

Sustainability and Sustainable Enterprises

*Address by Business NZ Chief Executive Phil O'Reilly to ILO Conference
Geneva 11 June 2007*

The notion of sustainable enterprises is one that has gained increasing attention of recent years but in reality the need for sustainability is far from new. The whole idea of good business is to sustain and grow your enterprise

Some companies will inevitably fail. That is because the very essence of enterprise is that business entails risk: usually with your own money if you are a small enterprise, which are the vast majority of businesses.

As a result of this failure, reasonable social protections are necessary, as the Director General's report points out. Those protections should provide a bridge to new employment and retain social cohesion, while not becoming an end in themselves.

But the fact that some enterprises will fail is no reason to abandon faith in the free market, as the Director General appears to have done. So I have real concerns with aspects of the report.

Sustainable development is first and foremost the product of successful entrepreneurship. Sustainable enterprises are private sector creations, which require sensible underpinning policies to survive. It is therefore good to see by contrast, the ILO's Report VI on the same subject, and the draft conclusions of the conference committee itself, recognising the importance of enterprise as a principal source of growth and employment.

The ILO report VI acknowledges that 'regulatory policy-making presents a conundrum', with constant demands for protective regulation that 'can impose excessive costs and constrain productivity'. But too often the view of the ILO can appear to be that any labour regulation at all is a good thing, when in reality labour regulation, like all regulation needs to be well thought through, fit for purpose, efficient and conducive to enterprise growth. That is when workers rights will most likely be well protected.

Today, for enterprises to be truly sustainable there is a need to abandon past attitudes (where these still persist) and look for ways in which employees and employers can co-operate to the benefit of both.

Last year's Fourteenth Asian Regional Meeting in Busan produced a list of 15 priority actions for realising decent work and the reduction of poverty in that region. Among these, two in particular, if carefully implemented, will go a long way towards ensuring sustainable enterprises. They are:

'Improve effective labour market governance by adopting, implementing and reviewing labour laws and social policies against the objectives of full and productive work sought by the Decent Work Agenda; and

Develop effective labour management co-operation and bipartite partnership mechanisms and other appropriate institutions and regulations, including frameworks for social dialogue, as important elements for the effective and fair functioning of labour markets'.

The ILO has a big role to play in these aims. It can start by doing more of what it is good at – building the capacity of Governments and of employers and workers organizations so that they can work out together what is best for them in their country.

In doing this the ILO would be well advised to steer clear of the idea that their rules should always be interpreted in precisely their way.

Our conference conversation on sustainable enterprise this year was a good start. Let's hope that we can build general acceptance here that successful enterprise is crucial. And that as well as agreeing on all of the important protections and advances for workers that may be appropriate that we also agree that entrepreneurship is critically important and that at least one role of all Governments – assisted by the ILO – should be to build a truly business enabling environment.