

Key Note Address
by
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Thank You Mr. Chancellor for your kind words of welcome.

It is indeed a pleasure and an honour for me to speak at this Tenth Convocation of your prestigious University.

This is my second visit to Pakistan. When I visited Pakistan the first time in April 2006 I had an opportunity during my brief stay to get a taste of the rich cultural heritage of this beautiful country. I was taken to Taxila, the Lahore Museum and the old Fort and Badshahi Mosque. I met your Prime Minister and senior policy makers in Islamabad and was impressed by their commitment to the sustainable economic development in the country.

However, when I returned to the ILO in Geneva your Chancellor and member of the ILO's Governing Body Mr. Tabani reminded me that I had missed out on the commercial and economic hub of the country as well as the rich culture of Southern Pakistan. So when he invited me to attend this Convocation in Karachi I most gladly accepted. And now, being here with you all, I am so happy that this all became possible.

From what I have seen and heard of your University I can say with some degree of confidence that you have been equipped with the best and latest cutting edge knowledge in your field of studies. The fact that your University is ranked among the top business schools in Pakistan in such a short time is tribute to your teachers and academic staff and the vision of those who set it up. I congratulate all those who are part of this great University and place of learning.

You are the future of Pakistan

I was particularly impressed by the statement on the mission of the Institute which is nothing less than “producing a business leadership for making Pakistan an innovative economic power for the twenty first century.”

I am sure this is not the first time that someone tells you that **you**, young graduates, are the future of Pakistan and that on your performance will rest the future prospects and destiny of your country and its 160 million people.

I remember when I heard a similar message at my graduation in Economics from the University of Costa Rica in 1976. I was 23 years old then, and even though I had the intuition that I wanted to contribute to my country and to the cause of economic development more broadly, which has always been my passion, precisely how this was to happen was surrounded by great uncertainty.

But let me tell you that life gave me that opportunity beyond my expectations, as I was able to participate in cabinet positions in two different governments, the first time when I was only over 30 years old and the second time, in the late 90s as Minister of Foreign Trade when I had the opportunity to lead for a year a Hemipheric-wide project in the Americas. And in between I was for a few years member of the Board of the Central Bank of Costa Rica and had also the possibility of having a leading position in a key private sector think tank that was very influential in shaping the re-launching of the Central American Common Market during the 90s.

But the point I would like to convey to you with this short personal history is that what gave me the self-assurance that I could make a contribution in these and other positions life has put in my path, was the high quality of education that I received, first in Costa Rica and then at the University of Cambridge, England. And, I must say in the same phrase, I could not have done this without the example and the support of my parents.

So when today I tell you that you are the future of Pakistan, do not think of this as a *cliché*, or as just a phrase appropriate for today's occasion. I speak from the experience of looking back at my own graduation in 1976, and at that generation of Costa Rican students many of whom I am happy to be able to call my friends who indeed went on to govern the country, expand private enterprise, many who today also occupy high level positions in international organizations.

I am sure you are part of a similar generation. And for this you should thank your own efforts, this centre of excellence and, as you know in your hearts, your parents and families present here with you today. I know, from my own experience, how decisive and important is the support of one's family. So let me today congratulate not only you, young graduates, but also and very specially your proud parents, for all their support, and sacrifices, that have brought all of you to this happy day.

So what kind of world are you going to join now? A short vision of globalization

All of you are about to enter the world of work. What kind of world is this now? I would say a very exciting but also a very challenging one. Each historical period has its very particular context and synchronicity of trends. When I graduated 30 years ago...

- The world was characterized by a strong economic, ideological and geopolitical divide, with strong competition between capitalism and communism.
- Private initiative and entrepreneurship were completely suppressed or severely curtailed in at least one third of the world. Profit making was a crime in many countries.
- The trend towards progressive global integration of the early 20th century had been reversed by ideology.
- Freedom and democracy were at risk in a systematic way in many countries.
- Many in my generation in the university and in many universities around the world were talking about revolution, system overthrow and other utopias.
- The word globalization had not yet been invented.

In contrast, today the big story is globalization. Globalization is in turn made of many trends.

