



**European Union  
Statement**

**International Labour Conference  
104<sup>th</sup> session  
(1<sup>st</sup> - 13<sup>th</sup> June 2015)**

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**Committee on Small and Medium-Sized Enterprises and Decent  
and Productive Employment**

**Q4. What are the roles of governments and of the social partners in promoting  
policies for decent and productive employment in different SME segments?**

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**Geneva, 3<sup>rd</sup> June 2015**

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**Committee on Small and Medium-Sized Enterprises and Decent and Productive Employment  
Creation  
EU Statement**

**Q4. What are the roles of governments and of the social partners in promoting policies for  
decent and productive employment in different SME segments?**

Thank you, Chair,

I am speaking on behalf of the European Union and its Member States.

The European Union and its Member States believe that governments and social partners have a key role to play in promoting the growth of decent and productive employment in SMEs.

We believe that governments have a key role to play in addressing the barriers and market failures that hinder SMEs. Our shared commitment to this purpose is laid down in the Small Business Act. The Act reflects our political will to recognize the role of SMEs in the EU economy and put into place a comprehensive SME policy framework for the EU and its Member States.

The report by the Office clearly describes the constraints faced by SMEs. Regarding access to finance, SMEs are often dependent on a limited number of sources of finance. Governments should therefore facilitate the emergence of different sources of SME financing including innovative means such as crowd funding. The EU works to improve the financing environment for small businesses in Europe. In particular, the programme for the Competitiveness of Enterprises and SMEs (COSME) makes it easier for SMEs to access loans and equity finance. In this regard, we also like to note the proposal for the European Fund for Strategic Investments which aims at addressing lack of investment.

In general, governments should ensure an enabling environment for business. This entails for example (i) robust and well-functioning institutions and easily accessible public services. (ii) a

simple, transparent and predictable legislative environment (iii) facilitating the start-up, development and re-launch of the business combined with openness of markets and (iv) the presence of a skilled work force.

It is crucial that policies aimed at ensuring an enabling environment for business are coherent with policies that ensure decent employment for workers, such as in the areas of labour law, social protection and occupational safety and health. Respect of fundamental principles and rights at work is essential in this regard and we have translated them into EU and national laws. Such an integrated policy mix creates a level playing field to ensure fair competition between companies of all sizes.

We are convinced that decent work, productivity and competitiveness go hand in hand. In this respect it is encouraging that the ILO Office finds a positive relationship between improvements in working conditions, in particular as regards occupational safety and health, and increases in SME productivity.

One way of ensuring that the situation of SMEs is taken into account in policy orientations is to encourage governments to assess the impact of legislative proposals on small and medium sized enterprises and their workers. This could take the form of regulatory impact assessments and consultations with representatives of employers and workers in SMEs.

We fully share the importance of formalizing enterprises in the informal economy to ensure a level playing field based on decent working conditions for all workers. In the European Union we are for example creating a European Platform to enhance cooperation in the prevention and deterrence of undeclared work. It is the role of governments to ensure SMEs can do business in line with legislation and respect workers' rights. Government should also ensure that businesses respect their obligations. Legislation has to be constructed in such a way that the rules do not place an excessive administrative burden on enterprises, in particular on SMEs. In this regard, policies focused on facilitating the participation of SMEs in public procurement as well as regulations to ensure timely payment to SMEs are also important.

Furthermore, research-based decisions would help to improve labour productivity and quality of employment. Because the opportunities of SMEs to conduct research independently and promote innovation are generally weaker, governments have a role to facilitate cooperation between enterprises, public sector and research and innovation institutes.

Finally, chair, governments also have a responsibility to reach out to SMEs and to create awareness of relevant legislation and facilities and tools that are available to them.

Chair, allow me to focus now on the role of social partners. Social partners also have a key role to play in promoting decent and productive employment, helping SMEs and their workers to overcome the constraints they face. Social dialogue is key to ensure an adequate balance between the interests of employers and workers and to find tailored solutions at sectoral or regional level. We agree with the conclusion of the Office that increasing the representation of SMEs in employers' and workers' organizations could help to further strengthen their role as advocates for this enterprise segment.

We also agree with the notion in the report by the Office that social partners can provide a variety of important services to their members that can be beneficial for SMEs. For example information and guidance on how to access public and private business support services. In particular, we believe that employers organizations are key players to provide or support entrepreneurship training. Taking into account that the Office recommends that entrepreneurship training is preferably combined with access to finance this requires cooperation with (micro)finance institutions and other programmes to improve access to finance by SME's. In addition, employers organizations are very well equipped to inform companies of successful management practices and provide employment related services.

Employers' organizations should in particular continue to periodically assess the enabling environment through enterprise surveys, business barometers and other tools.

Workers' organizations should expand their outreach to SMEs and provide services and advice on workers' rights and obligations, labour legislation and social protection to workers in SMEs.

Chair, allow me to close with some final remarks in response to issues raised in the report. The Office points at the link between SME development and global value chains. We believe that participation in global value chains indeed provide opportunities in terms of the opening to new markets, new technologies and business models. This holds true in particular for SMEs in developing countries. Obviously, decent working conditions are a necessity and should be a primary concern for all actors in global value chains.

The report mentions the reviewed approach with respect to cooperation between ILO and business in order to mutually benefit from know-how and promote ILO's objectives. We encourage the ILO and its tripartite partners to further develop cooperation to this end. Indeed: within the ILO, there

should also be an enabling environment to engage with businesses and to respond to their questions for support.

Finally, we encourage the ILO to continue its efforts to monitor and measure results of policy interventions to ensure that effective policies are promoted and implemented. To use the words of the Office, on the issue of employment creation through SMEs, it is not so much about doing the right things but rather about doing things right.

Thank you, chair.