

## Sustainable Enterprises

### The Challenge

The multiple crises affecting the world over the last decade have reinforced the urgency to reconcile the needs for economic growth, social justice and the protection of the environment. Important challenges for a pathway to sustainable development include:

- creating sufficient good-quality jobs for the more than 400 million new jobseekers entering the labour market in the next decade;
- enabling hundreds of millions of working poor to lift themselves out of poverty;
- maintaining social cohesion and overcoming the vast inequalities in opportunity and in incomes within, as well as between, countries;
- accelerating the transition to low-carbon and environmentally sustainable economies.

Enterprises play a central role in the pursuit of sustainability, as they are a principal source of growth, wealth creation, employment and decent work. Sustainable enterprises which generate sufficient decent jobs are productive, competitive and contribute to social inclusion, while producing in an environmentally sustainable manner can go a long way towards broader sustainable development.

Enterprises at the same time face many difficulties in rising to the challenges: they operate in an environment of laws and regulations which can either favour or hinder their development. Enterprises also differ in type, size and scope. Small and medium-sized enterprises (SMEs) account for about two thirds of all employment in industrialized countries and an even higher share in the developing world. They have been the main source of newly created jobs over the last decades, but productivity is often low and job quality poor. Cooperatives are an important form of privately owned business, employing around 100 million workers and with 800 million members around the world. Multinational enterprises (MNEs), on the other hand, have played a key role in expanding global trade, contributing to unprecedented economic growth and opportunity. Globalization has, however, also increased tensions around growing disparities. Enterprises of all sizes face the challenge to be profitable while adopting socially responsible and environmentally sustainable practices in an increasingly globalized world.

### The ILO Response

All ILO work on employment derives its current mandate from the Global Employment Agenda (2003) and the ILO Declaration on Social Justice for a Fair Globalization (2008). In order to help enterprises realize their full potential, the International Labour Conference in 2007 developed the concept of sustainable enterprises. The conclusions adopted complement and link earlier detailed instruments guiding the work of the ILO on SMEs, on cooperatives and on MNEs.

ILO assistance to member countries and constituents for putting the concept of sustainable enterprise into practice is guided by a strategic framework for the creation of decent work in sustainable enterprises of all types and sizes, from micro- and small enterprises to large and multinational ones as well as to cooperatives and social economy enterprises.



The strategy is based on three interrelated and mutually supportive pillars:

- **Pillar 1: Creating Enabling Environments for Sustainable Enterprises and Employment** assists member countries to assess and where necessary to adapt policies, laws and regulations. The goal is to encourage investment and entrepreneurship that balances the needs and interests of the enterprise – both workers and employers – with the broader aspirations of society.
- **Pillar 2: Entrepreneurship and Business Development** focuses on the role of the entrepreneur and the creation of businesses that lead to more and better jobs, especially for women and young people. It supports member States and the social partners to stimulate entrepreneurship, through tools and programmes for entrepreneurship training, provision of business development services, access to information, technology and finance and by linking enterprises to local development and to value-added chains.
- **Pillar 3: Sustainable and Responsible Workplaces** concentrates on conditions of work and the quality of the working environment. This includes promoting social dialogue and collective bargaining; human resource development; measures to raise productivity, to improve energy and material efficiency and to reduce environmental impacts; wages and shared benefits as well as corporate social responsibility, corporate governance and responsible business practices.

The ILO's mandate on the promotion of sustainable enterprises is part of its wider mission to promote decent work for all. For the ILO, enterprise development is not just about unleashing entrepreneurship; it is fundamentally about creating decent jobs.



## Key Tools and Resources

International Labour Office (ILO). Detailed instruments guiding the Office's work include:

- 1977. *Tripartite declaration of principles concerning multinational enterprises and social policy (the MNE Declaration)*. This instrument is regularly updated, 4th revised edition (2006).
- 1998. *ILO declaration on fundamental principles and rights at work*.
- 1998. *Job creation in small and medium-sized enterprises recommendation*, 1998 (No. 189).
- 2002. *Promotion of cooperatives recommendation*, 2002 (No. 193).
- 2007. *Conclusions concerning the promotion of sustainable enterprises*, International Labour Conference.

Buckley, G; Salazar-Xirinachs, J.-M.; Henriques, M. 2009. *The promotion of sustainable enterprises* (Geneva, ILO).

International Labour Office (ILO). 2010. *The Sustainable Enterprises Programme: Promoting job creation through the development of sustainable enterprises. Strategic framework* (Geneva).

A description of the major products offered by the Sustainable Enterprise Programme is available at: [www.ilo.org/sustainable-enterprises](http://www.ilo.org/sustainable-enterprises)

On-line information resource guide on Corporate Social Responsibility  
<http://www.ilo.org/public/english/support/lib/resource/subject/csr.htm>

ILO Helpdesk for business on international labour standards  
<http://www.ilo.org/multi>

For training courses on enterprise development at the International Training Centre of the ILO, Turin, Italy, see: <http://www.itcilo.org/en/expertise-services/enterprise-development>



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