

VOCATIONAL TRAINING AND THE ENTERPRISE

Training as an investment and its returns

Both in terms of general economy and domestic economy it is a basic rule that, in order to obtain a future benefit it is necessary to invest and, usually, that investment initially implies some sort of expense. However, the idea of “expense” is often affected by judgements. Therefore, expenses are classified as necessary – those we cannot avoid– and as extra –those we could live without.

It is according to this distinction that the expenses for food, health, or housing are always regarded as being essential. But this is inevitably relative. What is to be considered necessary or extra depends –among other things– on cultural factors and on to what extent an individual, a family, or a community have their basic needs satisfied.

Education and vocational training as essential needs

Considerations about the nature of our expenses are then determined by the cultural, economic, and social conditions under which we live. Nowadays, vocational training, together with education is considered to be something absolutely necessary, essential, and therefore it has been widely recognised as a basic and universal right.

This is not only related to its possible function as an enabler of access to knowledge in an abstract way or as a way of elevating our conscience and spirit. Today, more than ever, the access to training and education constitute a crucial element to guarantee the access to the most elementary things: a job, a source of income, health, food, housing.

That is why training is regarded as an investment beyond the expenses it may imply. It is an investment that, as it was stated by the definition contained in Recommendation 150, allows us to have access to an *active, productive, and satisfactory life*.

What has been said until this moment is clear from the point of view of workers and their families. And that is why every worker will seek, to the extent of his possibilities, to increase his training, as well as to invest in his children’s education and training.

Reasons preventing enterprises from investing in training

However, from the point of view of productive organisations, the need to invest in vocational training has not always been assumed just as naturally. Many entrepreneurs tend to regard their workers' training more as an expense than as an investment that may bring them tangible and significant benefits.

Among other commonly heard arguments that justify a scarce or non-existent concern about staff training in enterprises, we could mention the following:

- It is cheaper to go find already qualified workers (by other enterprises or entities) than dealing with their training in the enterprise itself.
- Workers training causes waste of effective working time which the enterprise cannot possibly afford.
- When an enterprise has the initiative to train its workers, once they are qualified, they leave the enterprise to look for better opportunities or are directly sought by other enterprises.
- There is no better training than that provided by work.

Such arguments evidence a reality that could be outlined as follows:

- There is a sector within enterprises with extremely conservative beliefs in terms of investing in training the workers they hire.
- More than describing an "external" reality to which enterprises should be adapting, these arguments show some of the most common attitudes and practices among enterprises.

Let us see why those arguments should be discussed.

- ***It is cheaper to look for already qualified workers (by other enterprises or entities) than dealing with their training in the enterprise itself.***

This argument reveals a big dose of opportunism and it can only provide short-term results. Those acting according to this criterion expect that others will take care of the costs of training (other enterprises, the State, the workers themselves) and they only want to enjoy the benefits of an investment they did not make. If this was merely a marginal behaviour (only a few entrepreneurs) it could work for a while, but, what if this becomes the rule? If no one invests in training, in the medium-term that free "fountain" of qualified workers will eventually dry. Of course, one can always expect that the Government will take care of such investment, but, what if the State fails to do so completely or properly? In fact, what should be done is to substitute an individualistic and eventually harmful behaviour by another one with a strategic, global, and long-term look on the issue.

- ***Workers training causes waste of effective working time which the enterprise cannot possibly afford.***

This is the only argument that could be considered valid, at least for one portion of the enterprises. Indeed, specially in what refers to micro and small enterprises, often the financial limitations make it impossible for them to embark in such investments (not only training) that would help them overcome the critical situations the usually fall into. However, and despite what has been said, this should not serve to justify enterprises' passivity over this issue. Rather, it could become the basis to claim the State and the business organisations the design of specific policies and strategies to facilitate the access to vocational training services to these types of enterprises. On the other hand, this argument is also wrongly used to justify behaviours as the ones described in the above paragraph.

- ***When an enterprise has the initiative to train its workers, once they are qualified, they leave the enterprise to look for better opportunities or are directly sought by other enterprises.***

This argument, which is generally used as something negative, is not negative, in fact. Workers –or any other person– usually have aspirations and they pursue self-improvement. Therefore, it would be logic that if someone is not happy with his job, whether because he is not motivated by it, or it does not seem appropriate, or he wishes to access a higher level of income, he will be looking for new opportunities. In addition, the fact that staff rotation is high due to this kind of factor, may be the natural consequence of the behaviour shown by the first argument dealt with here.

