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Human Resources Development for Competitiveness: A Priority for Employers in ILO

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Abstract: **Labour welfare as the work for improving the health, safety, general wellbeing and industrial efficiency of the workers beyond the minimum standards lay down by various Acts and Legislations. International Labour Organization (ILO) defined Labour Welfare as "Workers" welfare, such as services facilities and amenities which may be established on or in the vicinity of an understanding to enable the persons employed in them to perform their in healthy, congenial surroundings,and provided with amenities conductive to good health and high morale. It can also be classified as intramural and extramural. While intramural includes those welfare activities which ensures better quality of work like, scientific selection, trainee, good work environment, prevention of accidents, canteens, rest rooms, and refreshments etc.,. Extramural other welfare issues which also indirectly affect the quality of work life. Such issues cover, housing accommodation, medical services, recreation facilities, conveyance, social insurance scheme, provident fund benefits, pension, sickness, maternity benefits, school education for childrenetc.,.Industrial relations and Labour Welfare are two important areas governing employer–employee relations and benefits. For efficient management of an organization, it is essential to nurture healthy industrial relations and provide benefits to worker, both statutory and non-statutory. In India, we have several acts and legislations concerning these two areas. Many organizations, to derive motivational benefits provide welfare benefits beyond what are statutorily required.**

Keywords: **Labour welfare, International Labour Organization (ILO), Human Resources Development for Competitiveness.**

1. INTRODUCTION

Human resources development is the process of increasing the knowledge, the skills, and the capacities of all the people in a society. In economic terms, it could be described as the accumulation of human capital and its effectiveinvestment in the development of an economy. In political terms, humanresources development prepares people for adult participation in politicalprocesses, particularly as citizens in a democracy. From the social and culturalpoints of view, the development of human resources helps people to leadfuller and richer lives, less bound by tradition. In short, the processes ofhuman resources developments unlock the door to modernization. The importance of human resources development (hereafter referred to as HRD") is obviouswhen one considers that in any economic activity it is the human element that the factors of production.

- Commands
- directs
- organizes
- Controls
- maximizes

The quality of people appropriate to the particular level andcomplexities of the activity determines how well or poorly, these tasks are accomplished.HRD encompasses a wide range of subjects such as health care, nutrition, population control, education and training. For the purposes of this paper, the term HRD is used to cover onlyeducation and training, as they are more directly related to the mandate of employers'organizations.

The objectives of this paper are to identify the reasons why employers and theirorganizations in the Asian-Pacific region (or anywhere, for that matter) need to be concernedand involved in HRD, and why today HRD is more important than before (irrespective of thelevel of economic development) for competitiveness and socioeconomic development. Thepaper also focuses on what employers' organizations should and could be doing. These issueswill also be addressed by the participants at the workshop for which this paper has beenprepared, as well as by the other two resource persons whose specific area of responsibility isHRD.

The principal theme of this paper is that investment in education and training is the main keyto progress from one level of economic development to another. It conveys the message thatsocieties which do not gear themselves from now to learning will find it difficult to progressbeyond their present level of economic and social development. Even the relatively richeconomies seeking to capture some of the key industries of the next century, will need tocreate the conditions and environment necessary for creativity and innovation essential formoving into and being competitive in the knowledge-based industries which will provide thehighest value-added for economies. As has been perceptively observed by Peter F.Drucker:"We now know that the source of wealth is something specifically human knowledge. If we apply knowledge to tasks we already know how to do, wecall it 'productivity'. If we apply knowledge to tasks that are new anddifferent, we call it 'innovation'. Only knowledge allows us to achieve thesetwo goals."The emergence of knowledge and its application as the chief determinants ofcompetitiveness may be considered by some countries which are industrializing only now orare seeking to move to the next stage of economic development, to be irrelevant, or of littleimportance to them at present. Such an assumption would be erroneous for several reasons:

• In order to bear results, HRD initiatives have to be planned and taken well in time, given that they take approximately a generation to bear fruit. This accounts for thesuccess of newly industrialized economies (NIEs) and some countries such asMalaysia.

• All societies are ambitious to move up the ladder of economic development, and it isthe quality of their human capital which determines, to a large extent, the pace ofsuch movement.

