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# **Working paper on Policies and Mechanisms of Employment Support and Human Resources Development**

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# **Policies and Mechanisms of Employment Support and Human Resources Development**

## **Introduction**

Once again it has been confirmed that one of the most prominent challenges the Arab countries face is the issue of employment, which is closely associated with political stability, economic development and social advancement, putting into consideration that work is a natural right of every citizen, a condition for self-achievement, preserving dignity, an embodiment of active citizenship, a motivation and mobilization for a fruitful participation, an embodiment of social democracy and a guarantee of comprehensive development.

According to this new approach, employment is seen a factor of improving internal demand, which helps improving the consumption level, as one of the three indicators of human development: hope in life; the level of education and the standard of living, which involves purchase power.

In turn, improving the level of consumption affects investment, reinvestment and the optimal functioning of production capabilities and infrastructure.

In view of the fluctuations of global economy, the slowing down of growth and its negative impact on local economies, internal demand has become one of the primary factors of the economic movement.

In general, it can be argued that this development in the social concept of employment took place in the light of the new values related to human rights and sustainable development.

As much as the social concept of employment expands, its economic concept expands to include the concepts of professional efficiency, the ability to visualize and take the initiative, the logic of production and the productivity of work, superseding the physical ability to produce.

According to this approach, man becomes a goal and a mean in this new work system.

As man becomes the purpose of development, man becomes the strongest tool of production. Without man, there is no control over technology and nor making use of it. This stresses the importance of vocational education and training systems in their various forms, in addition to employment systems and control tools of the labor market to achieve the double goal of occupational and social upgrading of the work seeker on

the one hand, and responding quickly enough to the institutional demands of the needed skills on the other.

Employment problem has become more complicated in light of the transitional phases to a market economy and to economic openness which have been sought by Arab countries, as this requires restructuring of the economy, privatization of competitive public enterprises, and the necessity of revising labor and investment laws.

As much as those measures are necessary, there is a necessity to develop and upgrade social policies, changing them from policies that accompany economic development, to become a prerequisite to achieve it.

In addition to this, there are the new variables resulting from public protests in a number of Arab countries since 2011, which further complicated the issue and enlarged the circle of social challenges.

This justifies the extreme importance attached to developing policies and mechanism to support employment and create new mechanisms that overcome classical remedies.

## **I. The Concept and Essence of Active Employment Policies**

Serious thinking in shaping, regulating and controlling the trends of employment policies started as a result of the aggravation of economic crises and severity of their negative effects on the production system in the world, particularly in the 1980s, as a large percentage of the work power became unemployed. Then, unemployment appeared as a fearful ghost threatening the whole social entity. Unlike what some suggested before World War I, unemployment was no longer a necessity brought about by economic performance or a reservoir of labor power that would help restore economic balance.

Challenging this dilemma, different countries throughout the world during the past twenty years took to planning for economic and social development. Their public policies in general included plans which they approved as broad lines for their economic and social trends.

### **1. The concept of active employment policies:**

Based on this background, relying on the concept of employment policies becomes widespread. Despite the different methods of using them, and taking into consideration social and economic characteristics of each country, a general definition of this term prevailed as being a collection of approaches adopted by the state for the sake of securing:

- The greatest possible amount of profitable work opportunities for its citizens through exemptions, incentives, and motivations, without undermining the general economic policies of the country.
- The appropriateness of human resources rehabilitation and the needs of the economy.
- Labor market flexibility through revising labor legislations.

Consequently, under the pressure of unemployment, employment has not been an outcome of economic development, as proposed by traditional economic theories, but a policy, which largely adjust the following:

- Sector policies in general and new economic sectors in particular, due to the wide employment horizon it provides.
- Investment and growth policies and the provision of necessary incentives and appropriate legislations.
- Local development and environmental laying policies.
- Wages and income policies.

- Policies for human resources development and correspond them to labor market needs.
- Labor laws and legislations and endowing them with the necessary flexibility.

In this general context, planning of employment policies in the Arab World does not deviate from the rule. Those policies were developed under the influence of social and economic factors, both locally and internationally.

In spite of the distinctions governed by national characteristics, particularly the size of resources and demographic growth, the reality of employment in the Arab world would reveal, in spite of that variation, common denominations that patricianly materialize in rising unemployment, especially that of youth and women, in addition to the structural changes in the demand and supply of the labor market.

Based on these developments, many Arab countries, particularly those with limited resources and dense population, were quick, since the 1980s, in conceptualizing new trends that gave great care to employment policies by establishing various mechanisms that encourage employment in different fields, and in particular:

- Programs and mechanisms to employ the youth and the marginalized classes of the population.
- Regional development policies by concentrating on sustainability.
- General investment programs and intensive labor projects, particularly in the fields of infrastructure and public works, and some economic sectors such as textiles.
- Rehabilitation programs for self-employment and entrepreneurship, and mechanisms for financing them.
- The reform of education and training systems to improve their performance.

In spite of such efforts made during that period, results of employment policies implemented in non-oil producing Arab countries were limited because of the obstacles they met in implementing structural amendment programs in the 1980s, and free economy programs in the 1990s and the 2000s. This is also partly due to international economic fluctuations.