However, it is important to ask oneself not only why workers are attracted by other work proposals, but also which situations drive them away from enterprises. And though the amount of wage received is a key element, it is not the only consideration made by workers. They also assess how much their present job helps them to increase their qualification and to what extend their qualifications are borne in mind at the time they are being assigned the tasks, responsibilities, and other benefits. Thus, a comprehensive policy of training and work management promoted by enterprises, offering their workers qualification opportunities which are recognised and properly remunerated may also be a good strategy to retain enterprises' best qualified staff.

- ***There is no better training than that provided by work experience.***

Indeed, work can be a qualifying activity. Nevertheless, it is not safe to make absolute judgements about which type of training is the best: whether the one taking place at the workplace or at a training centre or long-distance training through the computer. It all depends on the subject of training, the

didactic resources it requires, and the possibility and availability of the trainee. Furthermore, not every job is qualifying and even some are the opposite, since they tend to disqualify trainees, whether because they cause information to be out of date, or they use backward technologies compared to those used in enterprises belonging to the same sector, or working conditions are so bad that they lead to the devaluation of the workers and their knowledge.

In any case, training offered by enterprises through their own work processes does not occur spontaneously, on the contrary, it should be designed, programmed, and conducted in a systematic and strict way: improvising hardly ever brings about good results. Moreover, it is unthinkable that an enterprise alone may be absolutely self-sufficient to train its workers without resorting to any external resource: if that were the case, though the training provided may actually be valid to some extent, it will eventually be limited (and limiting).

The role of training in the new approaches to work organisation and management

Vocational training developed in most parts of Latin America through a process of permanent adaptation to the present models of organization and management production and work. From its origins to the 1970s, vocational training institutions developed an offer of courses and programmes geared to qualifying workers that would insert in productive processes characterized by:

- A centralised control of production processes at higher levels, and with scarce assignment of responsibilities to those directly involved in operational tasks. The division of the productive process which classified functions in management and planning on one side and execution, on the other. They were called “low confidence systems”.
- Manual or execution work was divided into the simplest possible operations, resulting in the worker only taking care of a few routine and repetitive tasks.
- Likewise, there was a precise definition of positions, posts, or functions, in terms of knowledge, abilities, and skills they required, as well as of the degree of responsibility they implied and the corresponding payment.

As from the 1970s, countries in Latin American and the Caribbean started to suffer changes which affected their labour and productive realities, thus posing new challenges for vocational training:

- The rhythm of technological innovation, and, specially of technological transference of productive processes, increase.
- There appear new approaches to work management, where the old division between manual and intellectual work is blurred, where workers begin to be

required to assume greater responsibility and to display a wider range of abilities.

- Job posts become less precise and there is an increase in posts rotation within enterprises, as well as worker rotation among enterprises.
- The labour market turns more unstable and wage and formal employment is no longer the predominant form of labour relationship: informality, self-employment, freelance work and unemployment increase.

The new approaches coming from the field of vocational training have largely tried to account for these changes. However, we are still far from reaching an agreement about which would be the most appropriate ways to achieving it.

- Firstly, because although all the above mentioned changes have taken place, it does not mean that the new models for work and production organisation are completely applied in all enterprises and sectors. In fact, we can frequently find in any of our countries situations where a modern and flexible production with high amounts of technology and new schemes of work management coexist with an “old style” industrial production with a strong work division, as well as home industry and services.
- Secondly, because although there is a quite complete knowledge about the type of abilities, skills, and aptitudes (or “competencies”, using a more modern word) that would be necessary to cater for these new ways of organising work, we are far from achieving an agreement on which are the best mechanisms to develop them.
- Thirdly, because today’s labour market reality not only demands certain competencies for determined job, but also to deal successfully with a variety of labour situations which are no longer circumscribed to the enterprises’ scope.

As a consequence, and in a very simplified way, we can find the following approaches within the field of vocational training:

Traditional approaches

Training in centres for job posts performance

Training that takes place exclusively in training centres is frequently questioned by the following arguments:

- It is often isolated from what effectively happens in enterprises and the labour market in general.
- In many cases it has problems with technological updating.
- Students or apprentices do not have the chance to apply directly what they have learned to real work conditions, before they finish their training period.