• Countries which have recognized and paid particular attention to developing humanresources well in time, have been able to by-pass different stages of industrialization(or else accelerate their passage) and to make technological 'leaps'. Given the state ofknowledge and technology and the availability of access to them, it is easier to makethese 'leaps' today (with the added push of competitiveness), provided one has thehuman resources (and of course the capital and infrastructure) with which to do so.Therefore, more than ever before, we need to plan for the future, which requires us to takestock of our current situation and to find ways to move ahead.

2. SOME EMERGING TRENDS AND INFLUENCES

The reason for the increased importance of HRD in achieving socioeconomic developmentlies largely in the emergence of knowledge work, technological advances and the demand forinformation and their relationship to globalization.

Emergence of knowledge work:

"The skills of a nation's workforce and the quality of its infrastructure arewhat make it unique, and uniquely attractive, in the world economy.Investments in these relatively immobile factors of worldwide production arewhat chiefly distinguish one nation from another; money, by contrast, moveseasily around the world. A workforce that is knowledgeable and skilled atdoing complex things, and which can easily transport the fruits of its labours into the global economy, will entice global money to it."An appreciable part of the workforces of the highly industrialized countries consist of'knowledge workers'. Even if not accounting for the majority of the workforce, they are vitalbecause it is the application of knowledge which determines the productivity of theirsocieties. The importance of knowledge work is reflected in the fact that in the richeconomies more than half of the total GDP is knowledge-based and eighty per cent. Ofnew jobs involve knowledge work. However, as yet there are only a few Asian countrieswith an appreciable number of knowledge workers. Creating the right environment for theemergence of such workers will be an important consideration in Asia in the next century.Many of the rich economies in Asia are reviewing their education systems with a view tomaking the changes

needed to produce creative individuals who will increasingly add valueto the economy. An individual's competitiveness in the job market, as well as thecompetitiveness of enterprises and industries, will depend more and more on the acquisitionand application of knowledge.(8) If the "most distinctive feature of the knowledge-based economy is that it uses knowledge pervasively as both an input and an output throughoutthe economy"(9), then the rich economies qualify for this description.Knowledge work and knowledge employees possess special characteristics

• The distinction between knowledge employees and ones who are not is not based onwhether or not they work with their hands. A surgeon works with his hands, butbrings to bear on his task a vast body of knowledge. The chief characteristic ofknowledge workers is that they acquire their position through formal educationKnowledge work presupposes a high level of theoretical knowledge, combined withcreative ability because knowledge is not productive unless it is applied. Thoughknowledge is now largely accessible to all, it can be absorbed and used only with theright education.

• Knowledge work and knowledge workers are highly specialized.

• Knowledge workers undergo a life-long process of knowledge acquisition (like theskilled worker today) since knowledge tends to become obsolete rapidly.

• Knowledge employees are highly mobile, both within and outside the country, andmove to locations where opportunities for them are greatest. Their capital, which is not labour but knowledge, is easily 'portable'. They form the core of an organization."Between them they own the organizational knowledge which distinguishes thatorganization from its counterparts. Lose them and you lose the organization. Consequently, it is harder to retain their services through traditional human resourcemanagement policies and practices. Increasingly they tend to regard themselves notas employees, and resent traditional forms of supervision.There are several implications flowing from the foregoing developments:

• Large income disparities are occurring between knowledge employees and the othertwo categories, i.e. service and routine production employees. This creates thepotential for a new type of class conflict, different to the division between capitalistsand workers. In the next century divisions in societies may well be based on thedifferences between groups of individuals who have the requisite education andknowledge for upward mobility and those who do not. Therefore, while the main**economic** challenge will be the productivity of knowledge work, the main **social**challenge will be the productivity of other categories of workers.

• With each recession and business upswing, it is the least knowledgeable and the leastskilled who are left behind in the pool of the unemployed.

• There are numerous consequences for management which are outside the scope ofthis paper. It would suffice to note that once knowledge becomes the main resource(which is what makes a society a post-capitalist society), management becomes oneof "securing the application and performance of knowledge",(14) team work becomesthe only productive way of working, and direct supervision becomes an anachronism.Organizations which wish to excel at knowledge-based innovation need to introduceentrepreneurial management.

• Information technology is resulting in a convergence of manufacturing and servicesin that products, for example, are being adapted to suit particular customer needs, while some services are acquiring the characteristics of manufacturing (e.g. certainlegal services).

• Technology levels competitive advantage in production processes as it is accessibleto all. Competitiveness lies in the productive use of knowledge and information.