Politically and economically, the collapse of the ideological divide has marked a watershed in recent human history. An entrepreneurial renaissance has emerged in the developing world and in the transition economies. Unleashing entrepreneurship has proved to be a revolutionary force against social and economic deprivation around the globe. Productivity has soared; economic growth has reached record highs, and above all, human kind has witnessed a dramatic fall in poverty over the last decades.

Technological change, expanding markets, and higher productivity, among other factors, have fuelled economic growth, particularly in developing countries. However, narrowing inequalities in the distribution of income within countries, as well as the need to bring about a faster pace of convergence between poor and rich countries is a development imperative that is – and will continue for decades to be – a powerful engine for change in many aspects of the conditions of competition worldwide and in the world of work. Reducing

absolute poverty is an imperative for most developing countries and the international community is committed to this.

The process of innovation and diffusion of new information and communication technologies (ICTs) that took off in the 1990s constitutes a radical transformation of the means of production, distribution and exchange. It has already profoundly affected international trade and investment, the movement of capital and labour, and many work processes and products. It has also accelerated the shift towards services and their outsourcing internationally.

The rapid spread, ongoing development and pervasiveness of this flow of innovation is driving a massive reconfiguration of world production and distribution, as well as the management systems of enterprises and public agencies – with major consequences for employment patterns. Intensified global competition for products and services feeds through into pressures to adapt workplaces and match the efficiency and quality of market leaders – or close down.

Globalization has also brought a series of shifts that are recasting the global order in the image of the East. The rise of China and India in particular represents a huge economic and geopolitical change. We are seeing the political and economic awakening of hundreds of millions of people that so far were locked out of the global economy. It is estimated that by 2015, China's total GDP, at 20% of the world total, will match that of the United States. It was only 5% of global GDP in 1950.

This is a huge change also for the developed countries of the West. As Philip Stephens, a Financial Times commentator, argued in a recent article “In the aftermath of fall of the Berlin Wall, globalization belonged to the developed economies. The opening of goods and financial markets was framed by the so-called Washington consensus. The technology was provided by Silicon Valley. Suddenly it seems as if it belongs to Asia. Globalization was something the rich countries did to the rest of the world... Now it is beginning to feel like something someone else is doing to them.”

In conclusion, the quickening pace of change, the rise of emerging economies, the accelerated change in competition and in labour markets, makes globalization a rare phenomena that has brought with it enormous potential for good but also apprehension and anxiety in both the industrialized and the developing world – in terms of jobs, economic security, and preservation of national culture.

I strongly recommend to you, if you do not know it yet, to read the Report of the World Commission on the Social Dimension of Globalization, commissioned by the ILO and published in 2004. This report was based on a broad consultation around people's views about globalization, analysing trends and making recommendations. The Commission was chaired by two incumbent Heads of State – President Halonen of Finland and President Mkapa of Tanzania. The Commission included a cross-section of leading thinkers – Nobel Prize winners, such as Joseph Stiglitz, academics, business and labour leaders, civil society activists and political personalities from four continents representing a broad spectrum of views and experiences. It had the explicit mandate to examine the process of globalization through the eyes of ordinary people.

From divergent voices a converging view emerged, at the same time optimistic and sobering, which was expressed by the Commission's final Report by saying that:

“The potential (of globalization) for good is immense...the global market economy has demonstrated great productive capacity. Wisely managed, it can deliver unprecedented material progress, generate more productive and better jobs for all, and contribute significantly to reducing world poverty. But, we also see how far short we still are from realizing this potential. The current process of globalization is generating unbalanced outcomes, both between and within countries. Wealth is being generated, but too many countries and people are not sharing in the benefits. They also have little or no voice in shaping the process. ... Even in economically successful countries some workers and communities have been adversely affected by the process of globalization.”

The report presents a vision for change. Putting people first, and working at the local level, are key messages of the report. It argues for a series of coordinated changes across a broad front, ranging from reform of parts of the global economic system to strengthening governance at the local level, while stressing that this should and can be achieved in the context of open economies and open societies.

Executives and business leaders in the era of globalization

What does all this mean for you as executives and business leaders? It means that no matter where you work, in a local small or medium size enterprise or a multinational corporation, you should see yourselves as global executives working on a global village. Every action you take in business or finance or economic policy-making will have to respond not just to national factors but to global forces. The products and enterprises in which you will work will need to

be globally competitive. You will have access to information and knowledge that no generation in the past has had at lightening speed. But so will your competitors. You will have the potential to leap-frog stages of production that earlier economies have historically passed through.

