



EUROPEAN FEDERATION OF FOOD, AGRICULTURE AND TOURISM TRADE UNIONS

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## **High Level Group (HLG) on the Competitiveness of the Agro-food Industry**

### **EFFAT Contribution to the Working Group: “Human Capital and employment”**

#### **• Human capital – key factor for competitiveness**

As to roughly define human capital, we can agree that it refers to the stock of skills and knowledge of workers. Many early economic theories refer to it as one of the factors of production, hence human capital does not represent the person or the employee as such. The wording reduces people to as a production factor.

All the economic, political and social actions depend on the availability of the workforce and on the investment we make in it. This creates a comparative advantage, because if other firms cannot easily duplicate these factors, they are highly valuable.

Still several factors increase the scarcity of the workforce: low investment in training, demographic change and low attractiveness for the jobs in the sector.

#### **• Investing in training and lifelong learning**

There is no doubt about the fact that training and lifelong learning at all levels enhance the employability and adaptability of employees. Moreover, the agro-food industry' sufficiently available, skilled and motivated workforce is conditioned by the involvement of all the stakeholders: SMEs, trade unions, academia, European, national, regional/local institutions. This network would bring the possibility to have a better match between supply and demand for training, SMEs information on specific training and lifelong learning programmes as well as any funding possibilities. This close cooperation between the stakeholders should be a two-side approach: on one hand, the industry needs personnel of research centres of excellence capable to deliver innovative products and high-tech, but, on the other hand, it also needs the personnel which will actually work with that technology. The latter needs training as well, in order to adapt to novelties, to work with them and to be competitive. It is one of the discussions weakness that it focuses on high-skilled workers mostly, neglecting the need to train all levels of

employees. Furthermore, if we agree that agro-food competitiveness' needs a holistic approach it is in the sense of logic that all the stakeholders have to be involved.

The adaptability of employees in accordance to the new needs of the industry implies an adequate human resource management offering training and lifelong learning opportunities. Training needs to be seen and understood as an investment and not as a burden. In practice many companies are reluctant in promoting such an investment and see it as a weight, a cost, rather than a tool to improve competitiveness.

Training at all levels is capable to make jobs more permeable within a company or within the industry. It represents a possibility for promotion and better quality of life. These opportunities are decisive in finding a job motivation or satisfaction and for the improvement of the industry's attractiveness' and image.

Employment mobility in such a context weakens social inequalities and boosts the number of jobs. The relevance for such a policy is in line with the Lisbon Agenda to increase social cohesion, employability and life prospects across Europe as well as to create more and better jobs.

Along the same lines of argument, we can expect that training can facilitate the way to innovation and change in enterprises and can thereby contribute to competitiveness and employment.

#### • **Demographic challenge**

The report from the High Level Group chaired by Wim Kok on the Lisbon Strategy in 2004 emphasized the importance and the negative influence the demographic challenge has for the Strategy's aim. We can then say that demographic change reinforces the importance of lifelong learning policies, the quality of the working environment and job attractiveness as well as other stringent issues such as migration and mobility of workers. One of the solutions proposed to demographic change are ageing policies aiming to keep older workers on the labour market, but this does not mean an automatic response to the problem. There are employees who want and have to benefit from an early retirement (e.g.: illness causes) and others who wish to continue their activity to a later stage.

We need to see how to motivate young people to work in the agro-food industry in a context where this industry loses ground compared with other sectors when it comes to job attractiveness. Attractive employment conditions and job promotion are the answers to the question.

Within the European Union workers and companies benefit from the freedom of movement. In the same time, EU member states agreed upon the benefits of economic migration. However, different social standards, the economic and social gap between the EU regions and the need to create more and better jobs, imposed restrictions on the mobility and migration of workers.

The solution for having sufficiently available, skilled and motivated workforce stands in our task to find the balance between the lack of workforce, mobility and migration as well as job attractiveness. In this way we can ensure that competitiveness is not build on social inequalities.

If summarizing the priorities, we can put them as it follows:

- identification and anticipation of competences and qualification needs, through a better collaboration among the stakeholders;

- recognition and validation of competences and qualifications;
- information, support and guidance for workers at all levels, notably to ethnic minorities, women, older and migrant workers who are more exposed to discrimination and social exclusion;
- organization and integration of migrant workers;
- resource mobilization implying an adequate human resource policy which puts training and lifelong learning at the core of the business.

• **Sharing best practice**

None of the suggestions above can be efficient if their implementation or any other alike will not be shared and supported by all the stakeholders. In line with the Lisbon Strategy' aim to build the knowledge-based society is the sharing best practice example. Moreover, one of the basic conditions for the Strategy's success is a better and closer cooperation between the stakeholders. In practice, the concept still needs to be pursued.