• Asian countries will need to develop their own research and development capacity.Countries which aspire to innovativeness will require a very long-term focus in theirinvestments for this purpose. The reason is that among the characteristics ofknowledge-based innovation is a long gap between the emergence of knowledge andits transformation into products, processes or services; and often several differentkinds of knowledge need to converge to result in a project.

Technology, Information and Globalization:

Technology, including the information revolution and globalization continue to exert majoreffects on HRD. Many enterprises have claimed that the benefits of technology have notmatched the cost of investment in it. The reason for this in most cases is that technology hasnot been used productively or usefully. Technology *per se* is not productive, and does notadd value unless there are people who can use it productively. Total factor productivity in themajor economies is

estimated to have declined since the mid-1970s, and growth has beenexplained in terms of labour and capital inputs, the contribution by technology being considered relatively minor. Among the many explanations which have been advanced forthe apparent failure of technology to deliver the expected productivity gains are thefollowing• Computers, for instance, are not being used mainly for productive purposes.• Investments in technology have often been aimed at gaining market share, rather thanimproving the efficiency and effectiveness of existing production.

• There is always a delay between the introduction of technology and productivitygains resulting from such introduction.

• Diffusion of technology across an economy has to be sufficiently widespread (at least50%) for productivity to be reflected in the productivity figures.

• Even in the USA computers account for only 2% of its total capital stock.

• The productivity benefits of technology are already in existence, but productivitymeasurement devised for a different type of operations (manufacturing) do not reflectthem. According to these measurements productivity in manufacturing (in many ofthe rich economies) has increased. The low productivity increase rate claimed forservices is due to the fact that productivity in services cannot, as yet, be reliablymeasured. Knowledge, for example, is difficult to measure.

• Part of the benefits of technology are not derived from cost reductions, but fromimprovements in quality, greater customer choice and better service, all of which arenot reflected in productivity figures.

Information technology, like knowledge, is easily and widely accessible, but is valuelesswithout the knowledge and skill to use it productively. Information technology (IT) is closelylinked to the forces of globalization:"By reducing the cost of communication, IT has helped to globalizeproduction and financial markets. In turn, globalization spurs technology byintensifying competition and by speeding up the diffusion of technologythrough foreign direct investment. Together, globalization and IT crush timeand space.")While the familiar pessimistic view is that technology will, *inter alia*, destroy jobs andincrease unemployment, the other (and better) view is that new jobs, many of which arebetter paid, are being created in place of ones which cease to exist. Technology, therefore,plays the role of what is aptly described as 'creative destruction. Some of the implications ofthis are that employees will

• In many cases, have not one, but many careers during their working lives;

• have to move from one job to another as job requirements change, and to be able todo so, they must be 'trainable' in new skills. This capability depends on possessing aparticular educational background;

• have easier and speedier access to knowledge, which can be codified anddisseminated - a major benefit to developing countries.

3. IMPLICATIONS FOR EMPLOYERS

The issue for employers (and for employees and economies) goes beyond the need toupgrade the skills of the current workforce. It is also necessary to equip future entrants to theworkforce with the requisite education which makes them 'trainable' for emerging andconstantly changing skills requirements. Improvements have to be equally qualitative aswell. Employees need to be endowed with the capacity to move from one skill to another aseach one becomes obsolete, and to develop the cognitive, analytical and inter-personal skillsrequired to work in a modern organization and as the economy progresses from one level ofdevelopment to another.Four situations are discernible among developing countries in Asia. The first consists ofcountries with high adult illiteracy rates (especially among women). The countries with over40 per cent.adult illiteracy rates (as at 1995) are: Nepal 73%, Bangladesh 62%, Pakistan62%, India 48% and Laos 43%. The consequences of pervasive illiteracy to a country'scapacity to move up from a low-wage, low-skilled economy to value-added activities areobvious.(20) A second category consists of countries which have experienced high growthrates during the last decade and have high literacy rates, but with low levels of secondaryeducation constraining their ability to move beyond low technology and basic serviceactivities. In some of these countries a very high percentage of workers have had only aprimary education and/or a minuscule percentage of them has undergone vocational trainingin any structured way. A third category consists of countries which have advanced rapidly,are paying particular attention to education and skills and are investing heavily in them butsuffer shortages of skilled and/or unskilled workers because of their rapid industrialization(Korea, Singapore, Malaysia). A fourth category may be suggested as being representedby Myanmar, Sri Lanka and the Philippines with high literacy and secondary schoolenrolment rates and good levels of tertiary education.