During the past few years, this has led to the confusion of labor markets in Arab countries. All forms of unemployment (structural, cyclical, frictional, and under employment) exacerbated as unemployment represents one of the most critical economic and social challenges, and one of the major concerns for decision makers and communities in the Arab countries. This led to the explosion of social conditions in countries of the so called Arab-spring since 2011.

In this context, the Arab Labor Organization (ALO) estimates that unemployment rate in the Arab World jumped from 14.5% in 2010, to 16-17% in 2013. That is to say there are 19-20 million job seekers, according to the organization's latest estimates. This rate is considered one of the highest rates in the whole world, in addition to this general unemployment rate, there is the under unemployment, which results from the spread of types of fragile non-standard employment in the informal sector.

According to the latest ALO data, youth unemployment jumped to 27%, which is more than double the world's youth unemployment rate (12.7% in 2012).

It is expected that current pressures on the labor market in the Arab World will continue as result of the increase of job seekers in the coming years due to the annual population growth rate of about 2.4%.

In spite of policies adopted by some Arab countries to control population increase, it is expected, according to some projections, that the Arab World population, currently estimated at 355 million (ALO, The Statistical Yearbook for 2013), will rise to 400 million in 2020 (ESCWA, 2012).

Available data indicates that the number of working population reached 204 million individual out of the total population in 2009. This will pose new pressures on social services and public facilities such as housing, roads, social and educational services, among others.

This population increase, in the field that directly concerns us here, will have direct implications on the labor market as a result of the population growth in the working-age group. This dictates the creation of at least four million job opportunities every year to accommodate only new entrants to the labor market.

It is clear from this brief introduction on the reality of employment in the Arab World that it is necessary to seriously think in formulating practical solutions that would maximize work opportunities and limit unemployment, which offends the dignity of the Arab citizen. This should take place based on new remedies that keep abreast of economic and social changes and what the innovative developing concepts, behavior and approaches they require.

Conceding the economic approchement with terms of investment, growth, and the importance of the role of the private sector and the quality of human resources as collectively representing the core treatment of the employment issue, it is more necessary to develop the active employment policy and regulation employment markets toward improving mediation between supply and demand.

## **2. The most important features of active employment policies:**

Under the influence of unemployment, all countries resorted to adopting active employment policies. According to the definition of this concept, active employment policy includes the percentage of expenses of the gross domestic product (GDP) on the following elements:

- Services provided by public recruitment bodies, i.e., official intermediary companies.
- Training job seekers, whether new, laid off, liable to be laid off (fired), and on the job workers (continuous training).
- Measures and incentives for youth employment.
- Subsidized employment and the creation of work opportunities through independent work, establishing companies and public work.
- Measure and incentives for the benefit of social classes with special needs.

In this context, nearly all countries spend huge sums of their national revenue on active employment policies, though in different proportions.

The structuring and volume of spending differs from one country to the other as shown in the following comparison between some of the member states of the Organization of Economic Co-operations and Development (OECD):

**The expenses of active employment as a percentage of GDP  
A comparison of some OECD member sates**

<b>The Country</b>	<b>% of GDP</b>
The Netherlands	1.58
Denmark	1.56
France	1.31
Belgium	1.30
Germany	1.20
Spain	0.73
Hungary	0.47
Japan	0.31
USA	0.15
The rate for OECD countries	0.90
The rate for Arab countries*	1.40
Tunisia**	1.49

**Source:** WB, The Strategy of Employment, Report N° 25465 - 2003 p.150

\* This rate should be taken with extreme care due to the lack of information and inaccuracy if found. However, the percentage of spending on active services is higher than the European rate.

\*\* National source

The structuring and volume of spending also differ from one country to the other and from one region to the other as shown in the following table:



**The structure of spending on active employment policies from GDP - A comparison between some countries (%)**

<b>Element</b>	<b>Belgium</b>	<b>Denmark</b>	<b>France</b>	<b>Germany</b>	<b>Hungary</b>	<b>Japan</b>	<b>Spain</b>	<b>USA</b>	<b>Tunisia*</b>	<b>Arab Countries*</b>
<b>Public employment companies</b>	0.17	0.12	0.18	0.23	0.11	0.20	0.09	0.04		
<b>Preparation and training for work</b>	0.24	0.85	0.25	0.34	0.07	0.03	0.14	0.04		
Unemployed or threatened adults	0.16	0.67	0.22	0.34	0.07	0.03	0.01	0.04		
Employed adults	0.08	0.18	0.03	-	-	-	0.10	-		
<b>Measures for the benefit of youth</b>	-	0.10	0.42	0.09	-	-	0.04	0.03		
Unemployed youth	-	0.10	0.24	0.08	-	-	0.06	0.03		
General training	-	-	0.18	0.01	-	-	-	-		
<b>Supported employment and work creation</b>	0.77	0.17	0.37	0.25	0.29	0.08	0.40	0.01		
Supporting leased work	0.27	0.02	0.18	0.03	0.09	-	0.25	-		
Supporting self-employment	-	-	-	0.04	0.01	-	0.05	-		
<b>Direct work creation (public works)</b>	0.48	0.15	0.18	0.19	0.19	-	0.06	0.01		
<b>Measures for those with special needs</b>	0.12	0.33	0.09	0.29	-	0.01	0.03	0.03		
<b>Total active policies elements</b>	1.30	1.56	1.31	1.20	0.47	0.31	0.73	0.15	1.49	1.40

Source: OECD-2005, Annex Table H

\* National source

## **II. Some evaluation elements for active employment**

In spite of the huge financial effort made by Arab countries within the framework of active employment policies, the outcome of investments on employment and on limiting unemployment is economically and socially confined to the level of integration, wages, work productivity and replacement rate in economic companies.

