

InFocus Programme on Skills, Knowledge and Employability

*Training policies and programmes
Learning and training for high performance
in Asia and the Pacific*

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Preface

This working paper contains the report and main findings of an *ILO Asia and the Pacific Regional Meeting on Training for High Performance in Enterprises*. The working paper was prepared by Trevor Riordan and the report was written by Torkel Alfthan. Jane Auvre prepared the text.

The meeting reviewed, analysed and disseminated national and international experiences of promoting learning and training for the workplace, which, in combination with other organizational and work practices, have lead to increased enterprise performance and contributed to national economic and social development. The Meeting was organized around three thematic discussions: i) high performance practices that maximize learning and training outcomes in enterprises; ii) the special problems of learning and training in small and medium enterprises; and iii) public policies that promote greater investment in training in enterprises. The meeting also considered the policies and programmes that address some of the equity concerns arising from increased reliance on workplace-based learning and training.

A key outcome of the meeting was the formulation of a common understanding on the issues, policies and practices of greatest importance in the Asia and Pacific region. The common understanding reflects the diversity between countries in terms of levels of economic and social development, size of population and cultural characteristics.

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ILO Tripartite Asia and Pacific Meeting on Training for High Performance in Enterprises (Bangkok, Thailand 12-14 December, 2000)

Report of the Meeting

Introduction

This meeting, held at the Hilton Hotel in Bangkok on 12-14 December 2000, was organized jointly by the ILO Regional Office for Asia and the Pacific and the ILO's InFocus Programme on Skills, Knowledge and Employability. The meeting was hosted by the Ministry of Labour and Social Welfare, Thailand. Altogether 24 delegates representing governments, and employers' and workers' organizations in Asia and the Pacific participated in the meeting. Also present were representatives from the Asian Development Bank (ADB), ASEAN, GTZ and UNESCO. In addition, three resource persons and nine ILO staff members attended the meeting.

Inaugural session

The meeting was opened by Mrs. Mitsuko Horiuchi, ILO Regional Director, Asia and the Pacific. She noted that some countries and companies are winners, others losers in the global economic environment. She welcomed this opportunity to examine enterprises' increasingly pivotal role in human resources development and training, and their significant contribution in helping countries seize the opportunities offered by globalization and integrated world markets. The meeting offered an opportunity to examine successful examples of enterprises' investment in their human resource. The emerging knowledge economy depended on the supply of highly skilled workers who could produce high value added products and services for the world market. The pressure to reform education and training systems came from customers demand for high quality products and services produced in supply chains of small and large enterprises.

In his welcome address to the meeting, Mr. Elawat Chandraprasert, Permanent Secretary, Ministry of Labour and Social Welfare, Thailand, warmly welcomed the initiative by the ILO to exchange knowledge and ideas on learning and training for high performance in enterprises. The ILO meeting was highly opportune: while coping with the aftermath of the recent financial crisis, many Asian countries now also face the formidable task of restructuring their education and training system in order to harness new technology in their emerging knowledge economies. Globalization and technological change put into question the ability of governments and enterprises to train and retrain workers for the "new" economy. Fundamental changes are required in education and training, from kindergarten to high school, and in college and university. Government must address these issues in partnership with enterprises; workers must also play a role in developing their own skills. Many progressive enterprises are looking for ways to harness the "tacit" individual and collective knowledge among their staff for improved performance. Such enterprises promote, recognize and reward learning and innovation among their workers. These practices are also emulated in the Thai government service through the promotion of a more efficient working environment.

Introductory session

The introductory session was chaired by Mrs Horiuchi. Mr. Trevor Riordan, ILO Geneva, presented the objectives, format and expected outcomes of the meeting. The meeting comprised four technical sessions in plenary, three of which focussed on one of the following three themes: (i) high performance practices that maximize learning and training outcomes in enterprises; (ii) the special problems of learning and training in small and medium enterprises; and (iii) public policies that promote greater investment in training in enterprises. The meeting was also expected to consider the policies and programmes that address some of the equity concerns arising from increased reliance on workplace-based learning and training. Each of these sessions was to be followed by discussions in three separate mixed groups that subsequently would present their findings to the plenary. The fourth technical session was to be devoted to presenting a statement of “Common Understanding” on the themes reached by the working groups.

The format proposed by Mr. Riordan was largely followed during the meeting. The consolidated *Statement of Common Understanding, the Programme of the Meeting, a List of Participants and the speeches* addressed to the meeting are annexed to the present report.

Mr. Pekka Aro, Director of the InFocus Programme on Knowledge, Skills and Employability, ILO Geneva, explained ILO’s work in the area of human resources development and training. He emphasized the role that HRD and training play in promoting economic growth and development, full employment, social inclusion and people’s access to decent work. He highlighted the *Conclusions* on this topic reached in a general discussion on HRD and training, at the International Labour Conference 2000. These provide the ILO and its constituents with inspiration for developing new education and training policies for the emerging knowledge and skills-based economy and society. He mentioned the particular task that the constituents asked the ILO to undertake, that is: the development of databases and benchmarks on investment in training and research on national qualifications frameworks and, in particular, the forthcoming revision of the Human Resources Development Recommendation (No. 150). The present meeting offered an excellent opportunity to examine, in an Asia and Pacific perspective, some of the issues raised in the general discussion.

Technical Session 1: High performance work organizations (HPWOs) – Characteristics, practices and lessons for other enterprises

The session was introduced by Professor David Ashton, Institute for Labour Market Studies, University of Leicester (UK). Professor Ashton gave an overview of an ILO funded research project into “Learning for high performance working”. Out of this project a number of products will be forthcoming: a book, a CD and also some practical guidelines on ways and means to put into effect learning and training programmes for high performance in enterprises. HPWOs are a relatively recent phenomenon, having grown out of globalization and the endeavour of many multinational enterprises to raise their productivity, profitability and efficiency and to meet the demand for higher levels of quality. Where HPWO’s have been established it has meant that all employees have become involved in workplace learning. Contrasting with the traditional “Taylorist” work organization with its rigid hierarchies, HPWOs have a flat management structure, work is team-based and workers are multi-skilled and committed to the values and objectives of the organization.

Essential features of HPWOs include the following: commitment of staff to organizational objectives, regular feedback on staff performance, total quality management

(TQM), performance related pay, systematic two-way communication between staff and management, and employment security. Significant to HPWOs is that these practices cannot produce the desired results in isolation; they have to be “bundled” together in order to have the desired performance raising effect. High performance work practices (HPWP) have a proven link with organizational performance, are found across industries and countries, and produce, on average, profits of more than \$15,000 per employee. There is also an established link between HPWPs and work satisfaction, increased training, higher skill levels and staff earnings. In HPWOs, instead of controlling knowledge, as done in traditional work organizations, management staff assumes a new role as leaders and facilitators. Conversely, workers who traditionally were given limited instruction for specific tasks, are in HPWOs expected to achieve, by means of continuous learning, higher levels of skills, including “soft” skills, and to focus the use of these skills on improving organizational performance. Workers’ technical skills are generally gained in the classroom and in the workplace; the workplace is also the best environment for acquiring the soft skills necessary for team-working, problem solving and communication. The workplace is therefore becoming increasingly important as a source of learning. In HPWOs, there is a high level of trust between management and staff: management provides information and knowledge, while workers learn from their mistakes and are given feedback, support and rewards in their learning.