But they failed to develop for reasonsoutside the scope of this paper, though the Philippines is at least now launched on the path toprogress. In the case of Sri Lanka, even though tertiary education is available and free foreverybody, the education system was less geared than it should have been to linking up withjob requirements, resulting in educated unemployed and acute social and political tensionsand disruptions.It is instructive to note that the former centrally planned East European economies have well-educated workforces. It is estimated that their primary and secondary education systems "arenearly as good as those of industrialized countries, and far better than those of many fastgrowing developing economies. Consequently these countries have a significantadvantage over some fast developing countries in attracting higher value-added investment, absorbing new technologies, and adapting to new skills requirements through training. Someof the problems they face - such as political ones and the lack of management skills tomanage in a competitive environment - are also ones faced by other countries in transition toa market economy.It may be argued that the trend towards more knowledge-based activities is relevant toindustrialized rather than to developing countries. This is not so. Industrialized countries areless dependent today on developing countries for raw materials since goods manufactured intheir countries have substantially less raw material components than they did before. Lesslabour is needed in manufacturing processes today to produce the same volume of goods. Asinvestors move their operations from one location to another (facilitated by the reduction ofinvestment barriers, trade liberalization, deregulation of financial markets and advances intechnology), the choice of country for investment is determined by the needs of each industry. Availability of cheap unskilled labour will attract low cost, low skilled, highvolume businesses. But higher value-added activities are attracted by the quality of theavailable workforce.(23) Even in high volume production and the provision of basic services(*e.g.* tourism-related), due to the spread of information and advances in communicationtechnology and travel, customers increasingly expect higher quality products and services.

4. HUMAN RESOURCES DEVELOPMENT FOR SOCIO-ECONOMICDEVELOPMENT

If in the past planners failed to make investment in HRD a central theme of developmentstrategies, it was due partly to the difficulty of distinguishing between what part of HRDrepresents an investment and what part represents consumption. While investment in humanresources promotes economic growth, a country's economic capacity also determines itsability to invest in its human resources, so that"A good educational system may be the flower of economic development, but it is also the seed." Several circumstances, as illustrated by the following, account for HRD now occupyingcentre stage:

• Earlier development strategies which largely neglected the social aspects ofdevelopment did little to promote growth, and this resulted in political and socialunrest in several countries.

• High productivity depends on the quality of human capital (and on how humanresources are used) - a lesson to be learnt from the 'developed' countries. Ascontended by Peter F. Drucker, productivity is arguably the most important socialevent in the developed countries in the past hundred years.

• Education, management and training shorten the time-span within which a countrywith low wage costs can achieve higher productivity, though with highproductivity wages will rise.

• HRD (including easy access to education) contributes to a more equitable distributionof income. It thereby negates the necessity for compulsory redistributive measures(such as through the tax system) which usually have negative consequences.

• There has been a steady decline in the importance of other resources such as naturalresources, in creating national wealth.

• Shorter product life and the consequent need for workers to be able to absorb newskills quickly impact on education and training needs. Education has to contribute totrainability; education does not cease with school or university; methods of teachingadults have assumed importance, and employers need to invest in training andretraining.

• In mature economies a lack of investment in education and training increases therisks of unemployment,(29) as well as wide disparities in income.

• Information and advances in other technology have increased the demand forintelligent workers who can extract the most out of technology, as well as for peopleat higher levels to create and adapt technology to new uses.

