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# **IMPROVING WORKFORCE DEVELOPMENT SYSTEMS: BEYOND LEGAL AND ADMINISTRATIVE CHANGES**

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## **Abstract**

Developing effective workforce development-vocational education and training (VET) and labor market systems are critical to the social and economic progress of nations worldwide. This article conveys the importance of addressing system and organizational improvement needs as well as the formal dimensions of legal, program and administrative changes to increase effectiveness. Further, the marriage of the fields of social sciences, particularly organization development (OD) and performance improvement with VET system strategies, can be a winning combination in the arsenal for significant change.

Both developing and developed countries alike are facing the challenges of rapid growth of technology, changing demographics and increasing globalization and competition. Nations are finding that one of the key responses can be building effective workforce development- vocational education and training (VET) and labor market systems. However, this represents a gargantuan task and requires much new thinking, planning and an updated set of organizational and individual competencies. These systems have to be urgently developed or upgraded to create dynamic, self-improving, and self-governing participatory systems. A wide range of actors, including governments, international organizations, business, labour, and civil society have to be better trained and motivated to be effective in the new circumstances. These institutions and actors have to become client and partnership-oriented and unbureaucratic.

## **The Need for Improving Workforce Development Systems**

There is a universal need for initiating and improving workforce development. Developing countries face severe poverty and widespread illiteracy while developed countries face increased technology-oriented business and skill shortages. Worldwide, millions of people live on \$1 dollar a day or less. Within the next ten years, the population of the world's youth will explode to over 1 billion. (International Labour Office, 2001). Consequently, in developing countries, the bulk of the population under 25 years faces a bleak future as few jobs or opportunities for productive livelihood will exist, except for self-employment, often marginal. In developing nations, the ability to achieve a sustainable and productive local economy and to build and maintain a competitive global marketplace niche is often severely constrained. Where developing nations have been greatly dependent on donor nations and intergovernmental organizations for financial resources, they are now expected to function with less external assistance.

However, all nations require people to be skilled initially and re-skilled in frequently changing technologies. In the economically developed world, the situation differs from the developing countries, but is no less critical. Herewith, populations are aging and economies are shifting from manufacturing-based production to knowledge-based.

Many countries have long recognized the need for productive skills development and deployment systems as integral parts of their efforts to achieve economic development and social stability. Therefore, historically, vocational and technical education efforts were initiated. However, many of these efforts failed because of inflexible bureaucracies, lack of strong linkages with business and industry to identify and meet demand, poor job placement systems, out of date instructional equipment and technology, narrow and irrelevant curricula, and lack of experiential learning.

In a 1996 study, the U.S. Agency for International Development-USAID (Aring & Corbitt, 1996) found several important worldwide trends in workforce development. These trends are:

As workers no longer retain jobs for life, they must acquire core as well as superior technical skills that allow them to adapt quickly to different settings.

Investments in a workforce require different approaches to integrate support across often separate agencies, such as Ministries of Labor, Education and Economic/Business Development.

To create a competitive global advantage, some countries have developed highly successful national training systems, including developing national industry-wide skill standards.

Nations are seeking to improve the effectiveness and efficiency of their education and training systems.

While, traditionally, education and training has been for the young, the need for lifelong learning puts further demands on public sector institutions.

Skill requirements for formal sector employment in the year 2020 and beyond will be different from those in the past.

### **Essential Ingredients for Systems Improvement**

Effective workforce development is now seen as an interdependent, comprehensive and participatory system of linked conditions, policies, and strategies aimed at assuring that regions and countries have significant roles in the global economy. The actions of many players, including the private sector, are required to expand livelihood opportunities and improve the level of workforce skills and competencies (Herschbach, 2000). Focusing on increasing work creation and complementary skills development can engage community members in "common pursuits."

The focus of the principal actors should be on developing sound workforce development systems that increase the productive capacities of the population through increasing skills that match market demand. This includes the conscious commitment to improvement, including the capacity to continuously evaluate and improve system performance to ensure a system's relevance to the nation's competitive strengths. Also needed is a workforce infrastructure responsible for continuing development and the management and dissemination of knowledge. Due to local circumstances, specifics will have to vary from nation to nation. But everywhere, public and private officials must learn the latest research and practices in workforce development, network with other leaders, and develop sophisticated analytic, leadership and facilitation skills needed to bring diverse stakeholder groups together in a sustained dialog on demand and supply of skills in their countries and communities.