HPWPs have been spreading rapidly in many countries. In the UK and the US, some 40 per cent of enterprises have some elements of HPWPs, whereas only some 5 per cent are fully established HPWOs. In Europe, some 30 per cent of enterprises have adopted some aspects of HPWO. In Asia, efforts to improve organizational performance have focussed on such practices as the development of self-directed teams, profit sharing and employee stock ownership. There are also examples of HPWPs in the developing world, e.g. in Africa, the Caribbean and China.

Government can promote the adoption of HPWPs. In the US, the public sector has been a vanguard, as shown by the example of the Social Security Administration, a case which has been examined in the ILO study on HPWOs. In Europe, the examples are one-off, a prominent one being the “New Work Organization in Ireland Programme”, which endeavours to develop practical models for introducing new work practices. In Singapore the Government has taken a holistic approach comprising skills development of the workforce by means of on-the-job training and the Critical Enabling Skills Training (CREST), a system of “core” work skills. Programme; encouraging employers to introduce new work practices with the help of the Work Redesign Programme; and by using other programmes to support these initiatives, e.g. the National Skills Recognition System to certify skills and the Skills Development Fund to finance training. A common practice in some countries has been the use of “kitemarks”, like the US’s Baldridge, the UK’s Investors in People and Singapore’s People Developer awards. The government can also promote, indirectly, HPWOs by introducing key/core skills into the national education curriculum and by developing national competency-based qualifications frameworks (NQFs), as has been done in Australia, New Zealand, the UK and South Africa.

A prominent policy issue concerns the ways and means of securing access to new skills for those outside HPWOs, i.e. those working in traditional organizations, workers doing non-standard work, the self-employed, the unemployed and informal sector workers. Both employers and workers can contribute in addressing the needs of these workers. In the South African Breweries (a HPWO), for example, there has recently been, with the advent of the “new” South Africa, a culture change with emphasis on equal opportunity, re-employment and learning and training for staff that hitherto had had no chance of accessing training opportunities. Unions can also play a role in facilitating access of their members to learning opportunities as shown by the example of the NTUC in Singapore and the UK’s Union Learning Fund. Unions can also play a role in preventing employers from misusing HPWPs against the interests of workers.

Summing up, Prof. Ashton emphasized that HPWOs offer gains to governments, employers and workers as they enhance the quality of working life. There is no simple model of HPWO. Rather, general principles have to be adapted to suit national circumstances. HPWOs offer the prospect of making lifelong learning a reality for all employees.

The other panelist of the session, Professor K. Koike, Hosei University, Japan, raised some specific issues related to the impact of robotization and information technology on workers' skills. Prof. Koike's research in workshops of Toyota, the car maker, suggests that, rather than depreciating workers' skills the introduction of new technology and robotization has given a higher premium to intellectual skills possessed by workers. These skills are essential to dealing effectively with uncertainty on the shop floor. Important components of these skills are the abilities to identify defective products and the causes of these defects, the latter know-how being crucial to improving productivity. The know-how required includes knowledge of the machinery structure and the production process. Prof. Koike's research suggests that there has been a clear shift in the skill composition of Toyota's workforce towards level 3 and 4 workers, i.e. workers who can identify defects, understand their causes, and design appropriate operational procedures, and deploy equipment in order to correct the problems encountered. In order to instill these higher intellectual skills, the core method used at Toyota is broad, in-depth on-the-job training, primarily on the shop floor, supplemented by short periods of off-the-job training. Prof. Koike emphasized the importance of having appropriate incentive and pay systems in place that award workers who acquire these intellectual skills.

In the discussion that followed, a representative from the workers side, Ms. Yon, NTUC, Singapore, emphasized the importance of promoting good ("decent") jobs as an integral element of HPWOs. She said all workers must be given the opportunity to influence HPWOs and have a say in how and where they are redeployed when the enterprise restructures. It is important for companies to balance work, training and family life. The employers' representative on the panel, said that in Korea there were two different ways to approach the issue of HPWOs. Employers are interested in labour market flexibility; wages should reflect workers' contribution to production. The trade unions are not interested in restructuring that leads to lay-offs, they emphasize workers participation and equity. He said there was a trend in Korea towards flatter enterprise structures and workers' supervision being replaced by self-management in teams. In the present transition period, he urged enterprises, in collaboration with governments and workers, to maximize training and education efforts. Instead of wanting to direct training programmes, Government should act as adviser to enterprises and support their training efforts. Another speaker raised the issue of how to link workers' wages to productivity when the work was done in a team. He also considered a sound industrial relations system to be a major feature of HPWOs. Trust between management and workers was mentioned by many speakers as the key to successful introduction of high performance work practices. However, trust was not necessarily an outcome of formalized employer-trade union agreement.

Technical Session 2: New trends in training for small and medium enterprises – Recent experiences, initiatives and developments

This session, chaired by the employers' representative from Australia, was animated by Mr. Ian Chambers, Director of the ILO East Asia Multidisciplinary Advisory Team (EASMAT), Bangkok.

Mr Frank Pyke, ILO consultant, introduced the session. He gave an overview of the rise to prominence of small firms as providers of employment; as competitors in their own right, i.e. between themselves and in relation to larger firms; and as suppliers of goods and

services to larger, “lead” firms. As production of goods and services becomes increasingly knowledge-intensive, small firms face the challenge of harnessing knowledge, training their workforces and raising their capabilities. However, they often face formidable constraints: their resources for training are often inadequate; those training opportunities that are available are frequently of little relevance to their needs; and access is often limited due to problems of time availability, travel and cost. As small firms have grown in number, a plethora of initiatives attempt to address their training and development needs. These include: (i) supply chain initiatives; (ii) cluster initiatives; (iii) horizontal networks and (iv) initiatives by employers’ and workers’ organizations. Supply chain initiatives can be led by “lead” enterprises: the lead firm influences, e.g. by means of provision of training, product standards and quality, and the production and working conditions of the small enterprise. An intermediary institution may also take the initiative, e.g. a training institution or a development agency. Under cluster strategies are grouped sector focused support initiatives. Associations identify SMEs’ training needs which are then met by sector training institutions. Horizontal cooperation tend to group together 5 to 15 cooperating small firms. These networks can be “learning networks” or “business networks”. Small enterprise networks are common in many countries, both advanced and less advanced. An intermediary institution often plays a prominent role in promoting these networks. Mr. Pyke gave the example of the Thai Foundrymen’s Society. This society assists factory owners develop their technology and know-how by: disseminating information on advanced foundry manufacturing technology; developing design and manufacturing processes up to international standards; training and human resources development; creating a forum for exchanging ideas; and enhancing cooperation amongst association members. Mr. Pyke said that training alone is insufficient in improving the lot of SMEs. Training should go hand in hand with other measures, like technology development, and with safety and health measures and other areas of industrial relations. In Italy, for example, the Garment Industrial Development Corporation provides its 4000 members access to training, but also diffuses new organizational practices, offering its members an international marketing service, an information service, and an employment referral system.

Mr Trevor Riordan, ILO Geneva, gave an overview of 21 case studies on training in SMEs undertaken by the ILO in Thailand, Malaysia and the Republic of Korea. These studies have been undertaken in the context of international concern about constraints faced by SMEs in training their workers and the impact of rapidly changing technology on knowledge development and training. The SME studies in Asia form part of a research project that IFP/SKILLS, ILO Geneva, is conducting on training and learning in enterprises. The Asian studies will, together with similar studies in Africa and Europe, be integrated into a major publication on training in SMEs.