The fruits of HRD are evident in the much publicized rapid development achieved over ashort period of time by Singapore, Hong Kong, the Republic of Korea, Taiwan China, andearlier by Japan. The World Bank studies of East Asian development have identified theinvestment in human capital as one important factor accounting for the rapid development, enabling it to periodically upgrade labour skills and the economy.(30) Governmentinvestments were mostly in primary and secondary education, with tertiary education beinglargely left in private hands.The impact of economic/industrialization policies on the development of human capital isillustrated by two categories of Asian countries. The East Asian NIEs represent the outward lookingeconomies where imported technology was used to fuel (along with cheap labour atthat time) export growth. The inward-looking import substituting South Asian countriesinvested in plant and machinery basically for a domestic market where semi-monopolies andlack of demand for quality were features. It is arguable whether the NIEs made a consciouspolicy choice or whether it was the only choice available to them given their relatively smalldomestic markets and the lack of natural resources. Be that as it may, their industrializationpolicy involved selling to the sophisticated and quality conscious markets of theindustrialized countries. Improved human capital was essential for them to produce the goodssuch markets would accept. This led to a symbiotic relationship between economic andhuman resources development. On the other hand, in the inward-looking economies therewas little incentive to invest in human capital because they had 'captive' markets which wereunable to reject the goods and services offered as there were no choices available. In otherrespects the strategies adopted by the NIEs were not necessarily the same. Hong Kongrepresented the 'freest' economy of them all. Singapore welcomed the multinationals as ameans of fuelling growth, and astutely harnessed their cooperation to improve the country'shuman capital. Korea developed through a high degree of government intervention designedto create national 'champions' in the form of huge conglomerates, while Taiwan Chinadepended on nimble small enterprises. The government in Japan, contrary to some opinions,did not select the industrial 'champions'; the areas of business were selected by the businesscommunity, and it was their development that was supported by some government policies.But whether through government intervention or otherwise, they had a common focus onexternal markets, which led them to comprehend what it takes to be competitive in aninternational environment - a lesson that the inward-looking economies failed to learn intime.Developing the education, knowledge, skills and abilities of people helps the economy togrow through the production and provision of marketable goods and services and by attracting investment. This in turn helps to create the surpluses needed to raise livingstandards through increased incomes, more equitable income distribution, increasedemployment opportunities, improvements in infrastructure and better social benefits (e.g.education, health care, housing, social security). By creating opportunities for upwardmobility HRD reduces social stratification and tensions. In high population growth countriesHRD contributes to population control because acceptance of smaller families comes with higher levels of education.

5. THE NEED FOR ACTION

"Education and training are the primary systems by which the human capitalof a nation is preserved and increased.... from an economic standpoint, higherstandards in the schools are the equivalent of competitiveness internationally." The pace at which education and training systems transmit knowledge and skills of therequisite quality directly affects the pace of development. Countries that do not plan fromnow to address not only their current human resource problems but also those of socialinfrastructure conducive to future knowledge work and workers, will find that thedevelopment gap between them and those that do will continue to widen as is the case at present. In Asian countries which wish to be involved in some of the high value-added andkey industries of the next few decades (microelectronics, biotechnology, the new materialsscience industries, civil aviation, telecommunications, robotics plus machine tools,computers and software), much needs to be done in the fields of education and training. India's achievements in the software industry indicate that it can be done even in a relativelyeconomically poor country.

What, then, can (and should) employers and their organizations do? Part of the problem iswhat employers in many developing countries have riot done. Though much of the foregoinghas been known to employers, many have done little to influence the policy environment.They have often left such problems to governments to sort out, on the basis that it is the dutyof governments to provide facilities for education and training. This assumption is no longervalid (if it ever was) in regard to training, while in the field of education, employers do havea vital role to play in influencing the policy environment and the education bias.High levels of education do not by themselves guarantee economic development as has beenwitnessed in the Philippines, Myanmar and Sri Lanka. Therefore, employers need toinfluence, where necessary, education policies and systems to promote the acquisition ofknowledge and skills geared to business needs and the ability

to use them - which should bean important function of organized education. In Asia-Pacific the New Zealand Employers'Federation has played a significant role in influencing education to cater to business needs. The high standard of education in Sweden is due in no small measure to the roleemployers and the Swedish Employers' Confederation (SAF) have played over the years. In1981, for instance, the SAF formulated a detailed educational policy programme. In 1984 the congress of the SAF stressed the importance of companies developing workingrelationships with schools, and listed the following objectives of the schools contactprogramme:

• To contribute to a more motivating and efficient learning situation for the students

• To give them a greater insight into what professional work entails in practice and as aresult a better chance to independently take on responsibility for their future

• To be included as a part of the educational process

• To be a part of the students' professional training.