These elements necessitate active improvement in workforce development policy and practices across a broad range of social and economic sectors. A critical focus should be on developing local capacity to support a workforce development system that provides for continuous evolution to meet changing needs and circumstances. Further, offering learning opportunities for entrepreneurship promotes both employment and job creation. Key partners in systems development and enhancement are colleges, universities, community colleges, vocational and training institutions, research organizations, and other institutional suppliers of education and training, including in-house providers.

Efforts are emerging to conduct national assessments to describe a nation's circumstances. For example, the U.S. Agency for International Development (USAID website, 2003) is developing a diagnostic participative assessment process to describe a nation's economic condition in terms of its ability to produce, support and sustain a flexible, agile, qualified and mobile workforce. This type of assessment instrument can be useful in planning for improvements in workforce development systems.

### **Examples of Exemplary Systems are Emerging.**

Criteria are emerging for identifying the elements of exemplary workforce development and employment systems. For example, in examining twenty “Best Practice” programs in workforce development programs globally, USAID (Aring & Corbitt, 1996) found that nine key dimensions shaped effectiveness. The dimensions are: (1) leadership and accountability, (2) demand-driven design, (3) open access, (4) portable skills, (5) continuous improvement, (6) public-private partnerships, (7) sustainable financing, (8) replicability, and (9) the economic and social impact of the project, program or system. Several of these dimensions, such as leadership and accountability, continuous improvement and public-private partnerships, require competencies greater than many professionals would normally possess.

A number of countries are developing exemplary workforce development systems. A combination of legislative acts and system development efforts are the building blocks in creating both a new South African workforce and opportunities for work creation. The Promotion of Equality and Prevention of Unfair Discrimination Act (2000) was created to make the Constitution of the Republic of South Africa (1996) more effective in eradicating social and economic inequalities in gaining access to jobs. South Africa’s concentration on the urgent need for job creation has resulted in breakthrough approaches for workforce development. In South Africa, there is need to offer schooling and training to many adults who were denied general education under the apartheid system. Many of its workers are now gaining recognition for their work experience under the National Qualifications Framework (NQF) that establishes the common knowledge and skills-qualifications demanded for the modern workplace. This framework is a “set of principles and guidelines” by which individuals identify their learning achievements in order to gain national recognition. This ensures an integrated system encouraging appropriate lifelong learning. The Adult and Basic Education and Training Act (ABET) helps workers who have experience but little formal education gain recognition for their skills. Once workers have learned to read, they can obtain a formally recognized qualification under the NQF and be enabled to move up the career ladder.

Further, the Skills Development Act encourages partnerships between the public and private sectors of the economy to provide workplace education and training. To finance these endeavors, South Africa passed workforce legislation calling for a training tax on businesses within each industry sector to be paid into a workforce development grant fund. These grant funds are specific to the sector and managed by stakeholder-led Sector Education and Training Authorities (SETA). The SETAs establish their own competitiveness strategies and thus shape the training grant-making process. For companies, the benefits are an outcome-oriented, qualified workforce and the effective use of workforce development programs.

### Public Workforce Development And Deployment Systems Face A Multiplicity Of Challenges

Vladimir Gasskov (2000) points out that we can learn much from the field of public management about how to improve workforce development and deployment organizations. Recently, studies are determining what constitutes effective public management. Public service systems, including workforce development and labour market systems, face great challenges. They operate under the difficult conditions of ever-growing demand and diminishing resources. Another important challenge is the demand for equitable access to services. Public management aims at maximizing the social good, which is difficult to measure—resulting in performance criteria that are sometimes vague, subjective and political. Establishing priorities for responding to needs in a multiple stakeholders' environment is extremely difficult. Further, greater productivity and efficiency in services is elusive because of the need to maintain high levels of government employment in societies with high unemployment.

Most approaches to improving public management require a considerable degree of freedom – most importantly, the freedom of organizations to change and the freedom of managers to implement decisions. However, most public service systems and organizations, particularly in developing countries, do not possess the essential flexibility required for setting targets, budgeting, staffing and allocating resources.