The Thai studies suggest that SMEs are giving more attention to training. Improved product quality and the necessity to become more competitive in global markets are the main driving forces. However, limited budgets for training, and an apparent reluctance among many workers, in particular general workers, to undergo training, tend to reduce the volume and impact of training. Most training provided by SMEs is unstructured on-the-job training.

The studies of SMEs in Malaysia highlight the catalytic role of the Government in promoting training in, and for, SMEs. The Government has established a Skills Up-grading Programme and pays 50 per cent of the training costs of SMEs. Also, under the Government sponsored HRD Fund, SMEs can claim up to 45 per cent of the training costs incurred. Training of general staff is mostly informal and on-the-job; managers generally receive more formal training. Training is provided mainly in order to reduce errors, comply with safety requirements, provide workers with basic skills and knowledge, motivate workers and recognize their skills, and improve productivity and product quality.

In the Republic of Korea, the studies suggested that SMEs rarely use colleges for improving the skills of their workforce, relying instead on private centres, as the programmes of the latter tended to meet their needs better. Many firms faced difficulties in replacing workers while they underwent training. The studies also found that there was an apparent lack of understanding among company managers of the contribution that training could make to improve productivity. Many SME workers considered that the Government could play a greater role in providing training for SMEs that lack expertise in this area.

In introducing the discussion on the topic, Mr. Chambers referred to various experiments in providing training support to SMEs in other parts of the world than those mentioned by Mr. Pyke. He mentioned in particular the trend in the Republic of Korea to break up the giant chaebols, but also some interesting training initiatives for SMEs in China and Mexico. The representative from GTZ stressed that the main training issue facing SMEs was to make entrepreneurs better managers. This had particular implications for women entrepreneurs; it was often claimed that “women run the business, whereas the men attend the training”. This distribution of tasks had to be changed. Most of SMEs’ benefits from production accrued to the entrepreneur. It was important to change his/her attitude in order to spread the benefits of training to all workers in SMEs.

Mr. Chambers raised some fundamental questions: What are our targeted enterprises? How should training be conducted, and by whom, in order to move SMEs from a survival mode to sustained growth and development? By what means can the reluctance of some SME workers to undergo training be overcome? He said that there was no universal model of training for SMEs. Their needs differed substantially. For example, the training needs of a SME venturing into international markets were quite different from those of a small enterprise competing in limited local markets. One speaker emphasized the need for training SME staff about the broad economic and social context in which SMEs operate. As the market cannot be expected to generate training for SME workers, government policies were crucial. These policies should promote the broad, long-term interests of workers in SMEs, and be supported by collective bargaining between the social partners. At the South African Breweries, many activities had been outsourced to the enterprise’s former employees who were then given training to help them start up in their new, independent small businesses. In China, the Government has encouraged SMEs to send their staff to training programmes run by government training institutions. The general context of training for SMEs was the *sector*; general training was not effective as it was not sufficiently targeted to meet the specific needs of SMEs. Regarding the perceived reluctance of many SME workers to undergo training, this attitude could be explained by the fact that the question (in the Thai study) had been put to management, not to individual workers.

Technical Session 3: Investment in training

The third session dealt with investment in training, an issue that had been discussed at some length during the general discussion on human resources training and development at the International Labour Conference, June 2000. In introducing the topic, Mr. Torkel Alfthan, ILO Geneva, briefly reviewed the ILC discussion. The general discussion had raised the issue of frequent under-investment in skills by governments, enterprises and individuals and the urgent need to increase such investment in order to provide the skills that countries and enterprises need in order to seize the opportunities that globalization could offer. Equally important, investment should target disadvantaged groups in order to help them access jobs and integrate them in mainstream economic and social life. The discussion at the conference had reached a consensus regarding some of the respective roles and responsibilities of the social partners. Governments’ main responsibility was to finance and ensure equal access to basic education. It should invest in training that targets population groups that run the risk of social exclusion and discrimination. Governments

should also provide incentives and promote a favourable climate for investments in training by enterprises and individuals. Enterprises' main responsibility lies in ensuring that their staff have continuous training opportunities to enhance their job performance, and also to promote their general employability in the labour market. Finally, the individual had a responsibility for investing in training for her/his employability.

The general discussion had called the ILO to develop a database, and suggest a series of benchmarks, on investment in training that would provide "a mirror or point of orientation for countries, sectors and enterprises". Mr. Alfthan asked the meeting how the ILO should go about this task. A definition was needed regarding what was meant by investing in training; did it include both direct and indirect training and learning expenditures? How could learning/training on the job and "tacit" knowledge be measured? There was a need to decide on the ways to measure learning investments by governments; by enterprises; and by individuals. Various sources had to be used: education and training statistics, enterprise surveys, and household surveys to estimate individuals' investment in training. Another issue was whether the ILO exercise should limit itself to quantitative data collection or also examine policies, mechanisms, incentives etc. that encourage enterprises and individuals to invest in training. Which countries, sectors should the exercise cover? Should the benchmarks be based on average performance in, say, a sector? Or should they be based on some definition of "good practice".

Prof. Koike, following up on his earlier presentation, emphasized the need for investing in the intellectual and problem-solving skills that enterprises increasingly demand as they introduce new technologies and adopt new organizational practices. As most of these skills are best developed in the workplace, enterprises must invest in broad, in-depth job training and learning. Performance related pay and rewards for upgraded skills must form an integral part of such learning and training practices.

In the discussion that followed, it was stressed that workplace-based learning and training, and building up of know-how through work experience, had to be measured, in one way or another, in order to get a correct picture of human capital accumulation and investment in the enterprise. The ILO could collect and analyse examples of career development "trajectories" of workers. Singapore is perhaps a model example of how the public sector can play a catalytic role in encouraging, by means of its own direct investment intervention, enterprises and individuals to invest in training. Several programmes have been put into place to this effect. One example is the tripartite Skills Redevelopment Programme (SRP) that helps less-educated workers, particularly older workers, upgrade and acquire certified skills that will enhance their future employability. Significant to the SRP is that investment support covers (part of) absentee payroll costs, which helps overcome employers' reluctance to send their workers for training, especially as such training could enhance workers employment prospects beyond their present employer. A co-sharing principle between the Government and the employer is adopted to encourage the latter to assume responsibility of upgrading their workers' skills. Employers have to pay the remaining parts of the course fees and absentee payroll. In 5 years the investment programme is expected to have retrained some 100.000 workers. The Strategic Manpower Conversion Programme (SMCP) targets professional and semi-professionals to pick up new skills and embark on new careers. Again, the SMCP scheme is an incentive scheme that encourages employers and workers also to invest in training and learning. The Skills Development Fund (SDF), set up in 1979, provides financial incentives for training those already at work, those preparing to join the workforce, and those re-entering the workforce. Employers pay into the Fund 1 per cent of the monthly remuneration of their workers who earn S\$1500 or less. Incentives for training offered to enterprises are on a cost-sharing basis. SDF typically supports training in basic literacy and numeracy, up to certificate and diploma level. It provides grants up to 80 per cent of course fees, the remainder being paid by the employer. Since its inception, SDF has committed training grants worth some S\$1.5 billion.

In China, according to the “Rule of Worker’s Training in Enterprises” of 1996, enterprises can individually or jointly set up centres for training their workers, or entrust public training institutions to provide such training. Enterprises finance training by allocating 1.5 per cent of their wages’ bill to a training fund. China faced a massive challenge of retraining some 16 million workers who had been laid off as a result of industrial restructuring. The Government representative of China called enterprises to establish “re-employment offices” that would organize retraining programmes for subsequent reintegration of the workers into the enterprise. The Government was willing to support the funding of such retraining programmes.

