Enterprise Training in Developed and Developing Countries

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This paper reviews the current status of in-service training policies (including funding), systems, and methodologies in order to identify issues the World Bank could address in developing investment policies and strategies. It gives particular attention to training in enterprises, identifying and analyzing the issues and factors that constrain or support enterprise-based training systems. The paper reviews experience in a variety of countries on the financing of training and suggests a way to achieve, in stages, a more equitable balance between the state and the enterprise. Some of the main conclusions of the paper are as follows:

1. A "learning profile" is needed as a simple model to help individual enterprises properly balance their use of internal and external training arrangements.

2. Enterprises, however small, should devise realistic corporate training policies as a basis for developing annual manpower and training plans.

3. Training development agencies in both developed and developing countries can play an important role in advising individual enterprises about their training arrangements.
4. The role of the trainer in an enterprise is undergoing important and interesting developments, which have major implications for the training of the trainer.

5. The way training contributes to the performance of an enterprise should be approached from the viewpoint of employers, and training outputs should be measured by their yardsticks.

6. The design of training systems should include motivating factors, including direct financial incentives.

7. Small firms, particularly those that are growing quickly, need to develop tailor-made, in-house training provisions rather than using external or "packaged" solutions. Getting sound advice on this subject is not easy, particularly in the developing countries where a group training association for small firms, managed by its own members, has not yet taken root.
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This paper reviews the current status of in-service training policies (including funding), systems, and methodologies in order to identify issues that the World Bank could address in developing investment policies and strategies. Training in enterprises receives particular attention, but the paper also emphasizes the complementary and supplementary relationships, including linkages, between training provided by vocational education and training (VET) institutions and by enterprises.

The review considers training at all main levels of employment, including management. The discussion of enterprise training systems and their effectiveness also covers, and draws distinctions between, in-service training in both the public and private sectors, distilling and comparing the practical lessons of training experience from both developed and developing countries.

In general terms, in-service training is viewed in three classifications:

1. Training that can most readily and effectively be conducted outside the enterprise
2. Training that, both technically and cost-effectively, can be delivered equally well externally or within the enterprise
3. Training that can most readily and effectively be carried out within the enterprise
This basic model is developed through a short analysis of each of the above
three categories, using brief case examples and illustrative references from
both developed and developing countries. The third category, enterprise-based
training, receives the most attention.

The paper raises several key issues; namely,

1. the importance of having a well-formulated training policy
   within an enterprise as a benchmark for decisions on setting
   training priorities, on choosing the location for training, and
   on allocating the necessary resources;

2. the shortage, particularly in developing countries, of
   experienced local training consultants to assist enterprises in
   designing, implementing, and evaluating their in-house training
   programs;

3. whether the status, benefits, and career prospects of full-time
   trainers permit recruitment and retention of qualified and
   experienced training staff;

4. the necessity to change employer perceptions about the role of
   the training officer from that of an administrator who sends
   people away on courses to that of a specialist in the
   development, design, and delivery of training activities both on
   and off the job;
5. the need to develop an effective set of methods for measuring the contribution of training to the overall performance of an enterprise, particularly where training is carried out internally;

6. the imbalance, particularly but not exclusively in developing countries, between on-the-job and off-the-job training, with too much reliance on the latter and too little understanding of what it takes to provide structured and cost-effective on-the-job training;

7. the difficult but pervasive issue of incentives, both for training staff and for trainees;

8. the special problem of training in the small enterprise, particularly the role of group training schemes and the feasibility of this method in developing countries; and

9. the financing of enterprise training, particularly strategies that have been the most successful in securing the financial viability of enterprise training systems.
A "LEARNING PROFILE" FOR IN-SERVICE TRAINING

Occupational learning needs fall into one of three main categories according to whether they are most effectively addressed through external programs, internal programs, or some combination of both.

**External Training Programmes**

Some of the key criteria for training to be delivered most appropriately outside the enterprise are as follows:

1. The risk of damage to equipment or injury to personnel may require the use of special training devices rather than the real thing. These can often be provided most economically if they serve many firms rather than a single enterprise, unless the enterprise is very large indeed.