However, as we will see further on, training that exclusively takes place in centres may be of good quality and make up for the above problems quite extensively.

The main problem lies in the approach of the training provided. If training is oriented to exclusively prepare people to hold specific job posts, these people will have a hard time trying to insert in enterprises requiring a wider range of knowledge and, possibly, that workers carry out varied functions. In that sense, they will have trouble moving in the labour market, where the job post progressively stops being the basic organisational unit of these productive processes.

Training at work, at traditional enterprises, and to job posts

Training that exclusively takes place at the enterprise is also under questioning, specially when it takes place at traditional enterprises which have not yet incorporated modern technology and management approaches. Among the lacks of this approach it is possible to mention:

- Exclusively practical information does not provide the necessary theoretical background that should be incorporated in order to face possible technological changes or tasks.
- At the most, it is good training for working at the enterprise which provided the training, however not necessarily at other enterprises, even if they belong to the same sector or activity.
- Since these are traditional enterprises, workers who receive training there will neither have access to modern technologies nor have the possibility to fully develop their capacities.

In addition, traditional enterprises usually have ways of organising that are based on the division of production processes and strictly defined job posts. Therefore, despite the limits and opportunities that such enterprise has or offers, the knowledge it teaches is hardly ever adaptable to the changes that the enterprise itself may undergo, or –in the event that the worker finds another job– to the conditions other enterprises may set.

Alternate or dual training, between traditional centres and enterprises, to obtain job posts

Regarding the problems caused by training which is exclusively provided at training centres or at enterprises, the advantages of alternate or dual training are frequently set out. This training modality basically consists of sharing training time between both spaces. Thus, the training centre is usually in charge of theoretical training, while training practice takes place directly at the enterprise.

However, and despite the advantages it may have, if alternate training is based on traditional enterprises or on centres which are out of date from the point of view of technology and if, additionally, training is focused on holding job posts, it will have the problems outlined for the two previous approaches anyway.

Modern approaches

Training at innovative centres with a strong technological load and oriented to the development of labour competencies

As it was said before, when training takes place exclusively at centres it might be of quality. This requires, nevertheless, that such centres or institutions take into account the following:

- Establish effective communication mechanisms with the productive world, with enterprises, and with the centres that spread new technologies.
- Recreate within the centre itself the most similar conditions to the ones the students will be faced with when they are actually at work.
- Be always concerned about having updated technology, whether at the centre's own premises, or through agreements with other institutions.
- Encourage both the participation of entrepreneurs and workers' organisations throughout the centre's life and management, as a way of improving the relationship and communication with these actors.

If the centre sees to that, it will probably adopt a modern approach geared to training workers in a wide range of competencies that will enable them to handle a variety of posts and work situations.

Training at modern enterprises oriented to the development of labour competencies

It is obvious that being trained at a modern enterprise –from the point of view of its technology and its management models– is better than doing so at a traditional one. Among other positive aspects, these enterprises offer the alternative of an advanced technological framework and modern approaches of work management.

However, the sole fact of having these advantages does not completely guarantee the availability of an appropriate training environment. Not all enterprises –no matter how advanced and modern they are– have the possibility and the will to use their own productive space as a training environment, make use of all the necessary resources and staff in charge of training, in order to do a sustained investment in their workers' qualification.

Only a few enterprises, though very important ones, have the possibility to train its staff completely on their own. The rest, the wide majority, have limited resources and funding, and they can only partially divert its staff's attention to training functions. Moreover, they are not in the position to devise their own autonomous staff training policies along the lines of the organisation's strategic plans.

Finally, although the quality and relevance of training may be guaranteed, equal opportunities for the different groups that form the enterprise to access training cannot be assured.

Alternate or dual training and the cooperation between innovative centres and modern enterprises (also innovative) oriented to the development of labour competencies

The most common thing in our societies is that the ideal combination of resources to accomplish a certain objective requires a simultaneous combination of actors and institutional environments. This is specially so for the field of vocational training, where we can find enterprises which may constitute potential environments for qualification but they do not have the experience or the necessary resources to develop the pedagogical effort that training requires.

On the other hand, the experience in training activities that specialised institutions may have, is not always accompanied with the necessary state-of-the-art equipment. Moreover, it is often the case that while some spaces are appropriate for the transmission of certain values other ones are not.

