knowledge as opposed to more secretive traditional practices) and collective intelligence techniques (group intelligence that emerges from a collective effort).

Automation and digitalisation in particular are generating major disruption.

Nonetheless, the implementation of these latest technologies requires a great deal of process-based knowledge, STEM skills, time and financial resources. Businesses need to take a value-driven approach to automation and define highly specific, properly prioritised and flexible digitalisation and automation plans.

RECOMMENDED ACTIONS FOR EBMOS

At the strategic level

- Better understand and anticipate changes in business models and strategies under the influence of global trends
- Engage with business leaders and policymakers in discussions on:
  - New business models and growth strategies: the value of data, stakeholder engagement, access to new markets
  - New methodologies to accelerate access to new and potential markets: design thinking, agile thinking
  - Strategies to consistently engage stakeholders across all digital and physical channels to build trust into brands
  - New types of roles needed to support new stakeholders' relationships: community managers, copywriters, data processors.
- Proactively engage in policy discussions on:
  - Regulatory barriers to new business models
  - Regulatory barriers to access new markets
  - Employment effects of new business models
  - How to help traditional business models and sectors negatively affected by technological advancement
  - Emerging issues of data protection
  - Technological trends affecting or expected to affect different industries: IoT, cloud computing, Big Data.
  - Platform-based businesses and their disruptive potential across industries: goods, services, workforce.
  - Complementary business services available to support business from inception to expansion.
- Organise and sponsor private-public collaboration initiatives with EBMOs as key players

Business can strongly benefit from best practices and lessons learned related to automation and digitalisation in different industries and with different technologies.

NEW TARGET MARKETS & RELOCATION

A more integrated global market provides greater opportunities to expand internationally.

Innovative businesses achieve faster international expansion thanks to a mix of technology (which supports scalability and replicability of operations overseas) and networks/hubs of business services (legal, commercial, financial, operational, logistical). In this environment, competition also becomes harsher and innovative players target "first mover advantage".

New technologies enable unprecedented interconnectivity and provide easy access to new markets for suppliers, partners, customers and talent. Businesses have new options to relocate part of their operations to the most appropriate locations internationally, including reshoring.

STAKEHOLDER RELATIONSHIPS

Communication and marketing tools and practices, including social media, have dramatically changed in the digital age. Businesses must now provide customers with a seamless experience throughout all physical stores and digital channels.

Digital social media and social platforms also provide greater relevance and influence to individuals and informal associations acting as customers, employees, contractors or other external stakeholders.

More traditional businesses need to catch up on this approach to stakeholders' relationships and learn how to work with influencers.

BRAND & REPUTATION

Worker and consumer values and the power of social media raise reputation to the highest strategic level for businesses.

Customers increasingly expect businesses to adopt values-based missions and look for positive social and environmental impact as key branding attributes.

- Engage with the International Organisation of Employers for technical advice and support.
- Engage trade unions in social dialogue on the issues potentially arising from relocation, international expansion and migration policy improvement, as well as on the opportunities and challenges brought by new business models for job and wealth creation.
- Promote policymakers' understanding of the new ways companies generate value and the opportunities they create for diverse and multigenerational workforce.
- Promote forums to connect business leaders, EBMOs, experts and policymakers to discuss good practices and shape policy actions.

At the operational level

- Develop and promote resources for companies to understand the latest risks and opportunities for operational models and business strategies, including:
  - Good practices of relocation strategies, digitalisation of operations and platform businesses
  - Specialised content from businesses, thought leaders, researchers and universities
  - Directory of specialised service providers that can support businesses and policy- makers: technology consultants, digital schools, innovation hubs.
- Build partnerships and constantly update the repository of information and knowledge
- Utilise global networks to share good practices
- Organise, support and sponsor private-public collaboration initiatives that give opportunities for businesses to voice their needs
- Develop communication products and training materials for companies and policymakers to better understand trends and developments in business

New technology (e.g. IoT) enables greater traceability of products along the supply chain. Customers and other stakeholders (workforce, investors, business partners, media) require greater transparency and accountability of businesses across their entire supply chain.

COMPLEMENTARY BUSINESS SERVICES

Technology, a collaborative culture and interconnectivity have promoted the creation of many new services supporting businesses from inception and start-up to growth and expansion. Such services include access to: funds (e.g. subsidies, public financing, business angels, venture capital firms), knowledge (mentors, advisors), manpower (coders, researchers, scrum masters), office locations (coworking spaces), and innovative solutions (3D printing, labs).

Such services are provided through very different channels, including platforms, programs, hubs, and networks of approved providers. Businesses are often not aware of such channels or of how to access to them.

Business could greatly benefit from aggregators (e.g. platforms) that provide guidance on the variety of available resources and the conditions attached to them. Efforts in in providing greater visibility (advertising and marketing campaigns) and accessibility (network of approved support offices) are of great value.

- Develop training and communications material on:
  - new business models and growth strategies;
  - open innovation mechanisms and collective intelligence tools that accelerate the innovation cycle;
  - new methodologies to accelerate access to new and potential markets;
  - strategies to consistently engage stakeholders across all digital and physical channels;
  - new types of roles needed to support new stakeholder relationships;
  - new operational models and the complementary business services available.

At the organizational level

- Review the fitness of the EBMO to serve new emerging types of business
- Invest in capable people trained to understand and provide advice on diverse business models, the potential of new markets, online businesses and data analysis
- Develop products and strategies to attract newly emerging businesses (e.g. platform, tech) and help traditional models to grow and compete.

BUSINESS ORGANIZATION, WAYS OF WORKING AND WORKFORCE SKILLS

CHANGES AND CHALLENGES FACING BUSINESSES

CRITICAL SKILLS & COMPETENCIES

Technology and innovation have a major impact on employment. Businesses face major challenges due to talent scarcity, especially in STEM skills and new working methodologies.

Businesses also struggle to define the skills requirements needed to support forward-looking strategies. Businesses know that technological innovation leaves no place for complacency, but there is still great uncertainty around the skills that will be needed in the future and therefore how to set up upskilling or reskilling programs.

Businesses need to act with public entities, workers and educators to continually review employability requirements, define training requirements and implement the most appropriate programs and methodologies (i.e. instructor-based, computer-based, TVET, on-the-job) to help solve both short- and long-term skills shortages.

RECRUITMENT & RETENTION

Workforce diversity poses major challenges to management and HR.

Younger generations increasingly value flexible schedules, remote work, company values and social impact, and employee engagement in the decision-making process.

Businesses need to learn about and adopt new recruitment and retention practices for the younger workforce.

RECOMMENDED ACTIONS FOR EBMOS

At the strategic level

- Proactively engage in policy discussions on:
  - The skills needed to thrive amid change
  - Reforms of educational systems and policies
  - Establishing upskilling and reskilling programs
  - Lifelong learning policies and programmes
- Engage in advocacy with the key governmental players and provide data and information on the skills shortages and the skills needed
- Engage with trade unions to improve the social dialogue at tripartite or bipartite level on skills mismatching and workplace flexibility.
- Engage with business leaders to understand their needs on:
  - Short-term employability requirements and how to solve short-term skills shortages: TVET, on-the-job training, apprenticeships
  - Long-term employability requirements and how to implement lifelong educational systems to solve the long-term reskilling challenge
  - New organizational structures, workplace settings and cultural changes that support more innovative businesses
  - New recruitment, retention and performance-management practices and the related regulatory challenges
- Promote forums to connect business leaders, EBMOs, experts and policymakers to discuss good practices and shape priorities

STRUCTURE, CULTURE & WAYS OF WORKING

Businesses struggle to align structure and culture.

New disruptive and more innovative businesses implement flatter structures with decentralised authority. Leadership in more traditional business resists implementing such models for fear of a loss of control.

Businesses are increasingly moving from functionally organised structures to project-based structures. This shift provides companies with greater agility and enables greater workforce mobility across projects.