This is due to several reasons which include:

- Inaccuracy of spending structure, which differs completely from that in Western countries, where they largely concentrate on basic training, continuous training, recycling and work creation.

The training dimension accounts for 56% of total spending estimated at 0.9% of GDP. It is followed by employment services, 17%, programs aimed at those with special needs, 16%, while youth employment programs account for only 11%.

In the Arab region, it focuses mainly on youth employment programs and marginalizes other aspects, e.g., training and caring for those laid off. Guaranteeing the best chances for employment is one of the duties of the educational and training systems. Even within this duty, youth employment programs do not sufficiently fulfill the skills requirements of economic companies, which generally leads to low integration rates of those benefiting from those programs.

Different studies and reports indicate that the OECD member states achieve better results in the field of active policies, with their referred to structuring, though they generally spend far less (0.9%), compared to Arab Countries (1.4%).

- Directing the maximum share of spending to college graduate youth. Most Arab experiences greatly lack support measures for other categories of work seekers, such as those laid off, threatened to be laid off and low or moderately educated youth. This leads to unfair allocation of incentives according to the needs of various active classes of the population, and to regional needs.
- Lack of conditions and regulations for benefiting from programs directed at university graduates. This means an absolute privilege to all graduates regardless of the suitability of their qualifications to market needs, and the duration they have been unemployed.

This tendency has negative impacts on the labor market, and this includes in particular:

- No serious search for work, insinuating to job seekers that going through the programs is inevitable. This is an inferred admission of the absolute imperfection of the outcome of education.
- Limited spontaneous job creation in companies due to the program's interference in filling vacancies. Different evaluation studies in that field indicate that companies would have created jobs in the absence of the support program. This represents a kind of extortion on the part of economic institutions.

Those negative impacts lead to a subsidized labor market, and they consequently hinder the natural progress of the labor market, which shifts from supplying and demanding work, to supplying benefits by the state and demand from companies and job seekers.

As a result of all this, active employment programs, with their current structure, veered away, in general, from their general principles that aim to improve the supply of work in new employment elements to the benefit of job seekers, and to improve work demand by associations as a result of raising proficiency by these programs.

The restructuring of the programs in a way that would increase its activation is associated with setting goals and determining priorities when formulating those mechanisms, as shown by different Western experiences.

Making use of the experience of European Union countries in the field of active policies, a mechanism to develop active programs may be adopted through assuming the following standards:

**An indicative example to associate active programs with goals set according to economic conditions**

<b>Goals</b>	<b>Program orientation</b>	<b>Target</b>
Dealing with the regression of economic growth, conditionally	<ul style="list-style-type: none"> <li>- Generate work opportunities (public employment programs...).</li> <li>- Subsidized employment (incentives to companies).</li> <li>- Supporting self-employment.</li> </ul>	<ul style="list-style-type: none"> <li>- Special categories.</li> <li>- Concentrating those programs in regions suffering the most from unemployment and those with limited economic structure.</li> </ul>
Remedying the imbalance between supply and demand	<ul style="list-style-type: none"> <li>- Improving employment services (information, guidance, and labor market information).</li> <li>- Improving the methods of suiting supply and demand.</li> <li>- Developing the techniques of seeking work.</li> <li>- Assisting social, sectoral and geographic mobility.</li> <li>- Supporting training systems.</li> </ul>	<ul style="list-style-type: none"> <li>- Regions of limited economic structure.</li> <li>- Economic sectors.</li> <li>- Neighborhood professions.</li> </ul>
Improve behavior in the labor market	<ul style="list-style-type: none"> <li>- Employment services (information, guidance...).</li> <li>- Set indicators for monitoring, evaluation and measuring impact.</li> <li>- Provide data related to the labor market and its future developments (new professions...).</li> </ul>	<ul style="list-style-type: none"> <li>- Entrants to the labor market.</li> <li>- Companies.</li> <li>- Regions.</li> </ul>
Enhance skills and improve productivity	<ul style="list-style-type: none"> <li>- Training.</li> <li>- Continuous training.</li> <li>- Retraining.</li> </ul>	<ul style="list-style-type: none"> <li>- Those on the job.</li> <li>- Those threatened with redundancy.</li> </ul>

### **III. Suggesting some innovative mechanisms:**

#### **On the national level**

##### **1: Adopting the formula of hiving off companies**

The formula of hiving off, adopted since the early 2000s in many European countries, aims to stimulate larger public and private bodies to source out some of their production and service activities to independent workers and small and medium sized enterprises. This is to increase the pattern of project incorporation and participation in private development and investment, and employment.