The meeting discussed measuring rates of return (RoR) on training investments. This had been done for the past 30 years, but no definite conclusion from such estimates could be drawn. RoR of a training programme could be purely incidental and did not necessarily provide a reliable guide for future investments in training. However, rough RoR measures could be useful for identifying broad education and training priorities. Rather than undertaking sophisticated RoR measurements, the benefits of training investments could be assessed in such practical terms as reduced accidents in the workplace, and fewer complaints regarding product quality received by the enterprise.

Technical Session 4: Synthesis and review – Presentation of Common Understanding

The session was chaired by Mr. Rueben Dudley, ILO Deputy Regional Director. The chairpersons of the three technical sessions presented the draft texts of the “common understanding” reached at the three respective sessions. These were adopted by the meeting. The text of the adopted *Statement of Common Understanding* are attached to this report as Annex 1.

Closing session

Mr. Rueben Dudley chaired this session. The representatives of governments and employers’ and workers’ organizations thanked the ILO for organizing the meeting. In his closing remarks, Mr. Pekka Aro thanked the participants for the lively discussion and valuable contributions given by all participants to the meeting. It had provided an excellent opportunity to review topical issues relating to learning and training in the enterprise and had given valuable insights that would be taken up by the ILO in its work on these issues. The meeting had fulfilled its function to raise awareness among ILO constituents of the growing importance of workplace-based training in helping countries harness the skills and knowledge they need for effectively participating in the global economy.

Statement of Common Understanding

1. High performance work organizations (HPWOs): Characteristics, practices and lessons for enterprises

Human resources training and development promote the interests of workers, enterprises, the economy and society in general. They have become even more fundamental in the present, both global and regional, context of rapid technological change, changes in financial markets, intensifying international competition and the introduction of new business strategies. Human resources development and training for high performance are a major means to help workers and enterprises seize new opportunities offered by globalization.

Considerations of profitability and sustainability loom importantly in enterprises' decisions whether to introduce high performance work practices (HPWPs). The extent of use of HPWPs vary considerably, depending on the type of ownership, size and sectoral affiliation of the enterprise. These variations are partly due to lack of awareness amongst some employers and employees of HPWPs and the benefits that they can derive from them. Socio-economic and political factors may account for variations in the spread of HPWPs. Also, the entire range of high performance work practices may not be relevant to all kinds of enterprises.

Enterprises wishing to become high performance work organizations face a number of constraints. They often lack the necessary material and financial resources. Workers or management may resist change. Workers' absence from the decision-making process on the introduction of HPWPs may generate mistrust towards management. Lack of incentives and funding support by the Government may also inhibit the introduction of these new practices.

Certain learning and training practices are critical to improving the enterprise's performance. Workers' training needs must be assessed realistically. Management needs to create, in a proactive manner, a true learning environment that encompasses the entire staff. Learning processes should endeavour to develop problem solving skills among staff. Supporting the introduction of these practices should be a system of skills recognition and an appropriate scheme that rewards workers for their improved skills and performance. The provision of adequate facilities, including paid leave for attending skill upgrading courses, are also essential.

Trust between management and workers underpins successful high performance work organizations. Trust can be promoted by a variety of means, including effective information sharing and communications at various levels in the organization, well defined rules and procedures, and transparent implementation; effective collaboration between management and workers in decision-making regarding HPWPs; and appropriate institutional mechanisms for the promotion of workers' welfare. Dialogue between employers and workers and between their representative organizations can also promote shared understanding of organizational goals. Collective bargaining can cover joint assessment of training needs, organization of skill development programmes and design of appropriate reward and remuneration schemes.

2. New trends in training for small and medium enterprises: Recent experiences, initiatives and developments

Across the region, small and medium sized enterprises (SMEs) are growing rapidly in number as a result of restructuring and introduction of new technologies, phenomena that are associated with globalization. SMEs face increasing pressure to raise production capacities and adapt to change. They must learn new skills, or find themselves locked-out of markets and supply chains between enterprises. Some larger firms are promoting the diffusion of knowledge and skills by establishing supply chains that incorporate small firms. Supply chains can comprise two or more enterprises, or they can be led by an intermediary institution, like a training institution or a development agency. By stating its requirements, and by providing training, a large, “lead” firm strongly influences the performance of its small supply chain enterprises in terms of improved product quality, working conditions and adherence to delivery times.

Most SMEs face a number of constraints in training their staff. They often lack the necessary resources; training programmes are often irrelevant to their needs; and they cannot access them for lack of time, long distances to, and unsuitable duration and timing of, training courses. Developing countries often lack the basic infrastructure that is necessary for accessing learning and training opportunities offered by new technologies, like distance learning and the Internet. SMEs need data on the costs and rates of return of training in order to make informed decisions on whether to invest in training. The findings in some of the case studies were strongly influenced by employers’ views; for future surveys and research it was important to integrate viewpoints on training by the concerned workers. Accessing government funding for training (e.g. from government budgets, training funds and employment insurance schemes) was an issue; many SMEs do not avail themselves of such opportunities. There was a need for training in support of responsible enterprise restructuring and workers’ interests. Collective bargaining was a means to promote such training. South African Breweries offered a good example of a tripartite approach to successful, market driven enterprise restructuring and shift from public to private ownership.

SMEs in Italy had organized training on a collective basis in order to improve their occupational health and total quality management practices. Cluster initiatives at the sector level was an effective means for groups of firms to exchange information on sector competencies and training programmes. Managerial leadership was crucial in building the necessary trust between management and workers and strengthening the commitment of the latter to the enterprise. The efforts by SMEs in Thailand to gain ISO accreditation was given as an example of how enterprises endeavour to become internationally recognized for their excellence. There was concern that workers often did not share equitably in enterprises’ productivity. One example offered was the case of the USA, where recently productivity had increased by 6 per cent while wages had risen by less than one per cent. The ILO case studies suggested that the modes of training SME staff tended to vary for different staff categories. Managerial training was mostly formal; supervisory staff were given a mix of formal and non-formal training, while workers mostly learned on-the-job or informally.

3. Investment in training

Employers, workers and their organizations can contribute to the development of an enterprise culture in which training, critical thought and innovation are encouraged. Investment will be increased if there is an increased understanding of the short and long term benefits of training. These include a more qualified labour pool for all enterprises; increased employability; reduced length of unemployment; and the ability to attract highly

motivated and effective workers, provided there are career and training opportunities. Proper assessment of training is also useful in demonstrating clear positive outcomes from training investments.

Training needs and programmes will be more effectively identified and implemented when these are jointly agreed upon and where information on current levels of investment and the options available are shared. The inclusion of training in collective bargaining should be encouraged. Issues for collective bargaining can include training plans, levels of investment, provision of information, assessment processes, distribution of the training between staff categories and recognition and rewards for completed training. Studies show that training opportunities are currently disproportionately given to managers and professional employees. More equitable distribution should be encouraged. The concept of training entitlement – in terms of hours of training – of individuals or work groups may be considered, but should not be compulsory.

Employers can encourage training by providing paid leave to their employees; employees can contribute by participating in training. The balance between training during working hours and attendance outside these hours needs to be negotiated. Programmes that incorporate on-the-job training will be cost effective and are therefore likely to raise the level of investment.