Through the creation of a learning, networked economy the economic actors are encouraged and become able to build bottom-up initiatives, making use of their specific knowledge, and best as well as bad practices.

The Commission contribution can be one of developing a policy of anticipation of new needs, skills and challenges in the agro-food industry as well as to develop the instruments to meet these challenges. Moreover, it can be a watchdog over the implementation process. The recommendations to improve the competitiveness of the agro-food industry can't reach efficiency if no follow-up is to be established.

*Annex: Some good examples on how to cope with the qualification challenge*

**Cooperation between the social partners in the sugar, agriculture, catering and hospitality sectors**

Social dialogue was one of the 1990s' most remarkable innovations in European social policy. According to the principle of subsidiarity, the social partners shall also play an active role in shaping Europe.

Here are some good practice examples of the sugar sector. The sector is facing important restructuring, due to deregulation and liberalisation pressures.

- Study on professional training in the sugar sector, 1994,
- Between 1997 and 2000 the sectoral social dialogue committee developed training tools on health and safety,
- Joint agreement on the common organisation of the market on Sugar and its importance for employment, 1999,
- In 2000, joint agreement on apprenticeship in the Sugar Industry,
- In 2001, joint position paper on the generalised system of preferences,
- Joint Declaration of the Social Partners on "Social Responsibility and the Social Model in the Sugar Industry", 2001,
- Joint agreement on the impact of Enlargement in the sugar industry, 2002,
- In 2006 Joint position on the European Globalisation Adjustment Fund,
- Report on the employability in the sugar sector.

Agricultural sector represents another good practice example of social dialogue. In the EU-25, 9 million people work in agriculture. A number of opinions have been drawn up concerning social accompanying measures for the Common Agricultural Policy (bridging pensions, vocational training, health and safety).

- In 2000 an important White Paper on vocational training,
- In 2002 an agreement on the elimination of restrictions on access to labour markets in the European Union- it calls for the introduction of a system for mutual recognition of occupational skills and knowledge acquired abroad, reckoned from the date of implementation,
- The Agreement on vocational training in agriculture, signed on 5 December 2002 highlights the need to encourage worker mobility and to recognise the value of learning. The agreement provides in particular for: - involvement of the social partners in the organisation of vocational training; - the possibility for employees to draw up "skills assessments" and recognition of skills and experience "in the field"; - harmonisation in the denomination of diplomas and creation of a "qualifications and skills booklet" to facilitate greater mobility.

**Catering sector:** Today, around 30% of firms or collective organisations have a contract with a contract catering company. The sector is prospering; with a turnover of 22 billions € the contract catering employs 600.000 persons all over Europe and delivers around 6 billions meals each year. Since 1998, EFFAT and FERCO are working together, in the framework of an informal dialogue and with the support of the EU Commission, on the design and implementation of effective annual action plans and ambitious projects, for the benefit of both employees and employers. This dialogue reflects the specificities of a sector providing food management services:

- The signature in 1999 of an agreement on employment and training (EFFAT and FERCO),
- A joint declaration on food hygiene and safety, 2000,
- A survey on employment and training in the contract catering sector, 2002,
- A study on national labour agreements specific to contract catering, 2003,
- In 2005, they published a guide to the economically most advantageous offer and the creation of a joint website,
- In 2007 an agreement on Corporate Social Responsibility was signed.

**Hospitality sector:** The HORECA sector covers catering, hotels, restaurants, cafés, canteens, short-stay accommodation and similar establishments. It is largely a SME-dominated sector, with over 99% of firms employing fewer than 250 individuals. Five key issues were identified to ensure sustainability and competitiveness of the sector: information, training, quality, sustainable development, and new technologies:

- Agreement on vocational training HORECA sector, 1999,
- The social partners ( EFFAT and HOTREC) joint declaration on the promotion of employment in the European hotel and restaurant sector ,1999,
- In 2001 a final report on a study of medium-term trends in the Horeca sector and their impact on undertakings and the labour market,
- In 2002, the social partners analysed the results of a survey of electronic flexible training (e-/flex-learning), identifying good practice applicable in the sector,
- The social partners organised in December 2003 a seminar on medium term trends in the hospitality sector with a particular focus on new forms of training and development,
- In June 2004, the social partners adopted a Joint Recommendation with the title "Guidelines for training and development, especially in SMEs, in the hotel, restaurant and café sector". The "Qualification and Skills' Passport" was approved in December 2007.