This experience in particular encompasses enabling employees and technicians working in large economic corporations, and who have ideas for projects, to undertake some of the company's activities, and for the company to help them prepare and launch their projects with the best possible chances of success. To put it more clearly, the experience encompasses facilitating the departure of an employee from a company, to launch their project in the form of a social hiving off. The primary aim is to increase employment opportunities, or to take the form of strategic hiving off, i.e., a partnership between large and small companies.

Tunisia has adopted this experience since 2003, and for this purpose it has adopted:

- Work programs to determine hiving off activities to be sourced to small arising project initiators, in relation to public companies in the first phase, then large private companies in the second phase.
- A framework agreement between the company and the initiator which determines the fields of hiving off, the mechanisms of sourcing, and technical care of project initiators within the framework of hiving off.
- Financial incentives for hiving off companies by making for expenses arising from the hiving off process with annual tax relieve.

## **2. Adopting launch-assistance funds**

This experience is recent in European countries. It has been adopted in Tunisia since 2005. Those funds aim to assist the initiators of renewed and innovative projects prior to the actual launching phase. The state carries expenses related to:

- Technological development of the product prior to reaching marketable product phase. Invention patents are evaluated by helping to produce prototypes, an important phase that facilitates moving on to the industrial production phase, when concentrating the project at company incubators.
- Registering and protecting patents and paying the expenses, within the framework of this fund.
- Completing the technical and economic study of the project.
- The necessary measures to incorporate the company and the completion of funding structure setting.
- Approving other funding mechanisms to fund the project when all the above mentioned conditions have been fulfilled

## **3. Regulating the informal sector:**

### **3.1 Importance of the informal sector in supporting employment policies:**

The informal sector in the developing and evolving countries has proved its ability to optimally invest cumulative small savings and convert them to productive investments without any support from the state. From this analytical angle, active workers and independents in the informal sector show a great amount of independence from the state. They show an adventurous spirit and an initiative which supersedes that of those working in the small enterprises regular sector. Contrary to the majority of job seekers, those working in the irregular sector (21% of whom are university graduates in the case of Tunisia) are not interested in the socially revered jobs. In general, the production of informal activities represents part of the total supply of goods and services. The generated incomes also represent a market demand for goods and services produced in the sector itself or in the official national sector.

We must also point to the role played by the informal sector in economic development through subcontracting with the formal sector companies. Although businessmen are complaining from the unfair competition which the informal sector poses, it must be said that in many cases, informal sector production units complement formal sector companies through subcontracting in order to cut costs, particularly in the textiles sector. Consequently, the borders between the informal and the formal sectors overlap

in many cases especially that the formal sector also includes some informal activities that are included in the underground economy.

It is also worth mentioning here the importance of this role in East Asian countries, where informal small enterprises, working as subcontractors for large companies, are a strong element that supports the competitiveness of those companies. This is due to production cost being cut by subcontracting small enterprises whose informal status allows them to evade charges and social burdens.

**The weight of the informal sector in some economic areas  
(Excluding farming)**

	Participation in production* (%)	Participation in employment** (%)
North Africa	37.7	49.0
Africa, South of the Sahara	545.7	75.0
Asia	23.9	70.0
Latin America	30.6	55.0
The Caribbean	22.2	-
Evolving economies	21.7	25.0
OECD member states	16.0	-
EU member states***	5 to 39	19

\* OECD: East Africa Report-2007/2008

\*\* OECD, Center of Development Report on Unofficial Employment, 2009

\*\*\* ILO, 2009

Regarding some Arab countries, the International Labor Organization (ILO, Base of Labor Donors, 2009) (and other collective resources) estimate the contribution of informal activity to the GDP as follows:

- Egypt: 40 -60%
- Morocco: 40%

In Tunisia, estimates vary regarding the contribution of the informal sector to the GDP. The Tunisian Union for Industry and Trade estimates this percentage to be between 15% and 20% (This estimate includes parallel trade only). The World Bank

(WB) puts this percentage around 38% (WB, 2009, The Informal Sector in the MENA Region).

The latest report of the International Monetary Fund (IMF, 2012) indicates that the informal sector's participation in the GDP is estimated at 34% in Tunisia, 26% in Jordan, 30% in Lebanon, and 44% in Syria.

### **3.2 Problems of regulation and framing**

Regulating informal activity undoubtedly means it should be subject to social and economic laws, with the intention of developing, advancing and enhancing its participation in increasing employment and economic growth. How can the efficiency of this activity be increased? How can we protect the rights of those working in it, train them, promote their productivity and integrate them in the social insurance network system without interrupting the big dynamics that distinguish it from the formal sectors? On the other hand, if the state does not interfere, this large activity will remain outside the realm of legitimacy, and hence outside economic and social reforms, with all the negative economic and social effects this may give rise to.

What emphasizes the necessity to regulate is that the informal sector is not a casual phenomenon that can be eradicated, or that may easily disappear. Indeed, it is an economic and a social reality that has to be handled with flexible regulatory formulas.

The problem then does not lie in the necessity of regulating the informal sector. Rather in how to regulate, frame and raise the quality of its economic and social performance without limiting its movement. Given that that dynamism comes from being informal and being free from different restrictions.