There is value to society, individuals and industry in promoting access by employees to education and training. Rapid changes in technology and work organization, and the increase in labour mobility and temporary and contract work, highlight the need for greater attention to the level of investment in industry skills. Government may intervene to ensure that investment by industry is at a socially desirable level. Linkage between training and pay can be useful in raising the level of investment by both workers and employers, when the skills gained are relevant to the industry and the enterprise.

Training schemes are most effective when the industry partners play a direct role in them. Such schemes could include levy and loan schemes, industrial training centres and training centres run by unions.

Many employees, particularly older workers, are often perceived to be reluctant to participate in training, because they associate job loss and work intensification with restructuring and training. Proper provision of information and negotiation around change processes can assist in overcoming such reluctance. The use of a modular approach to training and training on-the-job in familiar settings can also assist in overcoming reluctance to training and “technology phobia”. Training investment should be particularly directed towards older and vulnerable workers.

Priorities for *government investment in training* should be entry level training and the development of generic skills (literacy, numeracy, communication, teamwork, problem-solving skills etc.), given the key role that these skills play in economic and social development and in strengthening the capacity of the economy to adapt to change. Government, supported by the social partners, should promote national vocational qualifications that determine skills content. These qualifications assist in increasing the available pool of skills, industry’s productivity and workers’ employability. Government should invest in training that benefits vulnerable groups, particularly those who are unemployed or likely to be affected by enterprise restructuring. It should also invest in areas of economic and social priority, particularly in areas of emerging skill demand and skill shortage.

Development of skills that are specific to the enterprise will be mainly the responsibility of the employer. However, government should support enterprise training that contributes directly to the broad goals of the economy and society. At the enterprise

level there are many opportunities for skills development and training to be recognized towards national vocational skills and qualifications.

With growing labour mobility and incidence of precarious forms of employment, the state needs to support training and learning programmes chosen by the individual. Such assistance schemes, including individual learning accounts and training investment funds, are being introduced in many countries.

Government has a primary role in creating an environment that promotes, recognizes and rewards investments in training by firms and individuals. To this effect, government can establish and register vocational training institutions and supervise the quality of their training. It can also subsidize individuals' participation in training courses. In order to assist in meeting current and emerging training needs of workers, government can establish national qualifications and skill recognition systems and support the development of skills and competency standards. An appropriate legislative framework will underpin the quality of training provision. Government can further support levy schemes and establish target levels for enterprises' investment in training (e.g. in terms of percentage of payroll). Government support for industry funds for training, which usually are under the supervision of the social partners, can be another means to support industry-based training. In addition, government can assist training investment by enterprises and individuals through the following means: supporting the establishment of co-operative training schemes between enterprises, particularly SMEs; giving individuals legal rights to study leave, retraining and lifelong learning opportunities; tax incentives; regulations that encourage training for workers laid off in the process of industrial restructuring; and support for apprenticeship schemes, including employment and training subsidies.

In *measuring investments in training*, the following indicators should be considered: qualifications attained at different levels (benchmarks for comparing vocational qualifications within and between countries should be improved); training hours of individuals, and at the level of the enterprise and industry; state investments in training, as a percentage of GDP or total public sector spending; percentage of payroll that enterprises spend on training. The following costs should be considered: professional fees and training course fees and costs; infrastructure costs; wage costs incurred in replacing workers who undergo training; income foregone because of participation in training; and energy and material costs. A debated issue was whether wage costs should be included in measurements of investments for the purpose of cross-industry and cross-national comparisons. Measurements should cover the following types of training: planned and structured training; assessed training; training that is separate from normal production, including relevant on-the-job training; and training that meets national or industry standards.

Measuring the benefits of training was difficult because they are only fully realized when combined with other measures, for example introduction of quality systems and work organization change. Many benefits are also difficult to quantify; a case study approach may therefore be a useful approach to measurement. Direct benefits of training include: productivity increases; fewer accidents; fewer rejected or faulty products; less complaints from customers; reduced downtime; and reduced production costs. Indirect benefits include: improved quality, customer satisfaction, corporate image, employee satisfaction and morale and attractiveness of the enterprise to new recruits; better career opportunities for workers; and improved ability of firms and workers to adapt quickly to market changes.

In developing an *ILO database on training investment*, it was important to identify its purpose, scope and limitations and to consult governments and employers' and workers' organizations. As the task was complex, representative sectors should be identified rather than trying to cover all sectors. The database needed to differentiate between: industries

and sectors; the level of economic development of various countries; target groups, like older workers, women and young people; investment in training for rural, urban, informal and non-standard forms of employment; and investments by the public sector, enterprises and individuals.

The database should be supported by the development of a system for international comparison of vocational qualifications and skills. Such a system already exists in the area of higher education. International comparisons should include a range of objective and subjective factors; the development of the World Competitiveness Index may give some guidelines for the approach to be taken.

ILO Tripartite Asian and Pacific Meeting on Training for High Performance in Enterprises

(Bangkok, 12-14 December, 2000)

Information note

1. Introduction

There is increased emphasis on learning and training in the workplace as a result of several forces in the international economy. Globalization exposes the enterprise to competitive pressures to raise productivity, profitability and the quality of its products and services. Intensified competition encourages enterprises to introduce new information and communication technologies, adopt new business strategies and new forms of organizing and managing work, including Total Quality Management (TQM), self-managed work teams, multiskilling and job rotation. These trends apply also to the Asian region as enterprises here must meet international quality standards in order to be able to compete in global markets.

Underlying these developments is the enterprise's growing reliance on the knowledge and skills of its workforce for meeting its strategic and organizational objectives. The production of goods and services is becoming more and more knowledge and skill intensive. Those enterprises that are able to harness the skills of their workforce, by means of workplace learning and training combined with innovative organizational and work practices, are most likely to take full advantage of the new opportunities brought about by globalization.

It appears that relatively few enterprises in the region make full use of in-house learning and training for high performance. This applies in particular to small and medium enterprises (SMEs) that often lack the resources and know-how to increase their training investments and become true learning organizations. The present meeting offers an opportunity to bring together expertise from governments and the social partners, and also researchers and practitioners, and exchange national and international experiences in promoting greater investment in learning and training for the workplace.

2. Objectives

The Meeting will review, analyse and disseminate national and international experiences of promoting learning and training for the workplace, which, in combination with other organizational and work practices, lead to increased enterprise performance and contribute to national economic and social development. The Meeting will focus on: (i) high performance practices that maximize learning and training outcomes in enterprises; (ii) the special problems of learning and training in small and medium enterprises; and (iii) public policies that promote greater investment in training in enterprises. The meeting will also consider the policies and programmes that address some of the equity concerns arising from increased reliance on workplace-based learning and training.

3. Major issues to be addressed by the Meeting

The meeting will address a number of issues for learning and training in the workplace. Participants are expected to examine these issues in the context of the Asian-

Pacific situation and formulate a common understanding on the issues, policies and practices of greatest importance in the region. The common understanding should take into account the diversity between countries in terms of levels of economic and social development, size of population and cultural characteristics.

Some key questions related to the major issues are:

- What are the main characteristics of high performance work organizations (HPWOs), including their learning and training practices? What drives the introduction of these practices?
- To what extent are high performance work practices used in the region?
- What are the salient features of learning and training in the enterprise and how are they integrated into business and organizational strategies of HPWOs?
- What are the major issues and problems facing enterprises, including SMEs, when introducing workplace learning and training for high performance?
- What public policies are most conducive to promote investments in training and workplace learning for high performance working, with particular reference to SMEs.
- How can public policy address the training needs of those groups of society likely to be excluded by the increasing spread of workplace-based learning and training, e.g. the unemployed, people undertaking non-standard forms of work, and the self-employed.

