

# **Harnessing an Entrepreneurial Spirit for Inclusive Local Employment Development**

**Brussels, 25<sup>th</sup> April 2008**

## **Session 1: The Political Context of Local Employment Development (chaired by Ms. Kristin Schreiber, Head of Cabinet of Commissioner Špidla)**

The Chair opened the conference by warmly welcoming the participants to what she defined as a unique occasion to listen to a great variety of experts in the field of local employment development.

### **Lenia Samuel, Deputy Director-General - DG Employment, Social Affairs and Equal Opportunities, European Commission**

Ms. Lenia Samuel stressed that the conference was a key event marking the Commission's continued commitment to ensuring that the local aspects of the Lisbon Strategy and its social impact are fully recognised and disseminated. The opportunities afforded by continued globalisation of economies should be an encouragement to local areas, especially if they currently experience disadvantage economically, geographically or socially. Referring to her area of expertise, the implementation of the European Social Fund, Ms. Samuel pointed out the efforts and achievements taking place over the years to promote prosperity and a better quality of life for local communities.

The Commission has tried to play its part over a number of years in encouraging a holistic local employment development which is built on solid partnerships. As part of its contribution to promoting the local dimension of the European Employment Strategy, the Commission funds several projects to raise awareness of and encourage exchange in LED such as the IDELE information exchange project and the funding of practical handbooks for the Member States. Ongoing projects include the joint Convention with the OECD's Local Economic and Employment Development Programme, which constitutes an opportunity to develop expertise, exchange best practice and form networks in local development.

The Commission highlighted four issues relevant for local development: flexicurity, corporate social responsibility (CSR), migration and demographic change.

- Taking into account the effects of mobility on local communities, flexicurity combined with anticipation of change can turn delocalisation from a problem into a prospect.
- Through corporate social responsibility, companies can contribute to the life of the local communities and create more and better local employment.
- Regarding migration, the Commission needs to provide local communities with a vision of how the integration of migrants might be of a real benefit to the local environment.
- The ageing society places different stresses on local communities than in the past and the delivery of a European or national policy will rely on the commitment of all local actors.

The role of partnerships was also highlighted, and especially, how they can be harnessed today in an entrepreneurial way to promote inclusive local employment development. Local partnerships need to concentrate on inclusion, for disadvantaged groups as well as groups experiencing relative advantage such as enterprises. This conference provides examples of how the Lisbon Strategy can be implemented in new ways at the local level.

**Mr Lucio Gussetti, Director of the Directorate for Consultative Works, Committee of the Regions**

The representative of the Committee of the Regions (CoR) stressed that the notion of partnerships is crucial for the achievement of the Lisbon goals and that the local level is essential in the implementation of the measures foreseen in the National Reform Programmes. Local and regional authorities are those primarily responsible for creating an environment where local business and citizens thrive and are encouraged to cooperate for the benefit of all. Indeed, the local and regional authorities are often the ones putting development issues on the agenda as well as developing local and regional action plans to boost growth. Interaction and understanding between the different stakeholders is crucial, and in this context, the CoR points out that the setting up of consultative councils with entrepreneurs and employee representatives would facilitate a continuous dialogue.

The harnessing of an entrepreneurial spirit is at the top of the CoR agenda, and the CoR is involved in this via its Lisbon Monitoring Platform. The Platform, with 104 member regions and member cities, disseminates and collects information in order to monitor the involvement of the regional and local level in the Lisbon Strategy's governance process and implementation. The CoR stressed that the experiences and observations from those carrying out the policies on the ground are important for new initiatives, and really hopes that the results from the Platform will feed into the future policy making of the EC. The CoR also stressed the heterogeneity of the European regions and the need to adapt the policy responses on a local basis.

The CoR particularly highlighted the following issues:

- The restructuring process in cities and regions is a constant phenomenon accompanying our socio-economic lives and should be treated as an opportunity for tackling existing and future economic problems. The creation of local and regional partnerships should be encouraged, thus promoting cooperation for local development in a globalised world.
- Regarding the demographic change, the potential the older people have to make a contribution to society must be recognized.
- The CoR emphasized in a recent opinion that optimum integration of immigrant women is crucial in view of their role in bringing up families.
- Stressing the role of local and regional authorities in delivering flexicurity policies, the CoR proposed in a recent opinion that they should be involved at the outset of policy formulation. The CoR also requested that the EU Lisbon peer review process would be extended to enable local and regional authorities and other stakeholders to benefit from peer exchanges across the EU to explore different forms of flexicurity.

**Mr. Jan Muelhfeit, Chairman, Microsoft Europe  
Raising Local Employability: A shared Challenge for Business and Society.**

In his introduction, Mr Muelhfeit stressed that raising local employability is truly a major issue for business and society and in the era of globalisation the equal spread of opportunities and benefits is a key challenge. The challenge of structural unemployment that European countries are facing should be shared by business and society, and Microsoft has developed a number of initiatives linked to development of employment in Europe.