Alternate or "dual" training, i.e. the alternative crossing of students-workers through the environment of a studies centre to that of workplaces, regarded as training environments in their own capacity, is a widely adopted strategy among many countries. The idea here is to provide training with an appropriate balance between theory and practice, where the training centre has to offer the former and the enterprise the latter.

But there are multiple alternatives apart from dual training. Among them, we could mention the following:

- Training at the enterprise provided by instructors who are specially hired to develop their work based on a training plan agreed on between the enterprise and the vocational training institution.
- The training of active workers from an enterprise or a group of enterprises at training institutions with courses or programmes which are standardised or tailor-made for the enterprises' needs.
- The training of trainers by training institutions, for workers who will carry out tasks as monitors or instructors in their own enterprise.

Different enterprises, different views on training

Although we usually talk about “enterprises” and “entrepreneurs”, we all know that the entrepreneurial universe is actually extremely diverse. That is why we can find, for example, differences according to the following aspects:

- Their size: enterprises may have many or few workers, as well as high or low turnover.
- If they belong to the structured or formal sector of economy, or to the unstructured or informal one.
- If they are agricultural, agro-industrial, industrial, commercial, service enterprises.
- The technological level they have incorporated.

It is due to these differences, that the entrepreneurial world does not have a uniform vision about many subjects, and vocational training is no exception. Furthermore, and beyond visions, not all enterprises have the same opportunities to access vocational training. Let us consider that more in depth:

The size of enterprises and vocational training

It is a general trend among most countries in the region that large-sized enterprises, the so-called “large enterprises”, have greater chances of accessing vocational training than smaller enterprises. The small and micro enterprises sector, in particular, often has very low levels of access to that type of services.

Maybe this could be associated with different visions, which allot higher or lower importance to training. However, this does not work automatically: we can find large enterprises which pay little or no attention at all to the training of its staff and small enterprises which consider training as one of their main priorities.

It seems that there are certain factors that objectively explain this different behaviour, and, therefore, the visions behind them:

- Among large enterprises and even among many medium ones, there are greater possibilities of finding productive and service organisations which, according to their size and their presence in the market, are forced to develop a long-term strategic vision. When enterprises plan their future, they often make investments, among which there is the training of its workers.
- Large enterprises have in general higher availability of liquid funds that could be applied to training. Conversely, small and micro enterprises usually have meagre financial margins, thus eliminating the possibility of an investment in training.

- Although it is not always the case, it is more often to find modern approaches to work management, with all its emphasis placed on workers' qualification, among larger enterprises than among small and micro enterprises.
- Finally, and from a political perspective, large enterprises have a better capacity to organise and represent their interests, which gives them greater power to carry out public pressure in order to obtain varied benefits, such as the access to training mechanisms and opportunities (public programmes, tax incentives, subsidies, etc.).

Enterprises and vocational training in the formal and informal sector

The insertion of enterprises in the formal or structured sector of economy, or in the informal or unstructured sector, is not independent from the issue we have just dealt with: the size of enterprises. Although we may find all sizes of enterprises in both sectors, the informal sector usually gathers much more small and micro enterprises than the formal sector. This factor explains why there are fewer chances to access training and to make big investments in training for the informal sector. But there are other factors to consider:

- The informal sector also has a lower level of technological development and more traditional styles of business management compared to the formal sector.
- It is more difficult for enterprises of the informal sector to organise themselves and exercise some pressure upon the State and other actors.
- Their main characteristic –being constituted outside the legal provisions in force– may save them from paying taxes but could drive them away from the institutionalised mechanisms to access not only training, but also credit, technical assistance, and different subsidies and public policies.
- Although the State, international bodies, and non-governmental organisations sometimes devise programmes and projects oriented to offer them support, they also face the systematic opposition from the formal entrepreneurial and legally constituted sector, which regard and denounce them for being a form of unfair competition.
- However, and despite the above, many informal enterprises actually constitute branches of formal ones, and provide them with services, non-registered staff and production. In addition, some formal enterprises avoid their obligation to train, thus leaving workers' training in the hands of enterprises with little financial margin and scarce opportunities to access training mechanisms.
- Finally, what causes qualification deficits to be higher in the informal sector is that formal enterprises, particularly those which have modernised, tend to expel their less qualified workers, whom once faced with unemployment,

look for alternative income sources and many times do so in the informal sector.

Productive sectors and vocational training

It is difficult, and probably useless, to try to establish what approaches generally characterise different productive sectors.