More dynamic and agile businesses increasingly leverage contingent workforce (e.g. freelancers, contractors) to access knowledge or manpower. But managing an external workforce also requires a different skillset oriented towards resource management and project management.

Businesses are also moving away from fixed offices and promoting remote and flexible work practices.

PERFORMANCE MANAGEMENT

In this new working environment, managers and HR seek to adapt their performance management practices. It is more difficult than ever to control employee productivity.

Technology allows employers to track worker performance very closely but this raises concerns over privacy and control. Incentives are also changing and adapting to the workforce diversity.

Businesses need to learn about and adopt new performance-management practices. . This is also about building trust and ethical working values between employers and workers.

- Identify and share information resources on the latest trends, risks and opportunities, building a database that can be accessed by businesses and policymakers containing:
  - Good practices implemented around the world on skills development and changes in corporate HR structures and cultures
  - Specialised content providers: businesses, researchers, universities
  - A directory of specialised service providers that can support businesses and policymakers: training providers, technology consultants, digital schools, innovation hubs.

At the operational level

- Communicate to members through all available channels when new expertise is developed within the EBMO
- Tailor solutions and products to member companies, the skills shortages and the need to facilitate a smooth flexibilisation of the workplace.
- Maximize networking opportunities for members to exchange best practice and learning
- Think outside the box in the search for new products and services: new and innovative adult training models, retention schemes, attractive work-life balance approaches.

At the organizational level

- Upgrade members' workplace and skills needs assessment
- Invest in capable people, able to innovate, collect and share relevant information, and develop and deliver relevant products and services
- Invest in data collection, analysis and communication
- Maximise the use of technology and media for services and communication.

I

APPENDIX

Two leading groups emerged from the data analysis according to the following parameters:

Fast-growers: Respondents who reported positive revenue growth in the previous year, in addition to a predicted average annual growth rate of 10 per cent or more over the next three years.

Adapters: Respondents who estimated an increase in their annual revenue in the coming year of operations as a result of implementing initiatives in each of the three identified business areas: new markets and business models; operating models, organization and ways of working; and optimising human capital.

We believe these groups can provide valuable information and insight to businesses and EBMOs looking to see what works for companies when introducing changes adjusting to the key trends affecting the future of work.

"Fast-growers" offer an example of how to adapt and remain resilient in the face of a changing work environment. As disruption from the five key trends accelerates, fast-growers are less threatened by increased competition and, in general, view the impact on jobs as a net positive. In comparison to other firms, fast-growers have been clear on the need to act. They scored higher on impacts such as the creation of new opportunity for new digital business models; new ways of working, including remote work and virtual teams; automating lower skilled jobs; and increasing demand for interpersonal skills. Furthermore, these firms identify the strategic opportunities of global economic integration, in particular, scoring higher on indicators such as opening opportunities in rapidly developing markets and increasing exposure to uncertainty. Finally, fast-growers have preferred sustainable products and services to new business models. These firms have shown themselves to be significantly more impacted by consumer demand for more sustainability and potential efficiencies in new materials and energy sources.

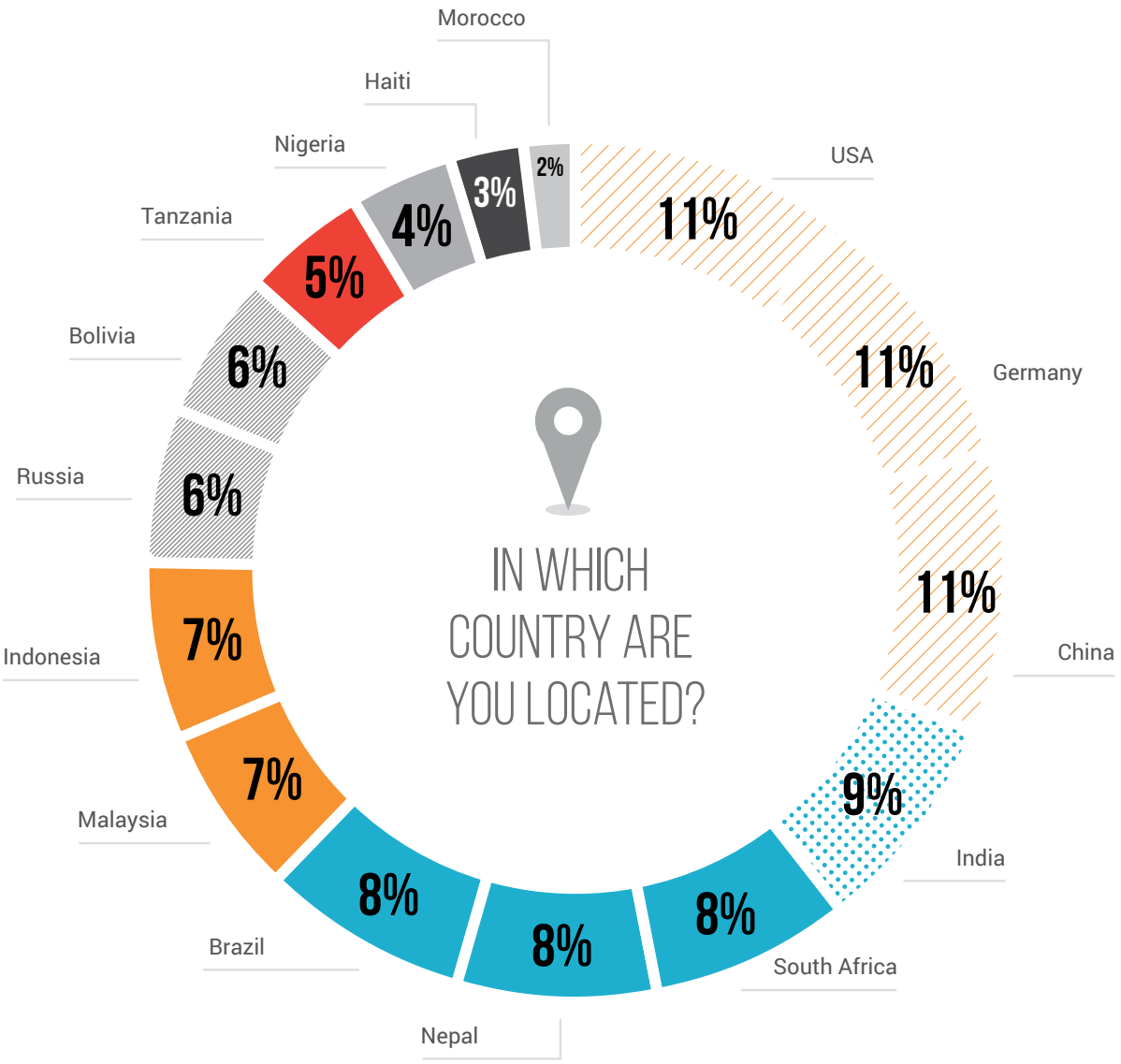
One way to seek opportunity will be to study what other businesses have done to act in response to these disruptive trends, including developing business models that prioritise customers. For these "adapters," the greatest financial benefits have been achieved through new markets and business models followed by changes to operating models, organization and processes, and initiatives to enhance human capital. These businesses stand apart from non-adapters in that they have increased communication and engagement with customers, introduced more customer-centric business models, and adapted products, services, and business models to appeal to shifting generational interests. Further, they prioritise collaborative working across organizational structures and networks of customers and supplies. Finally, Adapters look for different skills in new recruits, prioritising designing training programs to develop in-demand management, technical, and critical skills. As a result, these businesses that have seen increased revenues from changes in all three of these areas share a positive outlook on changes and an awareness of the need to seize opportunities. The recent actions of these firms therefore offer a blueprint for businesses wishing to adapt to the changing trajectory of work.

FAST GROWERS

Fast-growing companies—defined as companies that grew revenue in the previous year and forecast average revenue growth of more than 10 per cent annually over the next three years—show the same overall prioritisation of impacts as the total sample, though a more even distribution across the four global trends. While 22 per cent of the fast-growing sample came from developed economies (Germany and the US), the remainder came from emerging economies, including almost half from BRICS nations.