Employers, long accustomed to leaving it to governments or to private educationalinstitutions to determine the direction and quality of education, now have greateropportunities (and the need) to exercise influence in view of the changing needs fromeducation flowing from globalization. From a long-term point of view, Asian employerswould need to think about making some investment themselves in education. Therelationship between HRD and research and development needs to be emphasized. In theUSA for example, businesses have become significant educational institutions, accountingfor about half of the country's expenditure on higher education. Since the mid 1980scorporate spending on education has increased by 5% a year, and businesses now spendabout US $50 billion a year on education and training. Consequently, the AmericanCouncil on Education has extended "credits" to about 7,000 company classes, which can beused towards obtaining university degrees. A few companies have even commencedawarding their own degrees, while others have established formal relations with educationalinstitutions and have even designed academic courses so that students will be fit foremployment. Estimates are that productivity gains for companies from investment ineducation are twice that of investment in plant and machinery; and that the gains are evengreater given the impact on employee morale. In Asia in the 1950s, corporate Japanundertook some part of the secondary education of employees to make them trainable for thefuture. This investment brought in high returns also because of the guarantee of lifetimeemployment. The next century will witness an expansion in corporate education centres,corporate degrees and even in corporate "universities". These trends will not be confined toWestern countries.Employer involvement in education has been facilitated by technology, though education isone of the sectors least affected by the technological revolution. There is no reason whyeven in relatively poor countries the private sector cannot establish formal relationships withsecondary and tertiary educational institutions. This does not require large financial investments. In influencing the restructuring of the education bias, it is necessary to bear inmind that

• The cost of secondary education to the student should not exceed the expected rate ofreturn to him/her.

• The enhanced earning capacity through more years in the education system has to besufficiently attractive. For example, whether the cost of management education in theUSA which is borne by the individual is worth the return on the investment has beena matter of debate.

• Education should contribute to the development of a workforce with cognitive skills.At higher levels the system should be able to produce 'symbolic analysts' andknowledge employees for the 'brainpower jobs of the future.

• However, education - even of the right type - means little in the absence of training. Ithas been aptly pointed out that the "lesson of Japan's experience may be thatmanpower cannot be sufficiently and adequately trained for the demandingspecialized skills modern technologies need by schooling alone.

However schooling can greatly facilitate the absorption of in-service training and on-the-jobday-to-day learning which must be the main source of skills in the workplace duringthe four long decades of work-life after schooling. And the transmission of theaccumulated skills and know-how in the workplace may be most effective in anegalitarian surrounding, rather than in the relatively rigid social stratification ofoccupations characteristic of South Asia or in the detailed work specifications of modern labour-union contracts typical of some western countries." Moving to the subject of worker skills training and development, it bears emphasis that thereis today an unprecedented convergence of interests between

employers and employees inrelation to the skills of the latter. But employers (other than the multinationals) in manycountries still view worker training as a public responsibility to be undertaken by state createdauthorities. Whether technical education can be achieved through a 'school' system orwhether the state's role should primarily be one of fostering technical education is an issue,with the evidence being in favour of the latter. The movement today - which is likely togather momentum - is from training primarily organized and conducted by public authoritiestowards a broader concept of education and training increasingly under the auspices of theenterprise. Large enterprises in industrialized countries are increasingly acknowledging aresponsibility for training employees for 'employability'. Notions of job security or protectionthrough laws (endemic to India and Sri Lanka, for instance) are things of the past. More andmore, workers themselves have to make efforts at self-development, and have therefore toseize every opportunity for learning and training. Trade unions can play an important role inthis respect both in terms of awareness-raising and by shifting some of their resources toeducation and training of their members.Apart from the mind-set which regards training as a public service (and as an expenditurerather than as an investment), employers reluctant to invest in training cite 'job hopping' and'poaching' by other employers (especially in tight labor markets) as a disincentive toinvestment in training. That is why training, like other human resource management policiesand practices, needs to be diffused across an economy or industry to make a difference to thequantity and quality of training. Hence the value of incentives such as training levies whichthe employer can recover if he conducts training. Incentives may also reduce the incidence of'poaching' as the employer has a financial gain as well from training. The government has amajor role to play in this regard, in collaboration with employers. The 'poaching' argumentleads to a vicious circle: no training due to turnover, skills shortages proliferate, and theproblem is exacerbated.There are examples of advanced countries (and this is one reason why they advanced) whichdid not leave it to governments to provide all the training facilities. In Sweden the employers'organization and the trade union jointly contributed to the creation of a high quality, highlyskilled workforce. In Germany worker training is regarded as involving responsibilities forall the tripartite constituents. In Japan it has been regarded as the responsibility primarily ofemployers, who built on the education base provided by the schools system. Thus in Japancompulsory primary education lasting 4-6 years is followed by further education, andthereafter by education and training of workers by employers imparting to them both positivework attitudes and knowledge of production methods and techniques. Singapore relied onforeign investors for the technical training programmes and facilities and promoted themthrough incentives, so that through formal on-the-job training, vast improvements in skillslevels were achieved in a period of twenty years. In both Singapore and Japan"expansion and improvement of general education by the State was emphasized to involve the masses in their respective modernization and industrialization programmes. But thereafter, to meet the increased demandfor qualified skilled workers and technicians and improve the technical andhuman relations quality of this crucial group, the private sector came to beincreasingly relied on to provide in-house training." Societies with mature and professional unions are likely to call for more corporateinvestment in human capital, as the Australian Council of Trade Unions did after an overseasstudy tour by its officials. Bipartite cooperation is of great value in order to maximize (forboth parties) on investment in training and development.Employers and their organizations need to be involved in and influence, the education andtraining of the current and political future workforce. Apart from actual investment byemployers in training, they could be involved in:

• contributing to the formulation of policies which promote public and privateinvestment in education and training at all levels both qualitatively and quantitatively,in order to prepare potential workers for current and future jobs. This implies a biastowards business needs in the sense of aiming to produce a workforce which has therequisite basic education to facilitate training and retraining in order to respond to theneed for a multi-skilled and flexible workforce.

• School contacts, teacher education programmes to impart to them knowledge of thenature and role of business in society, the environment needed for businessdevelopment and so on. Employers' organizations can encourage employers to 'adopt'schools, help to upgrade their facilities, introduce students to the businessenvironment, and provide advice and guidance to school leavers.

• Training content which needs to be decided on by both employers and employees as itis they who control the work processes.

• lobbying for incentives to be provided by the government, consequent to a surveyamong members and a study of incentives in other countries.

• Monitoring and evaluating the education and training systems, in collaboration withother organizations such as chambers of commerce and manufacturers' associations.

• serving on the policy boards of training institutions, an obvious - but not oftenundertaken - role. Employer representatives would be in the best position to identifythe skills needed for business growth and development, and to push for policies andprogrammes with employment potential. Employer representatives should play a rolein the formulation of national systems of skills certification and training coursecontent. National training institutions need to periodically change their role to cater tothe demands of the labor market, and logically employers should be the agents ofsuch change.

• Where there is a significant presence of multinational enterprises, trapping theirtraining expertise to benefit a larger segment of employees.

A Sharing of Responsibilities:

A HRD strategy requires a sharing of responsibilities among the government, employers' andemployees. This division is based on two premises, namely that

• Investment in HRD is an investment in social infrastructure which all three partieshave a responsibility to discharge. Therefore it is no longer possible to plead that theState 'owes' it to employers and employees to bear the full responsibility for HRD, whether in terms of planning or expenditure.

• The cost of investment in education and training is so high that it is unrealistic toexpect one party to bear a disproportionate share of it, even if the bulk of expenditureon infrastructure has to be borne through government expenditure.This section is concerned with only some of the possible divisions of responsibility betweenthe government and employers. This does not imply an intention to undervalue the role ofemployees and their organizations, which can play a critical role in developing awarenessand defining the directions and contents of training and education, especially in countrieswith literate and reasonably well educated workforces. Positive and constructiveparticipation by employees, collectively and individually, may make the difference between good HRD programmes and excellent ones which give competitive edge. Admittedly, the sharing of responsibilities is affected by several circumstances such as thecurrent quality of human resources, the levels and quality of education and the skills levels ofthe workforce. The suggested divisions, therefore, need to take these circumstances intoaccount in adapting them to any particular country.In the field of education the responsibilities could be as follows:

i. Primary and secondary education should be the government's responsibility and itsmain focus, both in relation to investment in it and the provision of the type ofeducation required to ensure a trainable workforce. Accessibility of education to all,coupled with compulsory education, is important to avoid the creation of a categoryof illiterate people or one lacking in educational attainments which makes itimpossible for it to compete in the labour market.

ii. Tertiary and professional education could be undertaken by both the government andprivately funded and managed institutions.

iii. Employers could establish links with schools and teachers, and influence curricula atall levels of education. Employers are in an advantageous position to acquaint schoolsand students with knowledge of the choices available to them in the labour market and what a business environment requires by way of educational attainments.Otherwise the workforce of the future has nowhere to turn to, to obtain thisknowledge, which may determine the choices they make within the limits of theiraptitudes.