Firstly, the classification of enterprises according to their size, and according to whether they belong to the formal or the informal sector, crosses all sectors and production branches. The agricultural sector, as well as the industrial one or the service sector all gather large, medium, small, and micro enterprises and they also have a formal and an informal sector.

Secondly, these sectors appear to have different levels of technological updating: there are modern, technologically outdated, or traditional enterprises.

Finally, the strict division in primary, secondary, and tertiary sectors is becoming more and more blur. For instance, the agricultural production tends to be in many cases agro-industrial, while services may also be not only linked to sectors such as commerce or banking but also as industry and agriculture.

It is worth mentioning though, one of the most outstanding and modern ways of conceiving vocational training strategies: the development of training strategies for sectors of productive chains. We will now consider two examples:

- *Tourism sector*: it involves transport enterprises (air, sea, and land transport), agents, and tourism enterprises in the country or abroad, hotels, public and private services of tourism information and orientation, security services, entertainment services and enterprises, among others.
- *Wood, cellulose, and paper sector*: it involves forest establishments, transport (in route, by train and by sea), ports, storage zones, paper enterprises, carpenter's workshops, specialised shops, etc.

When strategies are developed to assist productive chains or sectors like the ones above mentioned, a series of advantages appear:

- If each productive chain is conceived as a process with stages controlled by different enterprises, then these enterprises are very much interdependent: forest production requires a good transport system to move its production, and they both need buyers that will mostly be enterprises that manufacture furniture or paper enterprises. A good diagnosis of one of these chains could detect the training needs they have in order for the whole process to work properly. For example, if chain saw operators lack training, it could affect the whole chain process from the very beginning, or if there is a defective transport system, it could cause delays or increase the price of the final product.

- The above helps to achieve a more efficient use of the available training resources by giving priority to those stages which are more critical and avoiding fragmentation and lack of coordination between the different initiatives.
- Finally, not only what refers to training aspects improves with this type of approach: it is also easier to detect other type of problems that may affect the efficiency and quality of the sector.

Technological level of enterprises and views on vocational training

It could be affirmed that, although there may be some exceptions, the greatest technological development of enterprises is in general associated with a greater concern about vocational training. Therefore, among the enterprises that pursue technological development and innovation, we can find the following typical situations:

- In some cases there is coinciding development: the enterprise simultaneously pursues technological innovation and staff training as part of its general strategy with productive, commercial, and quality assurance objectives, among others.
- Some enterprises, however, yield to a “magical” vision of technology, thinking that such unilateral innovation will almost automatically produce a number of results: lower costs, greater productivity, better quality, fewer staff members, etc.

In the first case, we find a natural and potentially more harmonious or coherent development of the two dimensions. Enterprises update their workers’ knowledge prior to or at the same time they incorporate new technologies.

In the second case, enterprises are usually faced with diverse obstacles and conflicts: sub-use of new equipment, materials, or programmes; failures and damages due to the inappropriate use of technology which is not properly known and mastered, work accidents, labour conflicts as a result of global or selective job losses due to lack of qualification, among other aspects.

To sum up:

- Although some traditional visions among enterprises regard training as an expense, more modern visions on entrepreneurial management consider that training is a strategic investment itself and regarding other investments (for instance, investments in technology), whose success depend on it.
- Workers, who regard training as accumulated capital that enables them to build more dignifying and stable labour and professional alternatives, also accept the vision of training as an investment.

- Apart from being an investment (from the individual, organisational, and collective perspective), training is an essential need and a fundamental right of all workers.
- The arguments against training may be questioned by workers and the trade union by means of solid arguments from the conceptual, economic, and political point of view.
- Although training has been an important element in all forms of organisation and management of production and work, the new approaches on this field give training a greater leading role, as long as the knowledge factor acquires strategic importance.
- Along with traditional and modern approaches on labour and productive management, there also exist traditional and modern approaches on training.
- A priori, there is no unique or most appropriate way to provide training. The best training is the one that best adapts to the qualification objectives that have been set, to the available resources and means, and to the possibilities of those who participate in these training actions.
- The entrepreneurial universe is heterogeneous, thus creating different perspectives about the importance of investing in training. In general, despite some exceptions, large, technologically advanced and formal enterprises often invest more in training.
- The relevance and efficiency of training policies and strategies is enhanced by conceiving the economy not so much in terms of sectors (primary, secondary, and tertiary) but in terms of productive and service chains.