Mr Muelhfeit pointed out that there is a common interest, for business and society, in advancing socioeconomic opportunities that further education and skills training and stimulate innovation and economic development. Highly skilled employees are a key to the sustainability of every business and a knowledge economy workforce is essential for the European labour market. Microsoft contributes to this by investing in training and supporting employability through numerous initiatives.

- The "Partners in Learning" programme supports teachers and students in formal education to increase access to technology.
- The "Unlimited Potential" programme supports activities of community organisations at local and national level. An example of partnership supported by this programme is the CITEVE initiative in Portugal aiming at providing unemployed workers in Portugal's textiles industry with new skills and qualification in a sector highly affected by increasing global competition.
- Investments are also being made in IT skills certification and the supporting of Employability/Job portals bringing together potential employers and employees, in particular young people.
- The "Students to Business" programme is designed to connect Microsoft partners and customers with qualified students for entry-level and internship positions.
- Initiatives facilitating youth entrepreneurship, such as integrating entrepreneurship in education at all levels, facilitating access to funding and venture capital networks etc.
- Microsoft is a founding member of the European Alliance on Skills for Employability, aiming at facilitating the provision of skills and training for employability.

By way of conclusion, the Chair of the session stressed the role of the European Social Fund in developing human resources and promoting integration into the labour market.

## **Session 2: Community Partnerships: Experiences and Practices (chaired by Jeremy Smith, Secretary General -Council of European Municipalities and Regions)**

### **Mr. Sergio Arzeni, Head-Local Economic and Employment Development (LEED) Programme, Organisation of Economic Cooperation and Development (OECD)**

The LEED Programme aims at promoting the culture of partnership and evaluation in a multidisciplinary and integrated approach. The partnership between the European Commission and OECD-LEED constitutes a big asset on which both organisations should draw to achieve better results in the future. The partnership with OECD provides an added value in terms of wider geographical coverage for the European Union and brings benefits from 'like minded' countries like Japan and Australia.

The LEED programme concentrates on operational, practical issues like capacity building for partnerships, integrating employment, skills and economic development, local development

indicators and inventory, amongst others. The collaboration between the EU and OECD includes the enhancement of knowledge on local employment development and the acquisition of joint experience and important lessons on related themes. The institutional collaboration has produced several publications and policy recommendations on, for example, employment, skills and economic development, integration of immigrants into the labour market, partnerships and governance and corporate social responsibility.

Mr Arzeni particularly stressed the importance of the evaluation of programmes and projects before their implementation at the national or EU level. In this context, capacity building is essential. Indeed, professional capacities need to be developed before policy initiatives are being handed over to the local level. Local partnerships lead to better utilisation and targeting of programmes as well as improved governance.

A strong focus should be put on skills development. As Mr Arzeni stressed, higher skills command higher salary. As mentioned by Mr Arzeni, possibilities for future collaboration include the designing of strategies for skills upgrading and productivity enhancement. Moreover, in the future, focus could be put on strategies for improving employment outcomes for minorities, leveraging training and skills development in SME:s, managing flexibility and accountability, community capacity building and the local economics of climate change.

**Prof. Peter Lloyd, Technical Director-Ecotec Research and Consulting, UK**  
**LED: Harnessing the Creativity of the Local**

Professor Peter Lloyd pointed out that the general rise in prosperity saw people and places left behind. Competitiveness requires partnership and social dialogue as well as measures and actions aiming at ensuring geographical cohesion. The local level is a source for new jobs and a place for matching employer needs with worker skills.

The expansion of partnerships at local level, essential for job creation, can sometimes be seen as a long lasting process with strong bases, where people get together to face problems, as was the case of Sophia Antipolis in France. Prof. Lloyd stressed that reaching down to the local level can unlock creativity, essential for job creation and enterprise. Efficient employment development is the one taking place at local level and close to companies and strongly linked to the opportunities provided here.

IDELE was a three year project of the European Commission Directorate General for Employment, Social Affairs and Equal Opportunities, operated by ECOTEC, and involved the identification, dissemination and exchange of good practice in local employment development. The IDELE project provided a platform for policy-makers and project promoters to share experiences and good practice.

The IDELE project identified some key elements for local employment and job creation; such as a liberating entrepreneurial spirit, identification of best tools and instruments and supporting frameworks at national and local level.

**Mr. Fred Morley, Senior vice President and Chief Economist-Greater Halifax**  
**Partnership, Canada**  
**Partnership & Leadership in Employment Development.**

The Greater Halifax Partnership was established in 1996 to drive economic growth in the Halifax Regional Municipality. As Mr Morley pointed out, at this time the business and consumer confidence was very low and the unemployment rate high.