The benefits of integration include:

- Expanding the tax base and consequently increasing state revenues and enhancing its ability to fund expenditure on social services and economic funding in general.
- Improving sector return by allowing it access to loans, incentives, training and support services which would participate in developing the sector. Hence improving the general productivity of the labor force.
- Penetrating markets and benefiting from competitive advantages.
- Improving work conditions and incomes.
- Benefiting from the labor social security network.



### **3.3 The most important levers of developing the informal sector: policies and recommendations:**

The informal sector is full of a much latent energy on the level of employment, self-employment, and participating in national production, in addition to the valuation of public knowledge and local material. It is also characterized by a high ability to rely on itself, take the initiative, and develop innovative behavior. With these characteristics, the informal sector can, by virtue of being widespread in cities, villages and rural areas, provide active participation in lowering unemployment, and offer job opportunities and positive economic integration to wide classes of society. Hence, provide a larger amount of sustained development if regulated in a flexible manner, burdens lifted, and suitable strategies laid for that.

Based on this, dealing with the informal sector must be conducted on four basic axes: (i) regulation and framing, (ii) small loans, (iii) social protection, and (iv) empowerment and enhancing capabilities.

#### **4. Extending the umbrella of small loans:**

A 2010 study of small loans in Tunisia (CE-2010) shows that the number of those benefiting from the small loan system, in all its forms (The Tunisian Bank for Solidarity and all societies), were 800 thousand benefactors during the period 1999-2009. Out of those, 56.9% were males, and 43.1% were females. Sector wise, those small loans were distributed as follows: farming, 38.7%; trade, 21.6%; improving living conditions, 15.5%; small vocations, 13%; traditional industries, 5.9%; and other services, 5.3%

We conclude from this information that areas where unemployment rates are the highest are those mostly benefiting from those loans, 53%.

The study estimates that the coverage rate for small loans is still limited. Unfulfilled loan requests are estimated at 100 thousand applications. Potential applications are estimated at 800.0000 to 1.000.000 in the coming five years (2012-2017).

We can conclude from this study that there is a great demand for small loans, as they still offer large opportunities for employment and regulated self-employment which participate in regulating the informal sector. The latter, in case of being regulated, funded, and cared for and its development monitored, would represent the perfect tool to increase employment and strengthen the efforts to control poverty and marginalization; thus achieve economic integration, considering that seasonal aid and the social transformations adopted so far did not save from poverty and marginalization.

The outcomes of this study undoubtedly are applied to Arab countries because the social and economic conditions are the same. In addition, other experiences reached the same conclusions. Experiences in Malaysia, Turkey, India and South Africa have proved that small loans participate in employment and limit poverty, in addition to generating profit. The rate of bad debts does not exceed 2%, and in the most extreme cases it reaches 4.5% due to emergency reasons, whereas the rate of paying back the loans exceeds 90%.

The importance of small loans is confirmed by the experience of the Grameen Bank, founded in 1976 by Muhammad Yunus, in Bangladesh. This experience has become a model for more than ten thousand banks (one of which is the Tunisian Bank for Solidarity, in Tunisia) and the micro-loan program (IMF), which included 54 countries as estimates suggest there are 100 million loans.

Before we conclude the discussion on the participation of the informal sector in development efforts, it may be beneficial to point to some interesting experiences. As confirmed by several experts, some of the most prominent successful experiences are in Malaysia, India, and Turkey. Though these experiences are related to micro- and small enterprises, we mention them because they attracted informal production and service units, and transferred them to the formal sector.

## **5. The social responsibilities of corporate citizenship and their role in developing employment**

One of the new employment aspects should be developed in the Arab countries is the endeavor to sensitize the economic institution of its social responsibilities.

### **5.1 The concept:**

Thinking of the social dimension of the corporate goes back to the early 1960s. It appeared in the writings of the School of Montréal and in writings of Georges Goyder and Rene Dubos. The latter was a specialist in biological sciences and the one who established the intellectual trend: work locally and think internationally.

However, this idea did not conceptually take form in a systemic way except in the early 1970s, after the development of a perception of the negative impact of the economic activity on sustained development. It goes also to the increasing pressure exerted by civil society bodies to preserve the social dimensions of development.

Springing from the widespread of international awareness of climate developments, this concept has expanded within the context of international summits, particularly:

- The Earth Summit, held in Rio de Janeiro in 1992. It gave birth to a work schedule for the twenty first century. It was ratified by 173 countries (Agenda 21).
- The Earth Summit, held in Johannesburg, in 2002.
- The Earth Summit, recently held in Brazil, in 2012.

## **5.2 The social (societal) responsibility of the corporate:**

The social responsibility (more accurately the societal responsibility) of the corporate is embodied in guaranteeing the coexistence of three primary dimensions:

- The economic dimension
- The social dimension
- The sustained development dimension

Springing from this vision, profit does not represent the only goal for the citizen corporate. It is worth mentioning that this direction is a voluntary option adopted by the corporate, with the conviction that its activities may negatively affect the surrounding environment, the local community, and the work environment.

## **5.3 The manifestations of the concept of the social responsibility of the citizen corporate:**

In many European experiences, employment agencies play a major role in informing the corporate of its social role on the level of employment and work environment.

