Resilience
A journal of strategy and risk

Building on common ground
Craig Scalise
Building on common ground

By Craig Scalise

Many countries face a vexing problem: Businesses can often find themselves struggling to fill jobs even as unemployment stays high. But PwC’s 16th Annual Global CEO Survey reveals how this is spurring action that heralds a new business/government relationship, which can drive socioeconomic progress and strengthen business competitiveness and resilience.

The CEO Survey found that more than half of business leaders believe that creating and fostering a skilled workforce should be a priority for their governments. But participating CEOs see this as a shared responsibility—nearly two-thirds plan to increase their own investment in their nation’s talent pipeline. This growing spirit of collaboration can create powerful common ground for government and business to drive prosperity around the world.

We’re hearing that this is happening in part because many businesses, battered by years of crises, realised they had to change to survive and move forward, and they’ve acted accordingly. They’ve realised disruptions were blindsiding them because their businesses are part of bigger ecosystems with deepening interconnections. They’ve also realised that society’s problems are their own problems in ways they didn’t see before. They’ve thus accepted that succeeding in today’s world requires them to contribute to solving socioeconomic problems.

This is spurring today’s forward-looking businesses to take the lead in correcting many of the breakdowns that hurt society and hold back business.

They’re doing this by taking on new responsibilities once left to others, mostly governments (along with non-governmental organisations and multilateral institutions). In the past, businesses may have expected government to deal with these issues while competitive pressures drove them to focus on opportunities closer to their core operations. Today’s crisis-wizened businesses realise they need to look farther for opportunities, and this includes positioning themselves to help solve the socioeconomic problems that hold them back. For many, this means becoming more competitive by collaborating with governments.

South Carolina’s Greenville-Spartanburg manufacturing hub demonstrates how this spirit is already having an impact. Spartanburg’s unemployment surged to 13.2% in 2009. Leading businesses saw the potential trapped in their community and have been working with local high schools, community colleges and state universities to design innovative programmes that develop the talent employers need. South Carolina is now becoming a target destination for manufacturing jobs that used to go elsewhere, and Spartanburg has seen its unemployment rate fall to 8.4%. This benefits not only the sponsoring businesses, but also other employers that tap into the talent pool and the larger community that’s propelled by a stronger educational system and economy.

This spirit of public/private collaboration is not confined to the US or even labour issues. “The private sector is getting engaged in development like the world’s never seen before,” says Helen Clark, Administrator of the United Nations Development Programme. Around the world, businesses are looking again at their strategies and how they operate to find new ways of becoming more resilient and competitive by helping solve socioeconomic problems. Instances include pharmaceutical and food companies creating innovative new cost structures to help make health care and nutrition more affordable in low-income regions, which is strengthening countries’ health care systems while establishing themselves in growing markets. In turn, some technology companies are upgrading digital infrastructures that were holding back emerging markets, which is increasing demand for their products. A number of manufacturers are stepping in to help eradicate diseases in rural areas around the world, making people healthier and supply chains more reliable. Some banks are providing micro-finance, allowing more entrepreneurs to build businesses that unleash their potential and give the banks trusted, long-term partners. These are a few examples that show businesses around the world can— and will—step up to help solve problems that were once left to government.

Businesses can’t solve all problems, and there’ll always be a need for effective governments (along with NGOs and multilateral institutions). But governments can achieve more with less by recognising the powerful force within the private sector’s scale and competition-driven focus. Governments need to see their own socioeconomic projects like sprinklers that create patches of green. Encouraging businesses’ efforts can connect the patches with a ‘private sector rain storm’ which irrigates the wider terrain, allowing more and more to thrive. The result can be a prospering common ground for all.

PwC’s 16th Annual Global CEO Survey shows that CEOs see a shared responsibility for addressing a variety of socioeconomic issues, but who they believe should take the lead varies. More than 20% of CEOs plan to increase investment in areas such as securing natural resources, reducing poverty and inequality, improving infrastructure and ensuring financial sector stability. However, at least as many believe that addressing these issues should be government priorities. Business leaders said they’re most focused on their own investment in areas that directly impact their workforce, creating and fostering a skilled workforce and maintaining its health. These investments are directed at building human capital, which strengthens the business while setting a better foundation for addressing other socioeconomic issues.