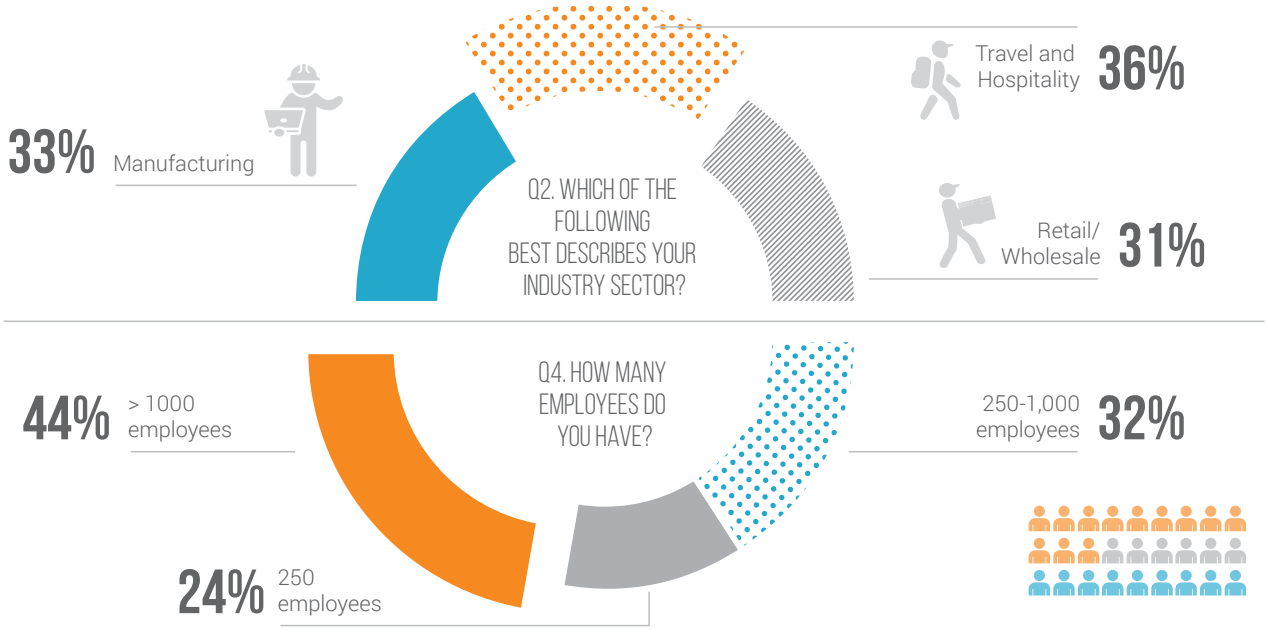
APPENDIX I

Figure A.1 In which country are you located?



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

Figure A.2 Sample per industry and employee number



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

Similar to the results shown from the total sample, fast-growing companies indicated that technology is the most disruptive of the five trends. Fast growers are slightly more impacted by demographic and generational changes and sustainability, and slightly less impacted by global economic integration than other companies.

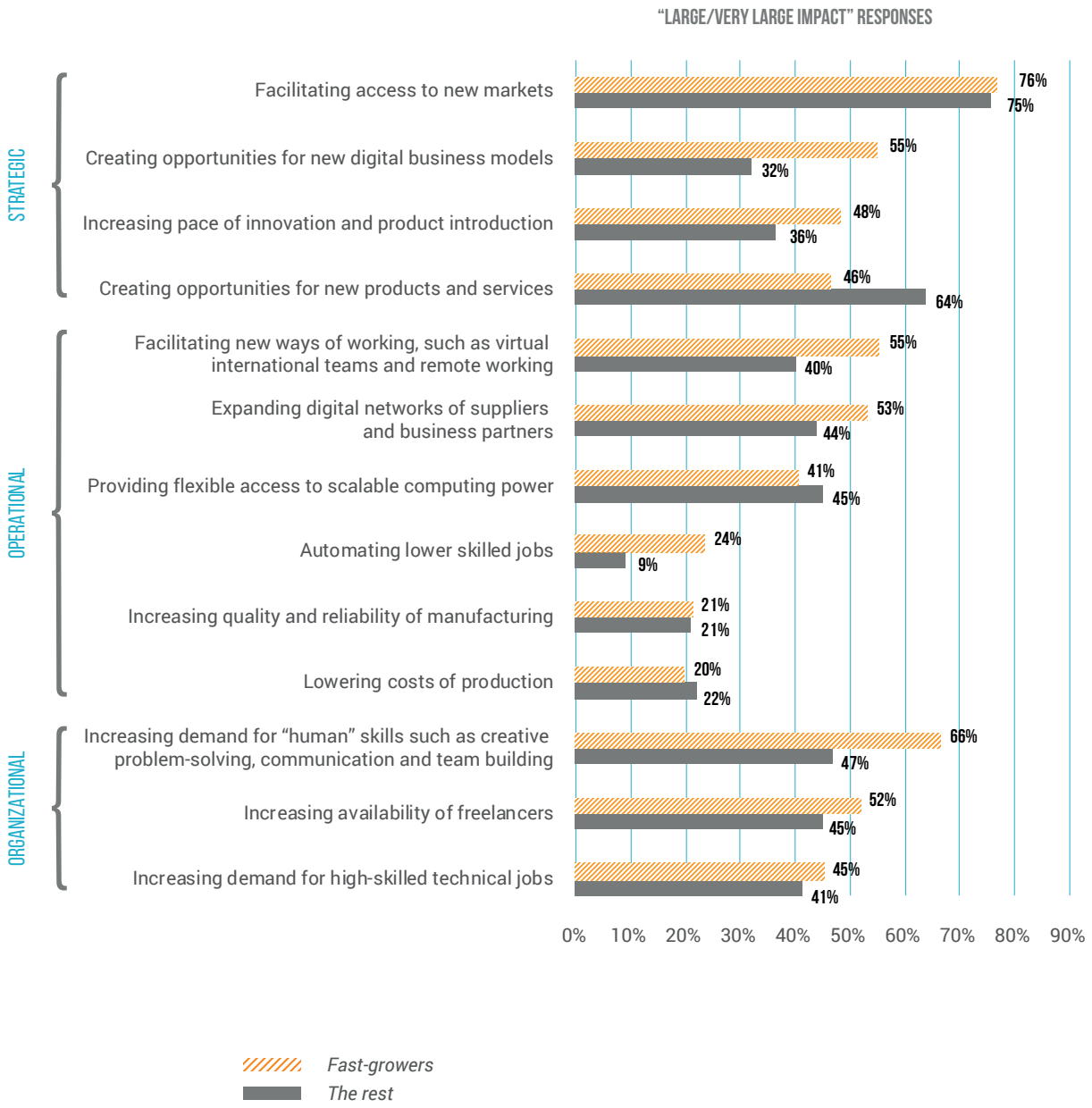
Technology impacts fast growers across their business. Fast growers score higher on almost all impacts, with large differences in creating new opportunity for new digital business models, new ways of working such as remote work and virtual teams, automating lower skilled jobs and increasing demand for interpersonal skills. Furthermore, rather than seeing it as a threat, fast-growers identify the strategic opportunities of global economic integration, with significantly higher scores for strategic impacts, in particular, opening opportunities in rapidly developing markets and increasing exposure to uncertainty (Figure A.3).

In addition, demographic differences are more pronounced among fast growers, particularly when looking at the shifting values of younger generations and the youth bulge. However, fast growers report being less impacted by the ageing of the population. Finally, fast growers have a different view of sustainable business opportunities, preferring sustainable products and services to new business models. Fast growers are significantly more impacted by consumer demand for more sustainability and potential efficiencies in new materials and energy sources (Figure A.4).