The social responsibility of the citizen corporate can be summed up in the following points:

- Respecting the social rights of the individual in the corporate, including:
  - Sustainable employment
  - Rewarding pay
  - Decent Work conditions
  - Social investment responsible is with life training and formation, taking in trainees, seconding the handicapped, valuating work, the optimal exploitation of capabilities to develop professional courses in a way that would guarantee career and social promotion for workers, the quality of life in the corporate and social dialogue.

According to this principle, when the national corporate decides to lay off some of its workers, it should plan the lay off in advance and study it thoroughly. It should attempt to find alternative solutions within social

programs in an attempt to reintegrate them.

- Constant improvement of work conditions and professional relations.
- Respecting the environmental surrounding
- Combating corruption
- Respecting the rules of occupations safety
- Respecting the rules of fair competition
- Guaranteeing the transparency of corporate governance
- Respecting consumer rights and the interests of suppliers and providers
- Participating in developing the local space in which the corporate stands. These elements represent the covenant of the citizen corporate.

#### **5.4 The increasing importance of the citizen corporate on the international level:**

Supporting this new international approach to reach a citizen economy, international grading agencies have been created during the past few years. They are specialized in evaluating citizen corporate willing to obtain the label of "Citizen Corporate". The Citizen corporate standards have also been included in ISO paradigms:

- ISO 8000 which determines work conditions standards
- ISO 14001 which determines tools measuring the impact of the corporate on the environment
- ISO 26000 which determines the ethical standards approved in the Citizen Corporate.

#### **6. New forms of national solidarity: from negative to positive solidarity**

Economic and social challenges which the Arab World faces in this critical time definitely require expanding participation by all in leading the transformations, in accordance with the state, the region and the society. One of the things most needed for this is stimulating the sense of solidarity, updating its concept and expanding its scope.

Realizing the preventive role played by employment against marginalization, poverty and exclusion, in addition to being a natural right for every citizen and a prerequisite for self-realization, preserving dignity and embodying active citizenship, it represents the uncontested main axis of solidarity courses. In this context, it has become important to develop social policies and transform them from a mere pale action that accompanies development, to a primary condition for to, given that man is the mean for development and its high goal. In parallel with this social dimension, there must be a development in the economic concept of employment with the elements of

occupational and production capabilities, the ability to have the initiative, creativity, production mentality and the culture of working in a competitive economic reality where knowledge has significantly increased.

Challenging the problem of unemployment - as important as it is - requires national solidarity that rises to the level of actual partnership, with an active and responsible will, with all political, economic and social players, in addition to administrative structures and different relevant support structures.

The necessity of establishing a balance between the social and economic dimensions of unemployment takes us to the strategic importance of human resources as one of the most critical challenges in light of rising unemployment on the one hand, and as one of the most dangerous challenges of the times, on the other hand, in light of the fierce international competition between economies and countries.

These employment-related challenges push towards bypassing the typical courses of solidarity, despite their importance. It drives them into a new wider solidarity space. Family and neighborhood solidarity, charity that springs from benevolence and good deeds, which is also important, are no longer sufficient in view of the social and economic developments and the diversification of social and economic systems. Therefore, employment policies have a great role in improving and defining those new routes.

### **6.1 The new solidarity forms, in the economic sense:**

In light of these local and international changes, national solidarity has become more extended than typical forms of solidarity that are built on ethical concepts as it came to acquire a strategic feature. It is an internal civil front, according to the concept of "comprehensive defense", for participating in raising the challenges, winning gambles and preventing negative possibilities.

Based on this background, the issue of employment, from a new solidarity view, is no longer presented on the level of work relations according to a typical view based on power balance between the two parties of production, which in the Game Theory means that what one party wins, the other loses. It is presented in a view that resorts to a win-win strategy. According to this vision, the course of development is no longer governed by economic determinants only, but by social determinants too. In this sense, solidarity is no longer an ethical concept in the sense of compassion and benevolence. Rather, it is an economic concept in the sense of a social contract. That is to say it is an expression of mutual benefit partnership that participates in the flourishing of the company on one hand, and the social rise of its employees on the other. From this

angle, the new concept of solidarity includes the idea of strategic behavior in social sectors, for there is no discrepancy between the concept of the competitive ability of the corporate and the concept of social solidarity. In effect, they are complementary, considering that the social dimension, in light of the comprehensive mobilization of collective intelligence, plays an important role in the production process, in its new conditions, and is one of the corner stones of good economic behavior. As much as the competitive ability of corporate is important in light of the competitive economy, it is also important to direct attention to its negative social effects and try to neutralize them on the levels of individuals, social classes and parties. This represents the core of the trends of modern social conception, which concentrate on social harmony in the corporate by mutual acknowledging of interests or what is expressed as the corporate social responsibility.

This new pattern of solidarity enables moving from the logic of corporate tension, crisis, and social conflict, to the logic of harmony, growth, and the sharing of its fruits. The human resource is no longer a burden on the company as typically perceived, but it is a non-material asset that is not less important than the material assets of the company.