The organizational structure of government as a bureaucracy with highly centralized systems of budgeting and administration in which most decisions are made at the top often leaves little freedom to managers. Further, under these circumstances, long-range strategic management is lessened. As a consequence, public workforce development and deployment systems face a multiplicity of challenges.

All of these inhibiting forces increasingly require that public administrators use professional management techniques and continuously develop and upgrade their organizational and managerial competencies. Fortunately, a new concept of public management is arising to address these challenges. Its aim is to improve effectiveness and accountability for performance and outputs. Some industrialized countries recently have undergone essential management reforms in workforce development-vocational education and training systems. These reforms include the introduction of strategic planning, performance measurement, delegation of management responsibilities, and the creation of market mechanisms and administrative and advisory bodies, including partners, from the private sectors and non-governmental organizations (NGOs). These nations are also building information systems for labor market analysis, providing advice and oversight of private education and training providers, advancing new technologies, and conceiving alternative financing schemes.

### **Social Science Interventions**

Many experts are identifying other ways to improve organizations, including the public sector. The Certified Institute of Personnel Development (UK) together with the International Federation of Training and Development Organisations have sought to fill the gap in providing advice on performance improvement to training practitioners and organizations in the fast-moving field of workplace learning. This research has evolved into the concept of *High Performance Working (HPW)*. HPW has come to be associated with achieving high levels of performance, profitability and customer satisfaction through enhancing skills and engaging the enthusiasm of employees.

Performance is a very complex phenomenon. An exploration of the academic literature by the University of Leicester, United Kingdom, UK (Stevens, 2003) has resulted in a description of high performance work systems that concentrate on organizational, cultural and "soft HRM" in the context of, and aiming at, a "fit" between these elements in order to produce high performance. In these systems, management creates an open culture and opportunity for employees to work flexibly towards organizational objectives in the workplace.

In studying the relationship between performance and job satisfaction, the leading edge works of several researchers (Bamforth, 1951; Emery, 1976; Lawler III, 1992; Smith, 1993; and Trist, 1951 & 1986) have contributed to our knowledge. These experts find that high performance organizations (HPOs) outperform traditional organizations because they have the following attributes:

***Share information about the business with all employees.***

***Support innovation and risk taking.***

***Emphasize learning.***

***Foster employee involvement in decision-making & problem solving.***

***Design jobs to require many skills.***

***Organize around cross-functional process teams.***

***Have facilitators and coaches instead of managers.***

***Provide regular feedback to employees on performance.***

***Have only a few levels of management.***

***Place everyone close to the customer/client.***

***Promote flexibility and teamwork.***

***Pay for performance.***

### ***Design information systems to support teams and Achieve a socio-technical balance.***

The performance improvement movement in the United States uses the concept of *Human Performance Technology (HPT)*. HPT is defined as a set of methods and processes for solving problems or realizing opportunities related to the performance of people. It is an engineering approach to attaining desired accomplishments from human performers. HPT technologists are those who adopt a systems view of performance gaps. Processes are undertaken to systematically analyze both gaps and system deficiencies, and design cost-effective and efficient interventions that are based on analysis, data, scientific knowledge and documented precedents, in order to close the gap in the most desirable manner.

### **Organization Development as a Supportive Discipline for System Improvement**

Since the 1940s, organization development (OD) has emerged as a social science discipline to promote the better understanding of the human dimensions of organizations and societies. It can be defined as:

*“A long-range effort to improve an organization’s problem solving and renewal processes through effective and collaborative management of organizational culture. A culture which institutionalizes the use of various social technologies to regulate management and social processes, especially those related to organizational decision-making, communication, planning, motivation, conflict resolution, and change management”*(Egan, 2002).

Considering the complexity of modern organizations, it is a wonder that any major change effort can be successfully led at all. Given the challenges to developing effective workforce development and labor market systems, thinking about planned change becomes very necessary. Organizations require competencies that go beyond the traditional administrative functions of organizing, planning, developing policies, budgeting, allocating resources and measuring performance. In bureaucracies, employees can be ordered to change under threat of losing status and jobs. However, they can still sabotage efforts covertly, such as delaying actions or insisting on adherence to archaic rules. The new competencies call for increasing the effectiveness of an organization’s social systems that covers its culture change, power redistribution, and group and individual motivation.