The pace of change from these four impacts is accelerating. Fast-growers see less of a threat from increased competition and view the impact on jobs as a net positive. Furthermore, fast growers are clearer on the need to act: for businesses to demonstrate responsible conduct and to provide retraining, and for policy-makers to keep pace with the changes. In many countries, policy-makers are struggling to keep up with suitable reforms. Thus, firms should look to changes to business models, organization and ways of working as prioritised by fast growers. These firms are showing the way forward in terms how businesses should adapt and remain resilient in light of the future of work (Figure A.5).

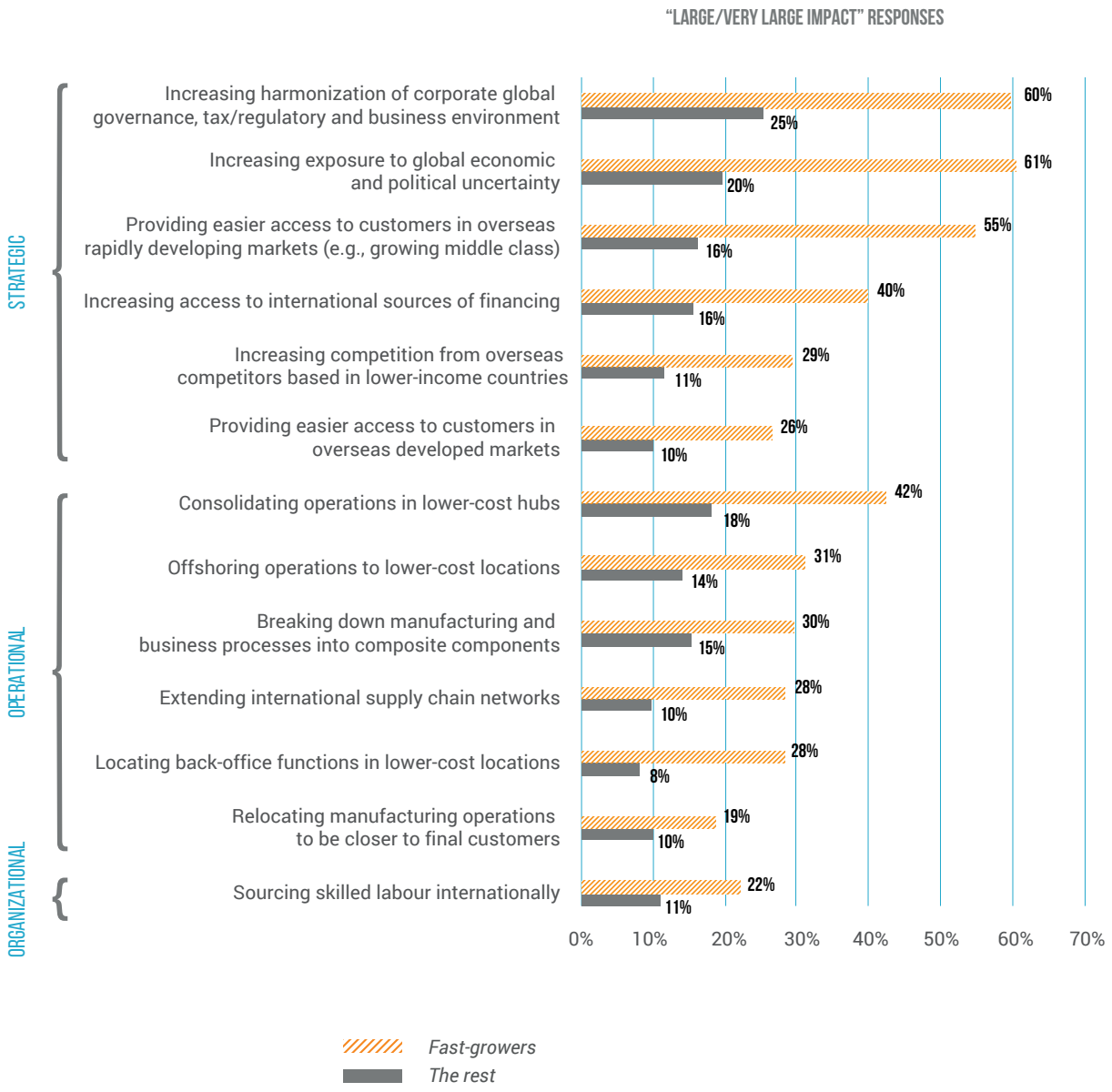
APPENDIX I

Figure A.3 From the following list of business consequences of technological innovation, please assess the impact each has on your business.



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

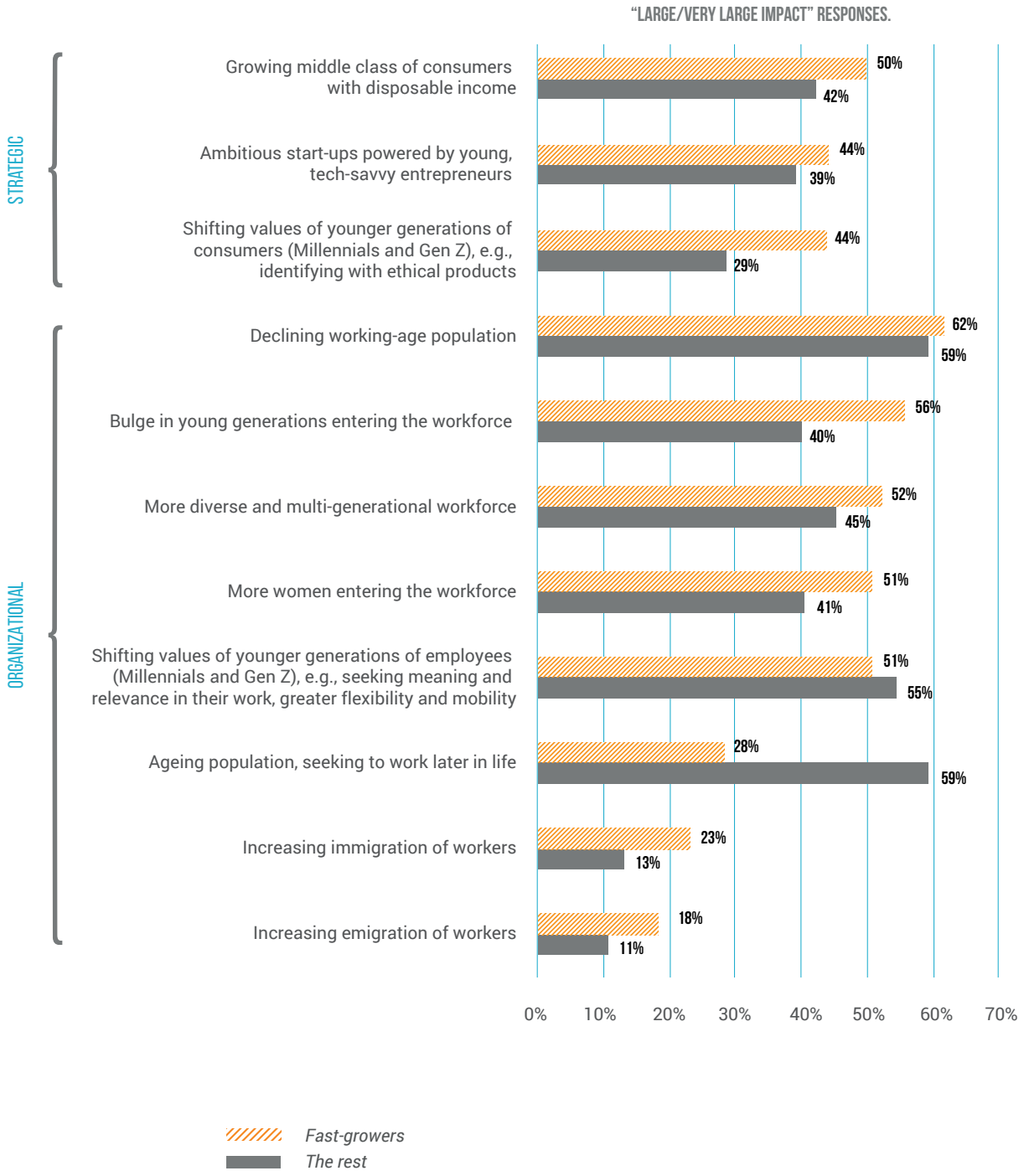
Figure A.4 From the following list of business consequences resulting from global economic integration, please assess the impact each has on your business.