Halifax - the largest city in the region easily accessible by air and sea with a highly educated and productive workforce - had real potential. This remarkable potential brought business leaders together in order to create a new model for economic development and establish leadership and momentum. The Greater Halifax Partnership brings together the private sector and the government level in a public private model for supporting and accelerating growth. Through marketing efforts, business retention and expansion strategies and the identification of best practices, the business confident grew and the partnership has emerged as a model of private and public sector cooperation.

### **Session 3: Taking forward the Local in Lisbon (chaired by Ria Oomen-Ruijten, Member of the European Parliament)**

The chair stressed that local employment development is a key for the Lisbon agenda and that local empowerment is a key for employment. This session gave an overview of what is possible and how local initiatives can be designed and implemented.

#### **Pierre Laffitte, Sénateur des Alpes Maritimes, France**

Launched in 1969 at the initiative of Mr Laffitte, who dreamed about creating an international community of wisdom, science and technology, the scientific park of Sophia Antipolis acts as a knowledge hub and has imposed itself as a leading European location for companies and research centres involved in all fields of innovation. In a region once characterised by underdevelopment, 1,300 companies are today employing 27,000 in technologies, service companies, higher education, training, life science and chemistry. Two thirds of the park consists of open countryside and one third is devoted to business premises and provides a natural setting and a privileged life style.

Competitiveness clusters like Sophia Antipolis enhance innovation through partnership between small and large companies and multinational research and development teams. Recently, at the European Presidency Conference on Innovation and Clusters, which took place in Stockholm 22-23 January, the High Level group on Clusters chaired by Mr Laffitte, handed over the European Cluster Memorandum to the European Presidency. The document aims at advising policy makers on how to establish cluster cooperation, thus increasing Europe's global competitiveness.

#### **Jan Hendelowitz, General Director – Employment Region of Zealand and Greater Copenhagen, Denmark.**

As pointed out by Mr Hendelowitz, the Danish labour market is the most flexible and decentralised labour market within the OECD countries. Denmark has always been a welfare state with generous unemployment benefits, now combined with active labour market policies focusing on optimising the employment rate and minimising the unemployment rate. The

Danish flexicurity model is composed of a flexible labour market with low employment protection and high job mobility, a generous welfare system with high income security, an active labour market policy, collective agreements between the parties in the labour market and a dynamic legislative process.

In Denmark, the loss of a job does not necessarily imply a loss of income, and 30% of the workforce changes job every year. The high degree of mobility is linked to the relatively modest level of job protection in the Danish labour market as well as the higher willingness to take risks among workers. Even if the unemployment rate is low in an international perspective, about 20 percent of the workforce is affected by unemployment every year. But the majority of these unemployed people manage to find their own way back into a new job. Those who become long-term unemployed end up in the target group for the active labour market policy. The easy rotation creates an atmosphere of trust between employers and employees but as Mr Hendelowitz pointed out, the costs required to maintain this system are high in terms of expenditure on labour market policy as share of GDP. Despite the low level of job protection, Danish workers have a high job security perception according to a survey by the European Opinion Group. The Eurofound reported that the job satisfaction amongst the Danes is also very high.

The Minister for Employment sets the focus area and objectives of the employment effort and the Employment Regions are responsible for supervision of the labour market. In this context, the Job Centres play a crucial role in planning and implementing the employment initiatives and activities and are obliged to focus on outcomes. Benchmark exercises of the Job Centres are conducted by the Employment Regions which produces quarterly analysis reports containing an assessment of the effects and outcomes achieved by the respective Employment Regions. The Employment Regions are responsible for ensuring coherence between the local initiatives and the national employment policies, set out by the Minister for Employment.

The national performance targets for 2008 set by the Minister of employment aim at decreasing the number of unemployed people over three months, focusing on people who have been unemployed for more than a year and decreasing the number of unemployed young people.

**Isabel Rubio, Director of CSR and Member of the Administration Board – Bancaja, Spain**

Bancaja is Spain's third-largest savings bank in terms of assets, turnover and profits, and is the sixth-ranked financial group in Spain. The corporate social responsibility model of the bank integrates sustainable development concerns and criteria into its activities and decision-making process. Bancaja is also committed to the economic and social development of society through its welfare benefit plan and sponsors a program to foster entrepreneurship, especially amongst youth. The Young Entrepreneur Program aims at supporting entrepreneurs from training to startup, and provides training courses and financial solutions for entrepreneurs.

One of the key points of the program is the Annual Awards to recognize entrepreneurship among young people, offering communication possibilities as well as financial support for projects. Training and research is promoted through cooperation with universities throughout Spain.

#### **Session 4: Innovation in Local Employment Development (chaired by Henri Malosse, President of Employers' Group, European Economic and Social Committee)**

The chair stressed the attachment of the European Economic and Social Committee to local development and pointed out that innovation is crucial in the context of LED.