4. Country papers

Each country is invited to prepare a brief paper for the meeting, organized in two sections, in collaboration with the social partners. The first section should briefly review:

- government policies, programmes and support mechanisms for training in enterprises;
- special policies, programmes and support mechanisms for training in SMEs;
- incentives, funding mechanisms and partnerships that support and encourage investments in training by enterprises;
- quantitative figures of investments in training by enterprises and the public sector.

The second section should include some “good practice” examples of training in enterprises. Ideally, the examples should cover small and medium enterprises, with a balance between the manufacturing and service sectors. The length of the paper should be no more than 12-15 pages, A4 and single spaced.

Tripartite Asia and Pacific Meeting on Training for High Performance in Enterprises (Bangkok, 12 - 14 December, 2000)

Programme

Tuesday, 12 December 2000

0800 – 0900	Registration
0900 – 0930	<i>Inaugural session</i>
Addresses:	Addresses: Ms Mitsuko Horiuchi, ILO Regional Director for Asia and the Pacific Inauguration by Mr Elawat Chandraprasert, Permanent Secretary, Minister of Labour and Social Welfare, Thailand <i>(Mr Trevor Riordan, Senior Training Policy Specialist, ILO, Geneva)</i>
0930 – 1000	Tea/coffee break
1000 – 1030	<i>Introductory session</i>
	Chairperson: Ms Mitsuko Horiuchi, ILO Regional Director ILO's recent work on: Mr. Pekka Aro, Director a.i. Skills HRD and Training Development Department ILO Geneva Objectives, programme: Mr. Trevor Riordan, Senior and expected Training Policy Specialist, ILO Geneva outcomes of the meeting
1030 – 1230	<i>Technical session 1: High Performance Work Organizations (HPWOs) – Characteristics, practices and lessons for other enterprises</i>
	Panel Chairperson: Government participant, Mr. S.K. Gupta (India) Introduced by: Prof. David Ashton, Centre for Labour Market Studies, University of Leicester, United Kingdom Worker participant: Ms. Liyaw Cheow Tee Kathy (Singapore) Technical panellist: Prof. Kazuo Koike, Faculty of Business Administration, Hosei University Tokyo
	Questions and comments
1230 – 1400	L u n c h

1400 – 1530	Working group session 1: High Performance Work Organization (HPWOs) – Characteristics, practices and lessons for training in enterprises (3 mixed working groups of constituents)
1530 – 1550	Tea/coffee break
1550 – 1700	Working group session 1 (continued)
1830 – 2030	Reception – Hosted by the ILO Regional Director, Asia and the Pacific

Wednesday, 13 December 2000

0900 – 1000	Presentations of working groups and discussions
1000 – 1030	Tea/coffee break
1030 – 1230	Special Event: Roundtable on New Trends in Training for Small and Medium Enterprises – Recent experience, initiatives and developments
	Chairperson: Employer participant, Mr. S. Knott (Australia)
	Animator: Mr. Ian Chambers, Director, ILO/EASMAT/BAO
	Panel members: Mr. Frank Pyke, ILO Consultant Government participant, Ms. Areeya Rojvithee (Thailand) Worker participant, Mr. Vijay Kumar Keshab (India) Invited guest, Ms. Surapee Rojanavongse, Board of Director, The Thai Chamber of Commerce Mr. Trevor Riordan, ILO Geneva
	(Invited guests with specific expertise in learning and training in SMEs – with particular emphasis on new and emerging sectors)
1230 – 1400	L u n c h
1400 – 1530	Technical session 3: Investment in training
	Panel Chairperson: Worker participant, Mr. Abdul Razak Abdul Hamid (Malaysia)
	Introduced by: Mr. T. Alfthan, ILO Geneva
	Panel members: Government participant, Mr. Guo-Qing Zhang (China) Employer participant, Ms. June Wee (Singapore)
	Technical panellist: Prof. Kazuo Koike
1530 – 1600	Questions and comments
1600 – 1700	Tea/coffee break
	Working group session 3: Investment in training (3 working groups)

Thursday, 14 December 2000

0900 – 1030	Working group session 3: Investment in training (Continued)
1030 – 1100	Tea/coffee break
1100 – 1130	Presentations of the working groups and discussion
1130 – 1230	Finalization of common understanding
1230 – 1400	L u n c h
1400 – 1500	Technical session 4: Synthesis and review – Presentation of common understanding
	Panel Chairperson: Mr. Reuben Dudley ILO Deputy Regional Director
	Panel members: Chairpersons of the three technical sessions – Mr. S.k. Gupta (India) – Mr. S. Knott (Australia) – Mr. Abdul Razak Abdul Hamid (Malaysia)
	General discussion
1500 – 1520	Tea/coffee break
1520 – 1600	Closing session
	Statements by: Representatives of Governments, Employers' and Workers' organizations – Mr. S.K. Gupta (India) – Mr. S. Knott (Australia) – Mr. Abdul Razak Abdul Hamid (Malaysia)
	Closing remarks by Mr. Pekka Aro, ILO Geneva

**ILO Tripartite Asia and Pacific Meeting on
Training for High Performances in Enterprises**
(Bangkok, Thailand, 12-14 December, 2000)

List of participants

AUSTRALIA

Unable to participate

Department of Employment Workplace
Relations and Small Business

Mr. Steven Knott

Executive General Manager
Australian Mines and Metals Association

Mr. Julius Roe

National President
Australian Manufacturing Workers Union

CHINA

Mr. Guo-Qing Zhang

Department of International Cooperation
Ministry of Labour and Social Security

Mr Bin Han

Project Director of International Labour Department
China Enterprise Confederation

Ms. Yanli Zhu

Private Enterprises Trade Union Work Division
All China Federation of Trade Unions

INDIA

Mr. S.K. Gupta
Regional Director, R.D.A.T.
Faridabad under DGE&T in Ministry of Labour

Mr. Kalyan Chakravarty
Director, HRD, Raymond Ltd.

Mr. Vijay Kumar Keshab*
Office Secretary

JAPAN

Mr. Takahiro Yamaguchi
Deputy Director
Overseas Labour Information Office
International Labour Affairs Division
Ministry of Labour

Mr. Yasuyuki Nodera (Observer at own cost)
Director-General
Labour Standards Bureau
Ministry of Labour

Mr. Takio Takazawa
Manager, International Division
Japan Federation of Employers Associations (NIKKEIREN)

Mr. Takao Nakagiri
Assistant Director
Employment and Working Conditions Division
Japanese Trade Union Confederation, RENGO-JTUC

REPUBLIC OF KOREA

Unable to participate

Ministry of Labour

Mr. Byoung-moo Yang
Executive Director

Korea Employers Federation

Unable to participate

Korean Confederation of Trade Unions

MALAYSIA

Mr. Rosli Bidin
Assistant Secretary
Ministry of Human Resources

Ms. Yuet Wah Chan
Senior Consultant - Training
Malaysian Employers' Federation

Mr. Abdul Razak Abdul Hamid
General Council Member and
Chairman MTUC Penong Division
Malaysian Trades Union Congress

SINGAPORE

Ms Florence Tan Kah Ling
Manager (Manpower Deployment Dept/
Manpower Development Div.)
Ministry of Manpower

Ms. June Wee
Consultant (Industrial Relations & HRM)
Singapore National Employers' Federation