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

APPENDIX I

Figure A.5 From the following list of business consequences resulting from demographic and generational changes, please assess the impact each has on your business.

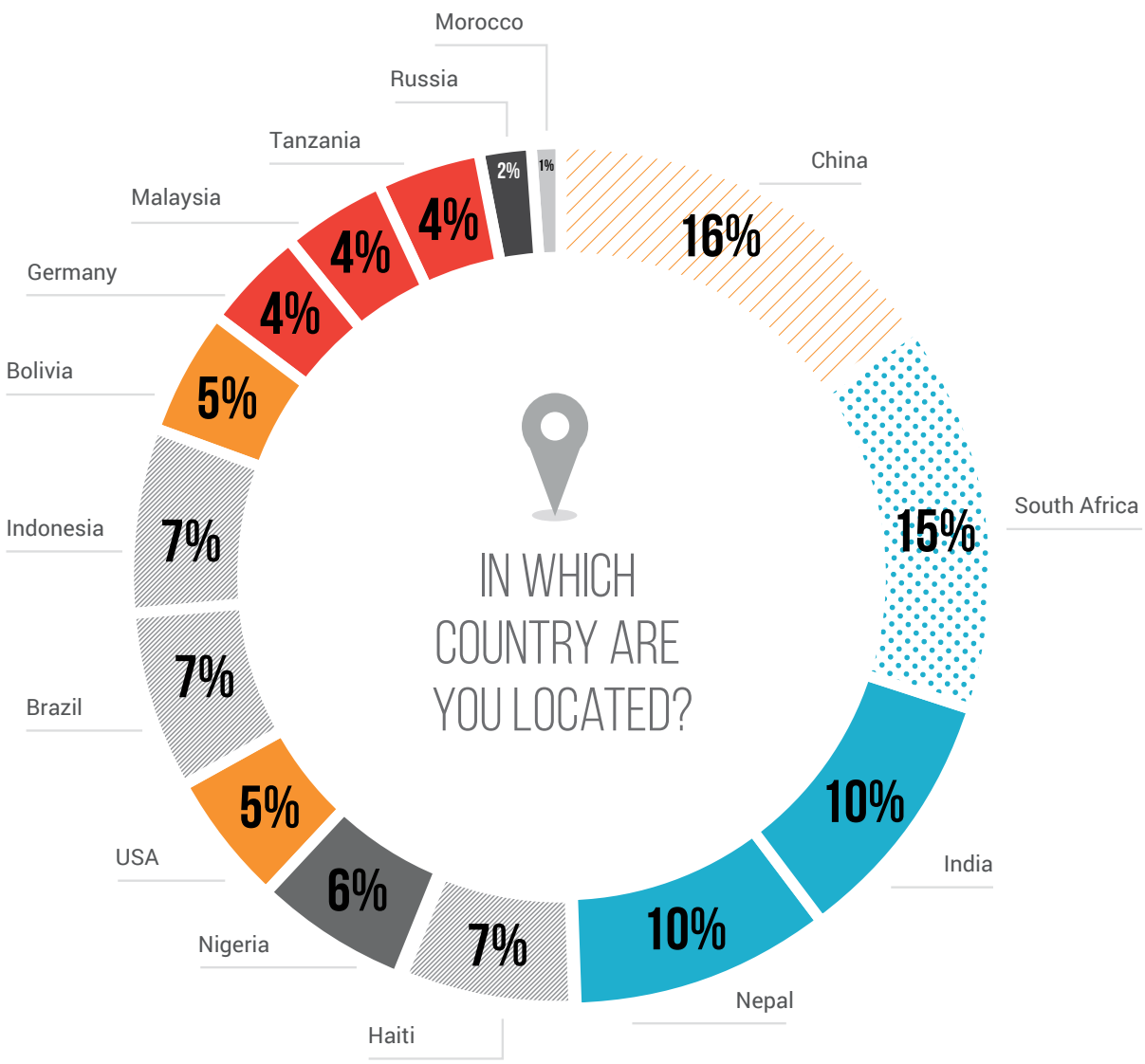


Source: Oxford Economics, ACTEMP/ILO, IOE survey.

ADAPTERS

A distinct group of businesses—the Adapters—comprise 18 per cent of the total survey sample, yet have been particularly successful in implementing broad-based improvements across noted areas of change, forecasting increased revenue as a result of their actions. Of these businesses, less than 10 per cent are based in developed economies, while 50 per cent come from BRICS nations. 44 per cent are larger companies of more than 1,000 employees, and the retail sector makes up 42 per cent of respondents; yet smaller businesses encompass 56 per cent of respondents, and travel and hospitality and manufacturing make up 31 per cent and 27 per cent respectively.

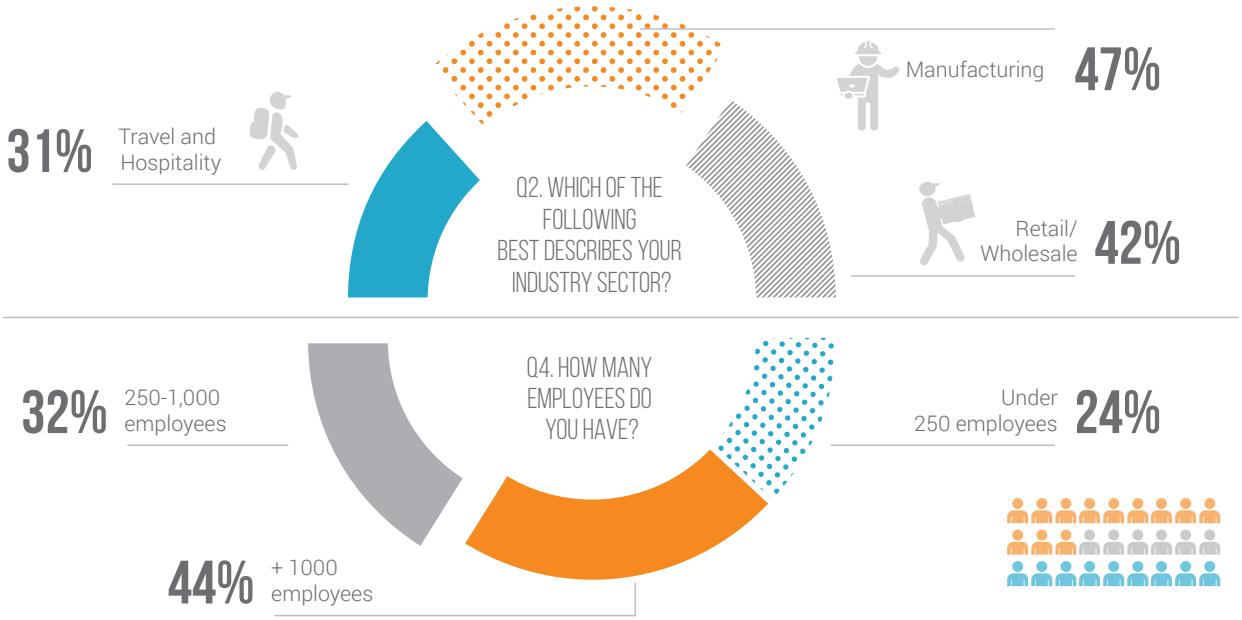
Figure A.6 In which country are you located?



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

APPENDIX I

Figure A.7 Sample by industry sector and employee number



Source: Oxford Economics, ACTEMP/ILO, IOE survey.