## **6.2 The new solidarity forms, in the social sense: solidarity/social economy**

In regard of the new dimension of solidarity in the economic sense, national solidarity in the social sense is also taking new forms. Solidarity is no longer subject to the theory of request for social services, which allows state interference. This theory springs from human difficulties after they occur; it is rather subject to a new theory. The theory of offering social services which preempt the occurrence of difficulties, through state provided preemptive measures that are supported by the non-governmental societies and organizations.

Risks have multiplied in today's society, which is a free-economy society. Those risks include the risk of unemployment and inability to obtain public services and rights, and the inability to keep abreast with developments. This leads to marginalization, isolation, vagrancy, and dissociation of social cohesion. The effects of this include the loss of dignity, a sense of inferiority, and difficulty in communicating with society. This leads to the entrenchment of negative behavior. On the other side, society usually shuns those marginalized and the vagabonds. The list of vocabulary describing this is loaded with negative connotations in Eastern and Western societies alike.

Societies, in coordination with employment structures, have a big role in this field, considering that they make the strongest intermediary between what is economic and what is social, in order to avoid economic centralism for some, and social centralism

for others. Hence, participate in reconciling economy and society through many atypical forms of solidarity which spread in Europe. They include:

- Solidarity lending to small and medium projects which societies do, such as the European Association for Cooperative Solidarity, which adopts the ideas of the project and invests in it. It provides support and advice to the project initiator.
- Providing all forms of support and information to the young initiators and developing economic information in their favor through many societies, e.g.:
  - Euro-info Centers
  - A network of lecturing professors preparing over 800 lectures on small and medium enterprises.
  - The experience of Business Angels in the US. They are ordinary people, usually retired, and they come together in individual companies. They are heads of companies and high-level employees, self-employed individuals who pool their individual savings and direct them towards funding new projects by creating cooperatives to divide the risk. They also put their abilities, experience, and relations at the service of the project initiator.
  - Solidarity societies that play the role of the financial intermediary between the initiator and sources of funding. They provide guidance, support, and facilitate dealings between the initiator and the bank, e.g., neighborhood societies for investment, in France.
- One of the new solidarity forms is what societies and cooperatives do in the economic and social solidarity field in a lot of foreign experiences. Those interventions take shape in ending the isolation of some individuals and social classes by providing individual and family services.
- Some societies in many countries have specialized in organizing model experiments, such as that related to the local exchange system and local employment initiatives. All those experiments reflect the new forms of solidarity that are based on fighting despair and dependency by regaining self-confidence, motivation and help to integrate. Suffice it in this context to point to the volume of employment in the solidarity economy in the EU. It accounts for 12% of the general volume of employment.

### **On the Arab level**

Finding a structural solution for unemployment, in addition to national efforts in individual countries, needs innovative ideas and a vigilant and creative strategy. This is supplemented by a framework of driving for more Arab cooperation in the economic and social domains.

**1. Realizing Arab leaders' decision in the economic, development and social summits:** Kuwait 2009, Sharm El-Sheikh 2011, and Riyadh 2013 which focused on structured economic programs and plans, the encouragement of private investment and inter-Arab trade, the development of human resources, supporting the fund for small and medium enterprises, and the facilitation of labor mobility.

**2. Implementing the goals of the Arab Decade of Employment, 2010-2020,** launched by the ALO, and approved by the Arab Labor Conferences and Arab economic summits. This decade aims to:

- Reduce unemployment rates by half

- Reduce poverty rates by half

- Facilitate labor mobility

- Raise labor productivity rates by 10%

- Raise the percentage of those enrolled in technical education and vocational training to 50% of those enrolled in public education.

**3. Implementing the integrated Arab program to support employment and limit unemployment,** (Labor market information network, the Arab Observatory, localization of jobs, adapting education output to labor market needs, Arab youth employment project, the small enterprise incorporation and development project.)

**4. Ratifying the Arab standard classification of professions,** devised by the ALO in 2008. This mechanism represents the best technical tool for Arab cooperation in the field of certifying capabilities and skills, which facilitates labor mobility from exporting and importing countries.

**5. Ratifying the Arab strategy for training and technical & vocational education,** which has been adopted in the 37th Arab Labor Conference held in Bahrain in 2010. This strategy represents common denominators and characteristics agreed upon to raise the performance of technical and vocational training and education paradigms in a way that would serve development, employment and labor movement.

## **VI. Developing the culture of labor: supporting youth technical capabilities with soft capabilities**

As we tackle the issue of unemployment, we usually stop at the demographic, economic and social reasons, which are correct, but we neglect the cultural side of



labor which characterizes Arab youth. With a closer look at the Arab labor market, one would notice that the most prominent determinants of unemployment in Arab communities are the negative views youth hold of some professions, and to working in the private sector.

In addition, there is the mentality of dependence and waiting. Hence, one side of unemployment is willful unemployment (about 30% in the case of Tunisia.)

Employment policies have a major role in highlighting the historical and cultural background of the value of working to motivate youth. I concentrate here on three main points to raise the value of youth soft capabilities in the labor field.

### **1. Work at the core of man's being:**

Human progress is a proof that work is a true value in man.

In order not to go far in the anthropological assumption, we only point to our Islamic heritage that respected handicrafts and seeking to work.