Ms. Liyaw Cheow Tee Kathy
Assistant Director
Skill Development Department
National Trades Union Congress, NTUC

THAILAND

Ms. Areeya Rojvithee
Senior Expert on Skill Development
Department of Skill Development
Ministry of Labour and Social Welfare

Ms. Chiravan Thongsom
Human Resource Developer
Labour Management Training Division
Department of Labour Protection and Welfare
Ministry of Labour and Social Welfare

Ms. Siriwan Romchatthong
Foreign Affairs Director
Employers' Confederation of Thailand

Ms. Sunida Jongnarungsin
Foreign Affairs Adviser
Employers' Confederation of Thailand

Ms. Penpaka Temcharoensuk
Technical Planning Officer
Employers' Confederation of Thailand

Mr. Samarn Thomya
General Secretary
Labour Congress of Thailand

OBSERVERS

Asian Development Bank (ADB)

Asia Productivity Board

Association of South East Asian Nations (ASEAN)

Mr. Syed Nuruzzaman
Social Affairs Officer

Social Development Division
United Nations Economic and Social Commission
for Asia and the Pacific (ESCAP)

Mr. M. Mansour
Personnel Officer
Food and Agriculture Organization

Mr. Arnulfo Itao
GTZ Expert in Small Scale Industry
Promotion Project at Industry Promotion
Deutsche Gesellschaft für Technische
Zusammenarbeit (GTZ) Office in Bangkok

International Monetary Fund (IMF)

Japanese International Cooperation Agency (JICA)

Korean International Cooperation Agency (KOICA)

Ms. Darunee Riewpituk
Specialist in Continuing Education
United Nations Educational, Scientific and
Culture Organization (UNESCO)

RESOURCE PERSONS

Professor Kazuo Koike
Department of Business Administration, Hosei University

Professor David Ashton
Centre for Labour Market Studies
University of Leicester

Mr. Frank Pyke, ILO Consultant

ILO

Ms. M. Horiuchi
Regional Director
Asia Pacific Region
ROAP, Bangkok

Mr. Rueben Dudley
Deputy Regional Director
Asia Pacific Region
ROAP, Bangkok

Mr. Pekka Aro
Director, a.i.
IFP/SKILLS, Geneva

Mr. Trevor Riordan
Senior Training Policy Specialist
Skills Development Department

IFP/SKILLS, Geneva

Mr. Torkel Alfthan
Skills Development Department
IFP/SKILLS, Geneva

Mr. Gopal Bhattacharya
Senior Vocational Training Specialist
ILO-SEAPAT, Manila
Mr. Vladimir Gasskov
Senior Vocational Training Specialist
ILO-SAAT, New Delhi

Mr. S. Ian Cummings
Senior Specialist in Vocational Training
ILO/EASMAT, Bangkok

Mr. F.E.G. Amerasinghe
Senior Employers' Activities
ILO/EASMAT, Bangkok

Mr Raghwan Raghwan
Regional Specialist in Workers' Activities
ROAP, Bangkok

Mr. Kyung-Woo Shim
Korean Ministry of Labour Expert attached
to EASMAT Technical Education and
Vocational Training
ILO/EASMAT

***List of invited guests for the Special
Event (Round Table)***

1. Ms Surapee Rojanavongse
Board of Director
The Thai Chamber of Commerce
 2. Assoc. Prof. Dr. Juree Vichit-Vadakarn
President, National Institute of Development
Administration (NIDA)
 3. Mr Sopon Wichitrakorn
Chairman, The Thai Synthetic Fiber
Manufacturers' Association
 4. Mr Bunjong Chinskul
Business Development & Advisory
Service Section Manager
Small Industry Finance Corporation (SIFC)
 5. Ms Bunchua Wonggasem
Department of Industrial Promotion Policy & Planning
Ministry of Industry
-

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6. Ms Sumali Hongsakul
Department of Industrial Promotion
 7. Ms Yuparat Satawiriya
Department of Industrial Promotion
 8. Ms Nat Pinnoi, Project Economist
Ms Vyayanti Desai, Project Economist
World Bank
 9. Ms Chutipa Obhasannond
President, Association of Thai Small and
Medium Entrepreneur
Department of Industrial Promotion
Ministry of Industry
 10. Mr Tetsuaki Nonaka
Vice President, JETRO, Bangkok
 11. Assoc. Prof. Dr. Singha Chiamsiri
Secretary General
Technology Promotion Association
(Thailand-Japan)
 12. Mr Permsak Krairiksh
Special Assistant, JETRO Bangkok
 13. Mr Supachai Sathakarn
Vice President
Human Resource Development Department
Bank for Agriculture and Agricultural Cooperatives
 14. Ms Chinda Suwanjutha
Deputy Director General
Department of Internal Trade
Ministry of Commerce
 15. Mr Savaraj Sachchamarga
Director, Executive Board of Director
Thai Chamber of Commerce
 16. Mr Magdi M. Amin
Economist, The World Bank
 17. Mr Craig Steffensen
Resident Advisor
Asian Development Bank
 18. Mr Adam Burket
Social Development Adviser
Department for International Development (DFID)
 19. Dr Tongyoo Kaewsaiha
Director-General
Department of Non-formal Education
-

Ministry of Education

20. Mr Thanin-Paem
Director
Government and Private Co-ordination Division
NESDB
21. Mr Athorn Charoenlai
Manager
Japan International Cooperation Agency (JICA)
22. Mr Nakorn Silpa-archa
Deputy Director-General
Department of Employment
23. Ms Supriya Sithikohng
Director, Industrial Development Policy Division
Ministry of Industry
24. The Executive Director
The Federation of Thai Industries (FTI)

Inaugural Address

By

Mr. Elawat Chandraprasert

Permanent Secretary

Ministry of Labour and Social Welfare, Thailand

at the

ILO Tripartite Asia and Pacific Meeting

on Training for High Performance in

Enterprises

(Bangkok, 12-14 December, 2000)

It is a very great pleasure to welcome you on behalf of the Royal Thai Government to this important ILO Tripartite Asian and Pacific Meeting on High Performance Enterprises. This meeting's theme is of key importance here in Thailand – and indeed – everywhere. And so I am particularly pleased to see such distinguished and knowledgeable representatives of regional governments, employers' and workers' organizations gathered here today – together with international specialists and technical officials. I would also like to thank the ILO for organizing this meeting.

Ladies and gentlemen,

Our region has reached a turning point, a critical juncture. Many of the countries in this region are still feeling the effects of the Asian financial crisis. At the same time, we are all having to adjust and restructure our economies to meet the challenges of globalization. And, as if that were not enough, we face another challenge – perhaps even more formidable. In today's world, the countries that have embraced the knowledge economy are forging ahead. The challenge that we face is to review and restructure our education and training systems, so that we can produce the one most essential resource – knowledgeable people.

The rapid pace at which information technology has developed is one of the driving forces behind globalization. The trade and financial exchanges that have produced the unprecedented integration of international economies have depended on this technology. Information technology has also produced other kinds of cross border movements – movements of labour, of knowledge and of technology. Globalization and the knowledge economy present enormous opportunities B including economic mobility, links between production centres an environment that is like a greenhouse for trade agreements, formed within and between countries.

That is the bright side. But there is a dark side. Globalization also makes economies much more vulnerable to shocks like the Asian financial crisis. And globalization, and the knowledge economy, produces winners and losers. The gap between the two is widening. For the most part, globalization's benefits have been confined to a relatively small number of countries. In the workplace, we are also seeing changes, and inequality. The workers that the knowledge economy values are highly rewarded. But at the other end of the scale, we see that the informal economy is exploding. And the workers who don't have the skills that changing technology demands are quickly becoming redundant.