Adapters plan to introduce new business models that prioritise customers—including increased communication and engagement with customers, the introduction of more customer-centric business models and adaptation of products, services, and business models to appeal to shifting generational interests—over the next 5 years (Table A.1). In evaluating operating models, organizations, and new ways of working, Adapters prioritise collaborative working across organizational structures and networks of customers and supplies. 42 per cent of Adapters report prioritising adapting business models for customers and suppliers over business partners, whereas non-Adapters slightly prefer prioritising business partners (44 per cent) over customers and suppliers (42 per cent) (Table A.2). To optimise human capital, all businesses name contributing to technical and vocational education as their number one priority; however, Adapters prioritise designing training programs to develop in-demand management, technical and critical skills, differentiating themselves from 80 per cent of non-Adapters (Table A.3).

Overall, approximately three-quarters of all businesses are positive about the opportunities provided by digital technology. Adapters, however, seek the opportunities presented by these changes. They are more confident in their company's strategy compared to non-Adapters, and more likely to look for different skills in new recruits. Furthermore, more Adapters say that it is easier to access new export markets than it was three years ago, but they are also more concerned about threats to open trading relationships.

Table A.1

New markets and business models

RANK	THE REST	ADAPTERS
1	Increase collaboration with business partners (44%)	Increase collaborative working across organizational structures and networks of customers and suppliers (42%)
2	Increase collaborative working across organizational structures and networks of customers and suppliers (42%)	Increase collaboration with business partners (33%)
3	Shift leadership and management culture from command and control to more collaborative styles (35%)	Move to enhanced office location (32%)

Table A.2

Operating model, organization and ways of working

RANK	THE REST	ADAPTERS
1	Create new business value by harvesting and exploiting data (41%)	Increase communication and engagement with customers (48%)
2	Increase communication and engagement with customers (40%)	Introduce more customer-centric business models (42%)
3	Update strategy to adapt to opportunities and threats of digital platforms (31%)	Adapt products, services and business models to appeal to shifting generational values (39%)

Table A.3

Optimize human capital

RANK	THE REST	ADAPTERS
1	Contribute to technical and vocational education and training (TVET) initiatives (41%)	Contribute to technical and vocational education and training (TVET) initiatives (42%)
2	Introduce initiatives to adopt to the multi-generational workforce (28%)	Design training programs to develop in-demand management and technical skills (34%)
3	Encourage an entrepreneurial and innovative culture (24%)	Introduce initiatives to adopt to the multi-generational workforce (29%)

Source: Oxford Economics, ACTEMP/ILO, IOE survey.

BIBLIOGRAPHY

- ACCA (2017) *Business Models of the Future: Emerging Value Creation*. London: ACCA. Accenture (2017) *How AI boosts industry profits and innovation*.
- Accenture (2017) *How AI boosts industry profits and innovation.*
- ADB Institute (2018) *Understanding the Digital Economy: What Is It and How Can It Transform Asia?* Available at https://www.adb.org/news/events/understanding-digital-economy-what-it-and-how-can-it-transform-asia [Accessed January 2019].
- African Development Bank Group (2016) *Feed Africa: Strategy for Agricultural Transformation in Africa 2016-2025*. Abidjan: African Development Bank Group.
- African Development Bank Group (2018) *Infrastructure Development*. Available at https://www.afdb.org/en/knowledge/publications/tracking-africa's-progress-in-figures/infrastructure-development/ [Accessed December 2018].
- AGRA (2016) *Africa Agriculture Status Report 2016: Progress Towards Agriculture Transformation in Sub-Saharan Africa*. Nairobi: AGRA.
- Amosse, Th. Bryson, A., Forth, J., and Petit, H. (eds) (2017) *Comparative Workplace Employment Relations: An Analysis of Britain and France*. London: Palgrave McMillan.
- Antonich, B. (2019) *Renewable Energy Investments Increased Five-fold Globally Over Past 15 Years.* International Institute for Sustainable Development.
- Arntz, M., Gregory, T., and Zierahn, U. (2016) *The Risk of Automation for Jobs in OECD Countries: A Comparative Analysis*. OECD Social, Employment and Migration Working Papers, No. 189. Paris: OECD Publishing.
- Autor, D. (2015) Why Are There Still So Many Jobs? The History and Future of Workplace Automation. *Journal of Economic Perspectives* 29(3), pp.3-30.
- Benson, J., Zhu, Y. and Gospel, H. (2017) *Employers' Associations in Asia: Employer Collective Action*. London: Routledge.
- Berger, T. and C. Frey. (2016) *Structural Transformation in the OECD: Digitalisation, Deindustrialisation and the Future of Work*, OECD Social, Employment and Migration Working Papers, No. 193. Paris: OECD Publishing.
- Bickersteth (2015) *9 Mega-Trends Shaping the Future of Africa*. Geneva: WEF.
- Bisson, P., Stephenson, E. and Viguerie, P. (2010) *The Global Grid*. McKinsey & Company.
- Bisson, P., Kirkland, R., and Stephenson, E. (2010) *The great rebalancing. Strategy & Corporate Finance Insights*. Available at: https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-great-rebalancing [Accessed October 2018].
- Bisson, P., Kirkland, R. and Stephenson, E. (2010) *The Market State*. McKinsey & Company.
- Bisson, P., Stephenson, E. and Viguerie, P. (2010) *Pricing the Planet*. McKinsey & Company.
- Bloom, D., Kuhn, M. and Prettner, K. (2017) *Invest in Women and Prosper.* International Monetary Bank. Available at https://www.imf.org/external/pubs/ft/fandd/2017/09/bloom.htm [Accessed October 2018].
- Bouwen, P. (2004) The Logic of Access to the European Parliament: Business Lobbying in the Committee on Economic Affairs. *Journal of Common Market Studies Volume 42, Issue 3 Pages 473-495.*
- Bowen, A. and Kuralbayeva, K. (2015) *Looking for green jobs: the impact of green growth on employment*. London: LSE.

- Brandl, B. and Lehr, A. (2016) *The Strange Non-Death of Employer and Business Associations: An Analysis of their Representativeness and Activities in Western European Countries*. Economic and Industrial Democracy Journal.
- Brzeski, C. and Burk, I. (2015) *Die Roboter kommen. Folgen der Automatisierung für den deutschen Arbeitsmarkt* [The Robots Come. Consequences of Automation for the German Labour Market], ING DiBa Economic Research.
- Bughin, J. et al. (2018) *Skill Shift. Automation and the future of the workforce*. McKinsey & Company.
- Business and Sustainable Development Commission (2017) *Better Business, Better World*. London: BSDC.
- Business Unit South Africa. (2018) Policy Business Unit South Africa. Available at: http://busa.org.za/policy/ [Accessed November 2018].
- Cámara Nacional de Comercio y Servicios del Uruguay (2018) *El Avance Tecnológico y el Sector Comercio y Servicios del Uruguay*. Reunión de Organizaciones de Empleadores del Cono Sur, 13 y 14 de agosto 2018, Santiago de Chile.
- Casey, J. and Harvey, J. (2015). *Literature Review: Technology and the Future of Work*. London: Practical Action.
- CEPAL (2016) *Ciencia, tecnología e innovación en la economía digital: La situación de América Latina y el Caribe*. Santiago: CEPAL.
- Credit Suisse Equity Research. (2017) *Global Equity Themes Disruptive forces in Europe: A Primer.* Credit Suisse.
- Deloitte (2016) *Digital Workplace and Culture: How digital technologies are changing the workforce and how enterprises can adapt and evolve*.
- Deloitte (2016) *The Future of the Workforce Critical drivers and challenges*.
- Deloitte (2017) *Rewriting the Rules for the Digital Age*. Deloitte Global Human Capital Trends.
- Dobbs, R. et al (2013) *Urban world: The shifting global business landscape*. McKinsey & Company.
- Dobbs, R., Koller, T. and Ramaswamy, S. (2015) *The Future and How to Survive It*. Harvard Business Review.
- Dolphin, T. (ed). (2015) *Technology, globalisation and the future of work in Europe: Essays on employment in a digitised economy*. London: IPPR.
- The Economist Intelligence Unit (2017) *Thriving through Disruption*.
- Ernst, E. (2015). The Shrinking Middle. *Finance and Development, March 2015, Vol. 52, No. 1 pages 20-23*. IMF Publications.
- Eurofund (2015) *Collective Bargaining in Europe in the 21st Century*. Luxemburg: Publications Office of the European Union.
- European Commission (2015) *Industrial Relations in Europe 2014*. Luxembourg: Publications Office of the European Union.