As global executives you will have to compete with the best in the world. And you will have opportunities to work and prove your mettle in corporations and companies which have global outreach and operate from all corners of the world.

Be responsible business leaders

This new way of looking at the connections between the global and the local, in an increasingly integrated world, is also leading to a paradigm change in the idea of what is responsible business management. As you know the Corporate Social Responsibility (CSR) concept and movement began some 15 years ago by addressing mainly environmental concerns. However, today, the social dimension of business is essential and more and more demands are being put on companies to behave in a socially and environmentally responsible way.

What does this mean? In a recent document on promoting sustainable enterprises the constituents of the International Labour Organization (ILO) defined sustainability at the enterprise level as meaning “*operating a business so as to grow and earn profit, recognizing the economic and social aspirations of the people inside and outside the organization on whom the enterprise depends, as well as the impact on the natural environment.*”

Increasingly, companies are being managed and are under pressure to report on the so-called triple bottom line: economic, social and environmental which means that executives and business leaders have to care at the same time about “profits, people and the planet.”

Pressures and demands on companies are coming from several sources and avenues:

- First, at the enterprise level global competition and best practice is leading companies to establish good industrial relations, use best practices for human resource development, look after the conditions of work and the application of International Labour Standards, and behave ethically and transparently via good corporate governance.

- Second, along supply chains, leading companies are addressing labour and social conditions monitoring these as part of their supply chain management practices and putting in place codes of conduct.
- Third, pressure comes from major lending institutions. For instance the World Bank's International Finance Corporation (IFC) adopted performance standards on environmental and social issues in 2006 that they systematically apply to all their private sector clients. And many development and private banks are increasingly following a similar policy based on similar standards, including the European Bank for Reconstruction and Development and the Asian Development Bank.
- Fourth, government procurement is another source which is increasingly asking companies to look at improved health and safety, welfare and other standards in contracts.
- Fifth and finally, another avenue of demand for companies is via the so called socially responsible investment movement that is growing among institutional and private investors in many financial markets. There are a number of Wall Street, City of London and other stock exchanges that have developed methodologies for measuring and rating the triple bottom line. Investors are increasingly using these "profit, people and planet" ratings to guide their investment decisions.

Of course, acceptance of the values and principles conducive to sustainable enterprise development remains a challenge in numerous nations worldwide. And in many countries the priority is to create a general environment where business can maximize its contribution to employment creation, poverty reduction and decent work.

Contribute to the future of Pakistan

So this is the world you are entering as future business executives and leaders. But of course one does not only live in a global village, one lives locally and I am sure you want to contribute to build a stable, prosperous and progressive Pakistan, at peace with its neighbours and with itself. This is not just the work of government, this is the work of all of you.

You have a country with a strong economy. You have the largest river basin in the world as the mighty Indus and its major tributaries flow down from the Himalayas to the Arabian Sea. You have built up an impressive industrial base considering that the areas which became Pakistan at the time of independence sixty years ago had no industries at all. During 1960-1990 you were among

the ten fastest growing economies in the world. After a set back in the 1990s you have joined the select group of fast growing economies and are just behind India and China.

To my mind you, the young women and men of Pakistan, are its most precious resource and your effective mobilization and productive utilization must be the central element in Pakistan's national strategy for growth, development and poverty alleviation. Such a strategy could unleash a virtuous circle of productivity, investment and employment growth which would result in an accelerated pace of economic development and poverty reduction.

Life and work

Let me leave you with one thought by a successful business leader on the attitude towards life and work. This is what Steve Jobs, the founder and CEO of Apple Computers, Next, and Pixar, among other companies, said to the Graduating Class at Stanford University in the United States in June, 2005. He told them:

“Sometimes life hits you in the head with a brick. Don't lose faith. I'm convinced that the only thing that kept me going was that I loved what I did. You've got to find what you love. And that is as true for your work as it is for your lovers. Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle. As with all matters of the heart, you'll know when you find it. And, like any great relationship, it just gets better and better as the years roll on. So keep looking until you find it. Don't settle.”

I wish you all the best in your personal careers and in your collective efforts to make Pakistan a prosperous and peaceful nation.

Thank you for your invitation. Thank you for your attention.