Ladies and gentlemen,

Today we have a growing pool of the unexpectedly unemployed. These are workers who – just a few years ago – thought that their skills would be enough to guarantee them

lifelong employment. The new knowledge-based technologies and changing work practices have turned these expectations on their heads. The education and skill levels that the workplace demands are rising rapidly. Unemployed workers are not the only ones who are asking difficult questions. The combined effects of globalization and rapid technological change mean that governments and enterprises are confronting new challenges. The quality of the workforce is becoming a crucial issue. Enterprises can't operate without people. Both governments and enterprises are reviewing their human resource development policies and inputs. Indeed, we find ourselves questioning whole education and vocational training systems. Are these systems able to meet the enormous demands to train and retrain workers? Are they able to do this quickly enough? And can they give people skills that are adaptable enough to meet the needs of knowledge-based, free market economies? Governments alone can't answer these questions. Enterprises need to recognize and value the investment in human capital. Workers, too, must play a role in developing their own skills.

The extent to which a country can become a knowledge-based economy depends on how quickly it can become a "learning economy". To do this, formal education and training needs to change its emphasis. Instead of passing on specific pieces of information B formal education should teach people how to learn. Let's consider the case of two students. Which one has spent the most useful hour – the student who memorized a list of historical dates – or the student who spent that hour learning how to find that information on the world wide web? More and more, we see that individuals, firms and countries who create most wealth are the ones who are able to learn fastest – and to share the things they learn.

This brings me to another important area that this meeting will explore – tacit knowledge. This is a strategy that many of our most forward-thinking enterprises use. These companies recognize the value of the knowledge and the skills of their employees – the tacit knowledge that they hold. This isn't knowledge that's written down in manuals, or learned at college or university. This is the kind of experience and knowledge that is gathered on the job. When it is applied, tacit knowledge saves enterprises time, resources, money, customers – in some areas it can even save lives. Unfortunately, this knowledge isn't always applied. Sometimes workers guard it jealously in an attempt to create job security; at other times, it's lost when workers move on, are retrenched or retire. The most forward-thinking enterprises are trying to minimize these knowledge losses. They encourage employees to learn, and to share and exchange this tacit knowledge with other workers and supervisors. It's no coincidence that these enterprises are usually high performers – fostering, recognising and rewarding innovation among their workers. They often have other things in common too – including a level management system, and a stable workforce, with workers who are willing to work in teams and share their knowledge.

Ladies and gentlemen,

The value of tacit knowledge needs to be nurtured and recognized, even within government departments! Indeed, my own Government is now very aware of the importance of tacit knowledge and skills. We are working with our officials and staff to make full use of these, and we're confident that we are creating a better and more efficient working environment.

Ladies and gentlemen,

It is difficult to overstate the size of the challenge that we face. The knowledge-based economy has an enormous appetite for skills, and changeable tastes. Restructuring education and training systems to cope with that appetite is an enormous task. Most education and training systems are products of a bygone era. Cosmetic changes are not

enough. We have to consider making fundamental changes in education and training – starting with kindergartens, and moving through to our high schools, colleges and universities. How well we do this will have huge implications for our countries’ progress over coming decades. For it is very clear that in a globalized, knowledge-based economy – the most competitive countries are those with the highest rates of learning.

Ladies and gentlemen,

That is the challenge – I wish you every success as you move to meet it. I look forward to hearing more of the results of your deliberations here this week and I look forward to new and innovative partnerships between governments, employers and workers – to learning together.

Thank you.

**Speech by Ms. Mitsuko Horiuchi
Regional Director, Asia and the Pacific
at the
ILO Tripartite Asia and Pacific Meeting
on Training for High Performance in
Enterprises
(Bangkok, 12 December, 2000)**

Khun Elawat Chaudprasert, Permanent Secretary, Ministry of Labour and Social Welfare, Thailand

Distinguished resource persons, participants and colleagues, Ladies and gentlemen,

Good morning and welcome to this vitally important meeting, I am very pleased to be in the presence of such a distinguished group of participants and resource persons here today – particularly in view of the issues you are addressing. Indeed, I think it is impossible to overstate their importance.

Ladies and gentlemen,

Globalization, rapid fire advances in information technology and newly opening markets are changing the face of the international economy, producing a knowledge economy – and drawing very clear lines between the winners and the losers.

The companies that do best in the knowledge economy are the ones with the most knowledge – and the ones that recognize that knowledge is held by people.

The new economy demonstrates clearly something the ILO has been saying for decades – that poor people are the greatest asset that the world of work has. The companies which invest in their people – with training and human resources development, acknowledging the value of skills, encouraging employees to share and exchange knowledge – are the companies that are leading the way.

What sets these companies apart is their work practices, the way they treat their people. There is growing evidence that these approaches pay huge dividends. Companies that take these approaches are productive and more profitable. And the differences in results achieved are very, very significant. Knowledge economy rests on people on skills, experience on lifelong learning on adaptability and flexibility.

Ladies and gentlemen,

This meeting will also emphasize the needs of small and medium-sized enterprises. These undertakings are in many cases the engines driving the growth and recovery in post-financial crisis Asia. It is essential that we do all we can to foster the environment in which these companies can survive – and thrive. As the knowledge economy develops, training and human resource development will become increasingly vital issues for these enterprises. Pressure to perform comes from two areas, their customers and supply chains. And yet, these enterprises face particular problems. While large companies often have the resource to put in place their own training programmes and are influential enough to shape governmental training programmes – smaller enterprises often can't.

It is important people keep employability in the economy. We, all of us, are prepared to learn and learn to adapt to changing needs of skills and kinds of occupation.

We need to look at innovative partnerships, approaches and links between enterprises, governments and workers' organizations both in Asia and the Pacific and worldwide to see how we can move forward fastest and most effectively.

Ladies and gentlemen,

Last, but not least, we need to look at the foundation that our new training and lifelong learning efforts will rest on. We need to consider the basic education that our young people receive – and ensure that this provides the best possible starting point for ongoing learning. You may feel you want to look at quite sweeping reforms. We may find that we have to look at the way that we teach people to learn - from kindergarten onwards.

A good basic education is like the foundation that a skyscraper rests on. We can't graft a roof of knowledge-economy vocational training onto a barely-there basic education. Reaching the sky calls for some solid work on the ground.

Ladies and gentlemen,

The challenge is enormous. But there is good news as well – in the form of the opportunities that are opening up when we do that work. In our region, I think Singapore provides an excellent example. Twenty years ago, it was hard to predict the extraordinary progress that Singapore would make. This was a country with a very small land mass and few of the natural resources that economists often predict will support development. But very early in its history, Singapore turned to the resource that many countries tend to overlook – its people. By paying scrupulous attention to education and emphasizing human resources development and tripartite approaches and cooperation – Singapore has forged ahead.

Ladies and gentlemen,

Of course, success is not confined to Singapore, I think that each of the eight countries represented at this meeting have some remarkable success stories to share, some achieved nationally, others sectorally, or in regions. I very much look forward to the results of your discussions here and to the insights that I am sure will emerge from the process of sharing these experiences.

Once again, I am very heartened by your presence here today and I thank you for the commitment that you demonstrate through that presence. I look forward to a most fruitful and productive meeting and to achieving real progress in this key area in Asia and the Pacific. Thank you.