BIBLIOGRAPHY

- EY (2016) *The upside of disruption: Megatrends shaping 2016 and beyond*.
- Federación Iberoamericana de Jóvenes Empresarios (2016). *Informe de Gestion.*
- Filmer, D., Fox, L. et al. (2014) *Youth Employment in Sub-Saharan Africa: Challenges, Constraints and Opportunities*. Washington D.C: World Bank Publications.
- Frey, C. and Osborne, M. (2015) *Technology at Work: The Future of Innovation and Employment*. Oxford: Oxford Martin School.
- Frey, C., Osborne, M., and Holmes, C. (2016) *Technology at work v2.0. The Future Is Not What It Used To Be*. Oxford: Oxford Martin School.
- Frey, C. and Osborne, M. (2016) *The Future of Employment: how susceptible are jobs to computerisation?* Oxford: Oxford Martin Programme on Technology and Employment.
- Frey, C. and Rahbari, E. (2016) *Do labour-saving technologies spell the death of jobs in the developing world?* Washington D.C.: Brookings.
- Gartner (2019), *IT Glossary*. Available at https://www.gartner.com/it-glossary/digitalization [Accessed December 2018].
- Geithner, T. (2007) *Global Economic Integration: The opportunities and the Challenges*. Speech at the Federal Reserve Bank of New York.
- Global Reporting Initiative (2015) *Sustainability and Reporting Trends in 2025: Preparing for the Future. Analysis Paper prepared for GRI's Reporting 2025 Project*. Amsterdam: GRI.
- Gospel, H. and Foreman, J. (2006) Inter-Firm Training Co-ordination in Britain. *British Journal of Industrial Relations, vol. 44, no. 2, pages. 191-214.*
- Gratton, L. and Scott, A. (2016) *How Work Will Change When Most of Us Live to 100*. Harvard Business Review.
- GSMA (2018) *The Mobile Economy 2018*. London: GSMA.
- Hwang, T. (2018). Computational Power and the Social Impact of Artificial Intelligence. MIT Available at: Available at SSRN: https://ssrn.com/abstract=3147971 [Accessed March 2019].
- Helen, B. (2018) *More balanced workplace ethnic mix is hampered by lack of data*. Financial Times. Available at: https://www.ft.com/content/78c83026-1d7a-11e8-a748-5da7d696ccab [Accessed September 2018].
- Hisahiro (2005) *Comparative Analysis of Governance: Relationship between bureaucracy and policy coordination capacity with particular reference to Bangladesh*. JICA.
- Hoel, A. (2015) Investing in Women is Vital to Ending Poverty, Boosting Needed Growth. World Bank. Available at http://www.worldbank.org/en/news/feature/2015/07/14/investing-women-vital-ending-poverty-boosting-needed-growth [Accessed October 2018].
- Human Rights Watch (2019). *World Report 2019*. HRW: New York.
- Iczyk, M. Grzesiak, M., Richert-Kamierska, A and Starnawska, M. (2014) *Women and elderly on the BSR labour market-good practices' analysis and transfer*. Hamburg: Baltic Sea Academy.
- International Labour Office (2015) *Anticipating skill needs for green jobs A practical guide*. Geneva: ILO.

- International Labour Office (2016) *Briefing Note 1 The Future of Work Centenary Initiative.*
- International Labour Organization (2016) *ASEAN in Transformation: Perspectives of enterprises and students on future work*. Geneva: ILO.
- International Labour Organization (2016) *The Future of Work We Want. Background document for a conference jointly organized by the European Economic and Social Committee (EESC) and the International Labour Organization (ILO).* Geneva: ILO.
- International Labour Organization (2016) The rise of the "just-in-time workforce": On-demand work, crowdwork and labour protection in the "gig-economy". Geneva: ILO.
- International Labour Organization (2018) *Global Commission on the Future of Work. Issue Brief 9 New Business Models for Inclusive Growth*. Geneva: ILO.
- International Labour Organization (2018) *Global Wage Report 2018/19: What lies behind gender pay gaps*. Geneva: ILO.
- International Labour Organisation (forthcoming). *Women in Business*. ILO.
- International Organisation of Employers (2015) *Female Talent: Unleashing its Full Potential For the Future.* Geneva: IOE.
- International Organisation of Employers (2016) I*OE Overview on implementation of the 2030 agenda for sustainable development: The Role of Business*. Geneva: IOE.
- International Organisation of Employers (2017) *Understanding the Future of Work*. Geneva: IOE.
- Kelly, J. (2018) *These are the world's most innovative cities, and here's why*. Geneva: WEF.
- Kharas, H. (2017) *The unprecedented expansion of the global middle class. An update*. Washington D.C.: Brookings.
- Kharas, H. and Hamel, K. (2018) *A global tipping point: Half the world is now middle class or wealthier*. Washington D.C: Brookings.
- Kiviniemi, M. (2015) *Why a push for gender equality makes sound economic sense*. OECD Observer. Available at http://oecdobserver.org/news/fullstory.php/aid/4889/Why_a_push_for_gender_equality_makes_sound_economic_sense.html [Accessed October 2018].
- Lund, S. et al (2019) *Globalization in transition: The future of trade and value chains*. McKinsey & Company.
- Manyika, J., Lund, S., Robinson, K., Valetino, J. and Dobbs, R. (2015) *A labour market that works: connecting talent with opportunity in the digital age*. McKinsey & Company.
- Manyika, J. et al. (2016) *Independent Work: choice, necessity and the gig economy*. McKinsey & Company.
- Manyika, J. et al. (2017) *A Future that Works: Automation, Employment and Productivity.* McKinsey & Company.
- Manyika, J. (2017) *Technology, Jobs, and the Future of Work*. McKinsey & Co.
- Majumdar, R. (2017) *Understanding the productivity paradox*. Deloitte Insights.

BIBLIOGRAPHY

- ME Gesamtmetall (2018) Metall- und Elektroberufe werden digital – Modernisierung der Ausbildung auf den Weg gebrach. Available at https://www.gesamtmetall.de/aktuell/pressemitteilungen/metall-und-elektroberufe-werden-digital-modernisierung-der-ausbildung-auf [Accessed February 2019].
- Murphy, J. and Roser, M. (2019) Internet. Available at https://ourworldindata.org/internet [Accessed January 2019].
- Myers, J. (2016) *China's working-age population will fall 23% by 2050*. Geneva: WEF
- National Economic Development and Labour Council (2017) *Nedlac*. Available at: http://nedlac.org.za/ [Accessed November 2018].
- Nielsen (2015) *Green Generation: Millennials say Sustainability is a Shopping Priority*. Oxford: Nielsen.
- Novin, N. (2014) *Comment donner du travail à 865 millions de femmes*. World Bank.
- OCDE/CEPAL/CAF. (2016). *Perspectivas económicas de América Latina 2017: Juventud, competencias y emprendimiento*. Paris: OECD Publishing.
- OECD (2003) Glossary of Statistical Terms.
- OECD (2014) *Is migration good for the economy?* Migration Policy Debates. Paris: OECD.
- OECD, WTO, and World Bank Group (2014) *Global Value Chains: Challenges, Opportunities, and Implications for Policy*. Report prepared for submission to the G20 Trade Ministers Meeting Sydney, Australia, 19 July 2014.
- OECD, ECLAC, CAF (2016) *Latin American Economic Outlook 2017: Youth, Skills and Entrepreneurship*. Paris: OECD Publishing.
- OECD (2017) *Future of Work and Skills. Paper presented at the 2nd Meeting of the G20 Employment Working Group 15-17 February 2017 Hamburg, Germany*. Paris: OECD.
- OECD (2018) *Transformative Technologies and Jobs of the Future*. Background report for the Canadian G7 Innovation Ministers' Meeting. Paris: OECD.
- O'Neil, S. (2017). *Automation is Changing Latin America Too*. *Council on Foreign Relations*. Available at: https://www.cfr.org/blog/automation-changing-latin-america-too [Accessed Oct. 2018].
- Ortiz-Ospina, E. and Tzvetkova, S. (2017) *Working women: Key facts and trends in female labor force participation*. Our World in Data. Available at: https://ourworldindata.org/female-labor-force-participation-key-facts [Accessed September 2018].
- PEW Charitable Trust (2017) *Retirement Needs and Preferences of Younger Public Workers*.
- Progretec (2018) Available at http://www.progretec.cncs.com.uy/progretec/ [Accessed November 2018].
- Puech, O. (2013) *Autonomiser les adolescentes à Port-au-Prince: «Nous sommes l'avenir d'Haïti»*. World Bank.
- PwC (2015) *Make it Your Business: Engaging with the Sustainable Development Goals*. PwC.
- PWC (2015). *The World in 2050: Will the shift in global economic power continue?* London: PWC.