Of the expressions of honoring work, Islam ordered people to work and seek their means of living, making this a form of worshiping. The Almighty said: "And when the prayer is ended, then disperse in the land and seek of Allah's bounty, and remember Allah much, that ye may be successful." To emphasize that meaning, the Quran said 'disperse in the land', i.e., go far to earn your living, working and trading.

Islam also mentioned the honor of working in all fields, doing away with shortcomings that were associated with some professions in pre-Islamic era.

Honoring vocational work is evident through a number of honorable versus that raised the value of those professions.

- Clothes: " ... and of their wool and their fur and their hair, caparison and comfort for a while."
- Leather: "And Allah hath given you in your houses an abode, and hath given you (also), of the hides of cattle, tent-houses which ye find light (to carry) on the day of migration and on the day of pitching camp..."
- Construction: "And remember how He made you viceroys after A'ad and gave you station in the earth. Ye choose castles in the plains and hew the mountains into dwellings..."
- Agricultural professions that are refused by youth today, contrary to our religions history. The Prophet, peace be upon him, said: "any man who plants a

plant will be rewarded by Allah, The Great and Almighty, by as much as the fruits coming out of that plant."

- Industrial professions whose value has risen to that of Sharia sciences. Al Faraby said: "The virtue of sciences and industries is determined by one of three things: The honorability of the subject, deriving proof, or by one being better due to its great benefits, such as Sharia sciences and industries."

Sayed Qutb mentions the religious dimension of all professions in the farming, industry and service sectors. He said: "The will of Allah that this earth be built dictated that people would have needs that they cannot obtain except by working, toiling and farming the land, manufacturing its services and transferring its good fortunes from one place to the other.

In emphasis of the honorability of vocational work - contrary to most of the old heritages - the Prophet, peace be upon him, "Nobody has ever eaten a better meal than that which one has earned by working with one's own hands. The Prophet of Allah, David, used to eat from the earnings of his hand."

Within the context of the honorability of vocational work, is the behavior of the Prophet, peace be upon him. Aiesha, may Allah be please with her, was asked: "What did the Prophet, peace be upon him, do at home?" She responded: "He was a human from among other humans. He himself removed the lice from his clothing, milked his sheep, and did all his work himself".

The modernity of Islam is also evident in parallel with encouraging learning for life, by calling for work for life. The Prophet, peace be upon him, said: "If the Final Hour comes while you have a palm-cutting in your hands and it is possible to plant it before the Hour comes, you should plant it."

Islam also fought laziness, sleepiness and waiting: Unemployment in modern day language. It called for not relying on others. the Prophet, peace be upon him, said: "It is better for any of you to take a rope and cut some wood (from the forest) and carry it over his back and sell it, to preserve his dignity (as he is earning his own living), rather than ask a person for something and that person may give him or not." Bin Masoud said: "I hate a man who does noting in the world and nothing for his thereafter."

**The final result is that work in Islamic heritage has an economic, a social and a religious value. Islam is believing and working.**

**Defining the holiness of work with this religious heritage/cultural background has become one of the confirmed duties of employment policies to motivate youth to adopt a positive behavior in searching for work and honestly seeking it.**

## **2. Developing the culture of entrepreneurship in youth:**

One of the most important reasons for unemployment is the turning away of Arab youth from entrepreneurship (having the initiative), in spite of the widespread of the concept of small and medium enterprises and self-employment in political, economic, media and specialized administrative lexicon and also among individuals. However, according to the results, the rate of initiative in society is very low.

Since a venturing mentality is measured by the density of economic establishments to the number of active population, it is clear from some international reports that the density of companies in the Arab World is still very limited compared with other regions. It does not exceed 8 companies per 1000 active inhabitants, while it is 19 in Latin America, 29 in Center Europe, and 45 in the region of the OECD (Eurostat, 2010).

The danger of this cultural dimension relevant to the weak entrepreneurship activities of youth increases when we realize that pioneering, particularly in the current circumstances has become:

- An economic and social phenomenon in different regions of the world. It participates in reshaping the economy, society and the labor market.
- A center of renewed intellectual importance, as entrepreneurship has become the subject of academic research and a new field of learning on all levels.

## **3. The Arab Society for vocational training and technical education**

Springing from these cultural dimensions, in 2010, the ALO formed the Arab Society for Technical Training and Vocational Training in Riyadh.

The most important role played by this society is educating people about the cultural background of the sanctity of work in our Arab Islamic heritage and in modern economic literature, and sensitizing them towards it. This is in addition to spreading the culture of entrepreneurship, by adopting new ideas, particularly, the shift from the idea of entrepreneurship as a source of securing a living, which usually leads to self-employment in the irregular sector, to innovative entrepreneurship that help integrate and develop entrepreneurship activities in modern economic sectors.

The cultural work in that field is motivating youth to move from the logic of finding a source of a living, to the logic of creativity and development, and consequently moving out of the restriction of an economy that is at the edge.

This Riyadh-based society, being graciously hosted by the Kingdom of Saudi Arabia, has been structured in a very light organizational form that does not bring about an administrative structure and wages for employees. The most it requires is financial support to purchase some equipment and to finance some activities.

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