##### **Julia Cleverdon, Vice-President – Business in the Community, UK**

Ms. Cleverdon explained that the role of businesses and corporate social responsibility (CSR) is crucial for the success of communities at local level and shared the experience of Business in the Community, which has been working for 25 years in the UK to get business to understand the need to engage with the communities in which they work.

Ms. Cleverdon stressed four key points that are critical to successful involvement of business in local economic development:

- **Inspiration** – It is absolutely essential to inspire business leaders at the most senior level and get them to understand the twin values of competitiveness and social cohesion in order that they drive these values throughout their organisation. This does not mean bludgeoning or shaming them into action, but enabling them to understand that prosperous highstreets need prosperous backstreets and the success of their business depends on a cohesive, functioning society. The Prince of Wales, as President of Business in the Community, has taken nearly 6,500 business leaders to see the issues on the frontline firsthand through his Seeing is Believing programme with just this purpose and with great success.
- **Integration** – Once accepted at the senior level as a priority, the importance of engaging with the community must be communicated right through to the frontline managers of the business. The message can be driven by 'domino' businesses throughout the supply chain, encouraging the small and medium businesses they work with to adopt the same values. Involving employees in directly tackling the challenges facing society and business through corporate volunteering is critical to integrating the importance of business working with the community in the muscles of the organisation.
- **Innovation** – Enthusiasm and entrepreneurial spirit are the key to changing the world. While government can plunge messages down through society about what must be done, the most effective solutions to social problems come from innovation at local level. Businesses engaged in their local communities can play a vital role as a feedback loop communicating successful innovation back up to national level and even to Government.
- **Impact** – If you are going to get the private sector involved in local development it is essential to demonstrate to them the impact they bring. This means that we have to maximise the impact they have, measure it and celebrate it in order to inspire other businesses to do likewise.

##### **Marko Starman, State Secretary, Office of Local Self-Government and Regional Policy, Slovenia**

Mr Starman underlined the relevance of the Lisbon Agenda and the European Employment Strategy in LED to promote employment and economic development and to establish a

modern, innovative and sustainable European social model at the regional and local level. He stressed the importance of the commitment and action of regional and local actors to successfully meet the Lisbon objectives. While the main objectives of the Lisbon Strategy remain unchanged, the European, national and local dimension of the Lisbon Strategy need to be supplemented by the global dimension. These objectives can be met only through sufficient political will, and the exchange of good practices, experiences and information at the regional and local level as well as at the national and European level.

He emphasized that the labour markets should adapt to a globalised world by ensuring workers' access to new opportunities, education and training, social inclusion, mobility and protection. In this field, public authorities, especially at the local and regional level, play a key role in creating a favourable climate for generating economic growth and employment.

Taking into account the implementation of Lisbon Strategy objectives, Mr Sharman recalled that in the programming period 2004-2006 Slovenia has already implemented the priority task: "Knowledge, human resources development and employment" with the help of the European Social Fund. One of the most successful activities within the measure "Development and strengthening of the active labour market policies" involved training at the workplace and integrated training programmes. The regional aspect was also heavily emphasized in the activities co-financed by the European Social Fund, the purpose of which was the promotion of social inclusion. He mentioned the programme "Project learning for young adults" which was aimed at unemployed young people under 26 who dropped out of the school system, at ethnic minorities and unemployed who are faced with social exclusion.

Mr Starman also stressed the role of the public authorities and the private sector in the interface between the Local Employment Development and the Corporate Social Responsibility. In his opinion, broader and closer partnership relations with the civil society and the private sector are key in responding to the new challenges and coping with the concerns of the population and the complexities of sustainable development.

He also underlined the importance of flexicurity approach, which needs to be adapted to the specific circumstances and labour markets of regions and local communities. Thanks to this, local and regional actors are becoming aware that bringing people into good jobs and developing their talents is essential in establishing flexible labour markets and adequate security, thus, creating social cohesion. Another emerging social issue regarding local employment development, is migration between regions as well as from third countries into the EU. In this context, Member States need to enhance the awareness of local and regional actors that the immigrants and their social and economic integration can bring benefits, such as strengthened local and regional competitiveness.

Finally, Mr Starman recalled that Slovenian local communities and regions have succeeded in implementing measures to deliver results in local employment development – lifelong learning has improved remarkably and the social partners are fully involved in the reform process. However, the link between the education system and labour market needs to be strengthened. Further improvements need to be made to better integrate young people into the labour market and effectively implement an active ageing strategy. In this respect, he informed the conference that the Slovenian Office for Local Self-Government and Regional Policy has decided to organise a conference on "European Social Fund: Contribution to the Inclusion of Young People into the Labour Market" which will take place in Maribor on 11 and 12 June 2008.