- PwC (2017) *The Workforce of the Future: The views of 10,000 workers*. PwC.
- Qureshi, M. and te Velde, D. (2007) *State Business Relations and Firm Performance in Zambia*. Manchester: IPPG
- Rockefeller Foundation (2013) *Digital Jobs in Africa: Catalyzing Inclusive Opportunities for Youth*. New York: Rockefeller Foundation.
- Rodrik, D. (2018) Populism and the economics of globalization. *Populism and the economics of globalization. Volume 1, Issue 2. Pages 12-33.*
- Ronit, K. and Schneider, V. (2011) Employer and Business Associations: Past Traditions, Current Challenges and Future Adaptations. Geneva: ILO.
- Salazar-Xirinachs, J. (2016). The future of work, employment and skills in Latin America and the Caribbean. *Pensamiento Iberoamericano,* (2), pp.54-66.
- Schwab, K. (2017) *La Quatrième révolution industrielle : ce qu'elle implique et comment y faire face*. Geneva: WEF.
- Schoeffling, K. (2014) *Nouvelles technologies, nouveaux temps de travail : vers une stratégie de création d'emplois dans le monde arabe*. Washignton D.C: World Bank.
- Schumpeter, J. (2008) Capitalism, Socialism, and Democracy. New York: Harper Perennial Modern Classics.
- Smart Dubai 2021 (nd) *Smart Dubai 2021. Preparing Dubai to embrace the future, now*. Available at https://2021.smartdubai.ae/ [Accessed February 2019].
- SNEF (2017) *SAPPHIRE* Available at https://snef.org.sg/adaptgrow/sapphire/ [Accessed February 2019].
- SNEF Agency for Productivity Practices, Human Resource & Industrial Relations (SAPPHIRE). Available at: https://www.youtube.com/watch?v=l427Vkh3174&t=260s Accessed [February 2019].
- Shankar, V. and Hanson, N. (2013) How Emerging Markets are Reshaping the Innovation Architecture of Global Firms, in Naresh K. Malhotra (ed.) *Review of Marketing Research.*
- Sharma, S. D. (2014) *Global financial contagion: Building a resilient world economy after the subprime crisis.* New York: Cambridge University Press.
- Stiglitz, J. (2003) Globalization and growth in emerging markets and the New Economy. *Journal of Policy Modeling, vol. 25, pages 505-524.*
- Sudan, R. and Yadunath, D. (2015) *Nous dirigeons-nous vers un monde sans emploi?*. Washignton D.C: World Bank.
- Sullivan, J., Bettcher, K, and Shkolnikov, A. (2008) *Business Associations, Business Climate, and Economic Growth: Evidence from Transition Economies*. Washington D.C.:CIPE.
- Traxler,F. (2004). The Metamorphosis of Corporatism: From classical to lean patterns. *European Journal of Political Research Volume 43, Issue 4 pages 571 – 598.*
- UNCTAD (2018) *World Investment Report. Geneva: United Nations.*
- UNHRC (2014) *Open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights*. Available at: https://www.

BIBLIOGRAPHY

ohchr.org/EN/HRBodies/HRC/WGTransCorp/Pages/IGWGOnTNC.aspx [Accessed March 2019].

- United Nations General Assembly. *Resolution adopted by the General Assembly on 25 September 2015*. Available at http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E. [Accessed January 2019].
- UNDESA (2015) *World population projected to reach 9.7 billion by 2050*. Available at http://www.un.org/en/development/desa/news/population/2015-report.html [Accessed October 2018].
- United Nations Conference on Trade and Development (2016). *Robots and Industrialization in Developing Countries*. Policy Brief No 50. Geneva: United Nations.
- United Nations Conference on Trade and Development (2018) *Technology and Innovation Report 2018 Harnessing Frontier Technologies for Sustainable Development*. Geneva: United Nations.
- United States Census Bureau (2015) *Millennials Outnumber Baby Boomers and Are Far More Diverse, Census Bureau Reports*. Available at https://www.census.gov/newsroom/press-releases/2015/cb15-113.html [Accessed August 2018].
- Vågeng (2008) *Employers' organizations: How do we meet changing company needs and expectations?* Paper presented at the IOE Annual Meeting.
- Visit Dubai (2019) How advanced ICT drives Dubai's Smart City. Available at https://www.visitdubai.com/en/business-in-dubai/why-dubai/news-and-insights/becoming-the-worlds-smartest-city [Accessed February 2019].
- Westerman, G., Bonnet, D., and McAfee, A. (2014) *The Nine Elements of Digital Transformation. MIT Sloan Management Review*. Available at: https://sloanreview.mit.edu/article/the-nine-elements-of-digital-transformation/ [Accessed December 2018].
- Woll, C. (2006) National Business Associations under Stress: Lessons from the French Case. *West European Politics, Taylor Francis (Routledge), 29 (3), pages 489-512.*
- World Bank (2019) *World Development Report 2019: The Changing Nature of Work*. Washington D.C.: World Bank.
- World Employment Confederation (2016) *The Future of Work. White Paper for the Employment Industry*. Brussels: WEC.
- World Economic Forum (2016) *The Future of Jobs Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution*. Geneva: WEF.
- World Economic Forum (2016) *The 10 skills you need to thrive in the Fourth Industrial Revolution*. Geneva: WEF.
- World Economic Forum (2017) *Latin America has the world's biggest skills gap. Apprenticeships could close it*. Geneva: WEF.
- World Economic Forum (2017) *The Future is Automated. Here's how we can prepare for it*. Geneva: WEF.
- World Economic Forum (2017) *The Future of Jobs and Skills in Africa: Preparing the Region for the Fourth Industrial Revolution*. Geneva: WEF.

- World Economic Forum. (2018). *Digital Transformation Initiative: Unlocking $100 Trillion for Business and Society from Digital Transformation*. Geneva: WEF.
- World Economic Forum (2018), *The Global Gender Gap Report*. Geneva: WEF.
- World Health Organization (2019) *Life expectancy*. Available at https://www.who.int/gho/mortality_burden_disease/life_tables/situation_trends_text/en/ [Accessed September 2018].
- Zhang, J. (2007) Business Associations in China: Two Regional Experiences. *Journal of Contemporary Asia. 37:2, pages 209-231*.

ACT/EMP
Bureau for employers Activities

Bureau for Employers' Activities (ACT/EMP)
International Labour Office
Route des Morillons 4
CH-1211 Geneva 22
Switzerland
Tel: +41 22 799 61 11
actemp@ilo.org
http://www.ilo.org/actemp

IOE
A powerful
and balanced
voice for business

International Organisation of Employers
71 Avenue Louis-Casaï
CH-1216 Cointrin
Geneva
Switzerland
T: +41 22 929 00 00
F: +41 22 929 00 01
ioe@ioe-emp.com
http://www.ioe-emp.org