The OD field has a body of knowledge and skills that can enhance managerial competence for organization improvement. It allows organizational leaders and managers to understand organizational dynamics in order to conduct effective diagnosis of strengths and weaknesses and help link organizational and behavioral changes to business requirements. It helps them plan for and implement appropriate interventions in terms of time sequencing and scope. OD provides knowledge and skills to make structural changes to align behavior, systems, staffing and management processes with its newly created vision and mission. Further, organizational managers can learn how to bring about necessary integration at the individual, team/group, inter-organization levels with the organization’s external environment and stakeholders.

The critical competencies that emerge in the management of complex change include:

**Leadership—Ability to develop vision and strategy, champion the cause, communicate, mobilize people and create a broad base of support for mission and plans—much as an orchestra conductor would do in steering an orchestra to perfection.**

**Power Management- Address the interests of multiple constituencies—identify those needed for supporting the change and involve them.**

**Work through resistance.**

**Attain employee commitment.**

**Evaluate continuously the process and its results and make necessary changes. and**

## **Integrate new changes into the organization's culture.**

Working through resistance means expecting resistance as a normal part of the change process and making plans for allowing resistance to be openly expressed and carefully managed so that it doesn't become dysfunctional. Education plays a strong role in overcoming resistance. However, managing change is a long-term effort requiring the active participation of host country governments, private organizations, NGOs, trade unions, educational institutions, other international organizations, and others in assessing, designing, implementing and evaluating workforce development programs. The goal is to create stakeholder associations and networks maturing to the point where they are self-sustaining and capable of effective planning and decision-making and undertaking effective action directed at workforce development for competitiveness.

The field of organization development also provides other strategies and skills to undertake organizational transformation of an organization's social system. These strategies and skills include: visioning and collaborative strategic planning; problem solving and decision making; search conferences; culture change management; value clarification; communication and management assessments; team building; leadership development; and creating learning organizations and creativity. Other useful skills are communications and interpersonal and group relations. The American Society for Training and Development has published a four-part study of change management principles in its T&D magazine beginning in November 2002 (McLagan, 2002 & 2003).

An example where social science and OD principles have been used is in increasing the growth rate of Singapore. Central to its burst of economic growth was the intentional change effort to quickly develop its human resource potential. Under its national crisis resulting from its expulsion from the Malaysian Federation and from facing high unemployment and other challenges, it created a coherent data-based vision and strategy. The country involved key stakeholders, including international organizations, businesses and unions. It established mechanisms for coordination, studied other government's management and educational systems to learn "best practices." It also undertook continuous learning and improvement, ensuring that the country's people benefited through an increased standard of living.

An example of how OD can help in the vocational education arena is in its use in changing some of the negative perceptions that parents, students and employers hold about vocational education and training. What is needed is a continuous change process that includes the involvement, education and commitment of many parties. OD strategies can help career and technical educators become more motivated to provide programs of high quality that lead to skill development and successful job placements for students who have mastered relevant occupational skills and are committed to lifelong learning. Continuous attention to and involvement of key parties can serve to trigger ongoing curriculum analysis and renewal, needs-driven staff development activities and rewards for achievement. Involving and bringing parents up to date on labor market information, benefits, and working with the community to recognize exemplary programs and outstanding student achievements can be very beneficial. Of course, many good ideas will surface.

## **A Need for Workforce Development in Nations in Crisis**

Unfortunately, a serious concern remains about nations in crisis. During the past decades, a growing number of countries have witnessed a collapse of their social services systems, in particular, the education and workforce development system, through conflicts, disasters and complex financial emergencies. However, in many crisis and post-crisis situations, attention necessarily is focused on immediate humanitarian relief, such as food distribution, health and shelter. Workforce development and employment concerns typically are largely ignored until much later in the assistance cycle. Sometimes they are forgotten altogether. Where interventions have been made, they have often been on an ad hoc

basis and in discrete small projects targeted to specific groups and regions only (i.e. refugee camps and scholarships to individuals). This type of project approach has been preferred as it is relatively easy to manage, monitor and control. The limited mandate and resources of UN agencies and NGOs have further contributed to the prevailing approach, which in many cases are done in an uncoordinated way. As a result, valuable time is lost for conducting planning activities and constructively helping affected populations. More than addressing the immediacy of the situation and maintaining the status quo is desirable. However, this remains a continuing challenge.