Training and development of employees must be viewed as an integral part of an employee's overall human resource management strategy. The strategy should be one which linksselection, recruitment, training, career planning and development, performance appraisal,pay for performance and skills, and employment security. However, the state has an overallresponsibility to provide training facilities and to promote an environment conducive totraining. A division of responsibilities could take the following form:

i. Identifying current and anticipating future, skills needs should be the collectiveresponsibility of the government, employers and employees. Close interaction amongthese parties is essential if training policies are to be correctly

formulated, trainingdelivered in the most effective way, and if incentives are to be extended to employersto provide training.

ii. Generally speaking, the government should invest in the provision of the generalskills necessary for employees to develop multi-skills and to be trained in enterprisespecificskills. The general skills training provides the capacity to adapt to changingskills requirements. However, employers should also (and would need to) improvethe general skills of new recruits because as"technologies change and ... the need for cross-functionalcompetencies and problem solving increases, so too does the demandfor multi-skilled workers. Therefore, it is not surprising that thecountries that are experiencing rapid growth in productivity todayhave typically followed (a) model in which firms provide bothgeneral and firm-specific skills to their workers. This creates a newtype of flexibility in the workplace which is more compatible withrapid technological change, new production techniques such as 'Justin-time', and otherwise altered organizational structures."

iii. The more company-specific skills should be undertaken by the employer. This doesnot imply an absence of government responsibility. It could, for instance, provide(whether through the tax system, training levies or otherwise) incentives for training.As a general rule, it is large employers and ones whose business involves fastchangingtechnologies which tend to invest in training without the need for externalincentives. Small enterprises often do not have the means to invest in and providetraining. Family businesses in particular tend to lack a training policy, which willneed to change if they expand, especially across national borders. It is also necessaryfor the government to promote the diffusion of training across an economy ifemployers are not to be tempted to 'poach' from other employers, and training is tocontribute to the emergence of competitive industries and not merely a few isolatedcompetitive enterprises. The problems of training for small enterprises may dictate aneed for government to institute training facilities for them.

iv. Employers are in a position to provide incentives for employees to develop skillsthrough a pay system which rewards them for acquisition of skills. Thus the currentdecade has witnessed an increasing resort by employers to skill-based pay systems, though they are largely confined to industrialized countries.

v. There are also the unemployed and the handicapped in respect of whom thegovernment has a responsibility. But for programmes to be effective they should bedeveloped in consultation with employers to whom the government would have tolook for employment opportunities for these categories.The lack of adequate awareness in some countries among governments and employers orboth about the critical role of HRD in development and their roles in such development is, tosay the least, surprising. Gender inequality and the consequent unfavourable opportunitiesfor women in education, training and upward mobility are critical issues in some countries.Therefore, employers and their organizations should act as catalysts in raising awareness ofthe importance of HRD of the entire human resources of a country and the need to plan wellahead to be ready to move up from one level of economic development to another.

7. CONCLUSIONS

It is surprising that numerous countries throughout the world have failed to learn from theexperiences of the rich economies and of the more recently industrialized countries thatsustained investment in human capital is needed for competitiveness and growth. Thissituation is now changing with globalization, increased investment and trade, and the spreadof technology. Investment in human capital is of course no guarantee of development if otherrelevant policies are inappropriate or are not properly implemented. But without the rightkind of human capital other policies (economic, trade and investment policies) will fail todeliver growth, or growth will come to a halt as soon as cheap labor and other resourcescease to be critical to the next stage of development. Since the time taken for investment inhuman capital to bear fruit is, compared to other investments, relatively long, the planningperiod has also to be necessarily long and timely. Further, unlike most other resources, human capital does not waste or diminish in value through use; on the contrary its valueenhances.

This paper concludes on two notes not referred to earlier. The first is that in Asian countries (as elsewhere) priorities in HRD have to be set. HRD includes three basic strategies:

• Developing human resources through education and training

• Deploying human resources

• providing the incentives to ensure that they are productively deployedCountries would be at a stage where the priorities shift among these three. It is thereforenecessary to identify and address the particular priority.

The second is that foreign investment can be used as a means of raising the stock of humancapital - a fact which escaped the inward-looking import-substituting countries which weremore engrossed in political ideologies and the fear of economic imperialism. In Asia,Singapore used this strategy effectively. From much further away it is arguable thatattracting foreign investment to the then poor Sweden at the end of the last century facilitatedthe growth of its human capital, and provided the foundation for the building of a welfarestate. The fact that Sweden now needs to change its approach to welfare does not detractfrom the standards of living it achieved.

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