According to the International Labour Office (2001), it is now generally accepted that post-conflict reconstruction, reintegration and peace building processes require a comprehensive strategy consisting of a range of political, economic and social measures to help affected populations develop skills and options to coping with difficult situations and build a better future and to plant the seeds for sustainable development. Critical among the socio-economic interventions are job promotion and skills training, including for preventing the re-recruitment of child soldiers and for encouraging their rehabilitation.

While the need for short-term rapid interventions is unavoidable in emergency crisis and conflict situations, it is nevertheless important to promote long-term strategic planning and analysis from a sectoral and rights perspective. Such an approach facilitates the whole reconstruction process of a society. However, it is important to note that in some emergency situations, particularly in countries in protracted crisis, the absence of legitimate governments constitutes an obstacle. In those situations, it is also imperative that solutions are identified that try to plant seeds for the long-term.

Thus, while there is a need to consider what is appropriate for crisis-affected countries, new approaches are also required for these nations. Further, educational planners and development specialists in post-crisis countries must learn more about how to conduct rapid planning activities and design effective workforce development and employment systems (WDES) interventions in order to build a foundation for more sophisticated WDES in the future. Greater involvement of the business communities in the region and of local and NGOs is also essential for addressing these concerns.

### **Improvement Approaches for the Workforce Development Community**

There are many actions that the international workforce development professional community can take to advance VET and labor market systems. Some of these are:

- ∞ **Increase the network of workforce development and work generation resources through increased collaboration.** Many opportunities exist for exchanging information and methodologies with the networks of the International Vocational Education and Training Association (<http://www.iveta.org>), International Federation of Training and Development Organisations (<http://www.iftdo.org>), the International Organization Development Association (<http://www.ioda.cl>), the U.S. National Training Laboratory (<http://www.ntl.org>) and the Organization Development Institute (<http://www.odinst.org>)
- ∞ **Identify and elucidate key elements of policy frameworks that shape workforce development and employment generation efforts.** This would include legal frameworks, standards, certifications and measures of performance.
- ∞ **Promote research and case studies.** Monitor and evaluate the results of the workforce development activities conducted. Based on these analyses and evaluations, identify lessons learned about program planning, design, implementation and evaluation and other generalizable patterns and trends that have direct implications for improved workforce development projects. Using the applied research framework, consider conducting research studies: 1) comparable from country to country in order to maximize lessons learned; 2) applicable to educational policy in the countries in which research is



conducted; and 3) capable of being conducted with host country participation. Disseminate the lessons learned and other generalizable information through such products as electronic networks, publications, training workshops and national conferences in other disciplines. Identify future evaluation and research needs.

- ∞ **Form and strengthen associations and networks of key stakeholders that will assume critical roles in implementing competitiveness strategies based on workforce skills.** Develop skills for strategic planning among stakeholders. Promote participatory processes for planning, implementation and evaluation.
- ∞ **Provide models and practical information for training and for advising government and community WDES specialists.** Train those charged with leading their country's efforts to develop capacities for participating in the global economy. These leaders now face complex problems and can benefit from learning the latest research and practices in workforce development. Encourage these leaders to network with other leaders and develop sophisticated analytic, leadership and facilitation skills necessary to bring diverse stakeholder groups together in a sustained dialog about demand and supply of skills in their countries.
- ∞ **Support international, national, and local NGOs to build capacity for intervening in the vocational education and training sectors.** Encourage and enable many more donor and project-implementing organizations to include employment creation, workforce development and the craft of building work systems in their projects to further economic and social development in crisis-ridden countries.
- ∞ **Identify new approaches for crisis-affected countries.** Help educational and development planners and specialists in post-crisis countries learn how to conduct rapid planning activities and design effective WDES interventions in order to build a foundation for more sophisticated WDES in the future.
- ∞ **Identify the major issues and challenges presented in working in crisis and post-crisis countries;** Identify and describe in "Best Practices" case studies the policies, program models, tools and methodologies that are being used in the nations during recent crises; Make recommendations for future programs, tool development and evaluation activities; and,
- ∞ **Contribute ideas for better donor and country coordination and interventions.**

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