2. If, in addition, the technology involved is new and the number of technical specialists who understand it are relatively few, the case for central external delivery of training for technicians and technologists is even stronger.

3. The focus is on the acquisition of new, rather than on the application of existing knowledge.
4. Because of the (sometimes) high cost of training outside the enterprise, the case for external training will be stronger if the numbers to be trained are small, the learning time is short, and the occupational level at which the trainees operate is high. This training could have a subsequent multiplier effect inside the company when the trainees return to work and train their own subordinates, but this benefit is often more apparent than real unless the external training incorporates training in instructional techniques.

5. Outside the strictly technical areas of business, new management knowledge at the strategic level almost always must be provided outside the enterprise in a management training institute of some kind or in another enterprise.

6. The purpose of the training is to lay strong basic foundations of technical knowledge, which will lead to a better organized and, therefore, more rapid and effective accumulation of practical experience in the real work situation. External training may ensure that the trainees follow an approved syllabus and achieve a given standard of performance under the guidance of suitably qualified instructing staff. This is the justification for basic training of craft apprentices outside the enterprise even in the absence of some of the other main criteria -- that is, even if the numbers of trainees are large rather than small, much of the technology is established rather
than new, and the special equipment needed is not so expensive as to be impractical for all but very large enterprises to own.

To summarize, training outside the enterprise is more appropriate where equipment is costly and risk of damage high, technology is new, numbers are manageably small, occupational levels are high, and the primary concern is with the acquisition of knowledge rather than the application of skill.

Examples in which simulation of complex and expensive equipment through external training is most appropriate occur in such industries as oil refining, electricity generation, or chemical manufacturing.

An example of new technology is the desk top computer. This equipment is neither large nor expensive, but the radically new organizational structures and communications systems they introduce often require removing managers and senior technologists from their existing work environment for training, if some of the more revolutionary ideas in this field are to gain acceptance.

The argument is that when an organization requires fundamental change, some if not all of the new ideas likely to bring this about must be acquired outside and then applied inside. For example, the international business school at Fontainebleau in France offers a programme that takes vertical "slices" from the management and supervisory systems of a group of very large European firms outside their own organizations for periods ranging from a few weeks to three months for group and individual instruction in
managing and being managed. The proposition is that when (and only when) a critical mass of key people at each main level of management has been exposed to this common experience, the organization itself will start to change.

Another example of this approach is found in developing countries in which radical changes are being proposed in the whole VET system. The "managers" of the system (including senior civil servants and even politicians) should be withdrawn from their normal work environments and subjected to short programs designed to "unfreeze" some of their traditional ideas about vocational education and training and expose them to alternative ones. In the author's view, however, the need for middle-level trainers and vocational teachers from these countries to spend long periods of time on fellowships at educational institutions in developed countries has been wildly exaggerated in the past.

**Training Programmes Within Enterprises**

An enterprise is usually the most effective provider of training (either on or off the job) when the following conditions prevail:

1. The equipment on which training must be given is large, expensive, and complex but is not subject to risk of damage.

2. Large numbers of employees are to be trained, and the external arrangements (including travel) would be correspondingly very expensive. Even though the numbers to be trained may be small,
if all the other conditions are met, for small enterprises may more appropriately supply much of their own training needs.

3. The occupational level at which training is to be given is relatively low in skill and knowledge content; this description applies to most but not all operative jobs in manufacturing and to lower level activities in retailing (such as shelf-filling and checkout in supermarkets) and commerce (routine clerical work).

Good examples of the need for enterprise-based training for routine but specialized clerical jobs include programmes to train key "pools clerks" to check winning coupons in a north of England football pools company, to retrain order clerks in a large chocolate manufacturing firm, and to retrain clerks in national insurance offices in the United Kingdom. In both the last two examples, training was associated with changes in working methods, which resulted in significant increases in productivity.

4. The work is neither simple nor routine, but the skills involved are highly job or industry specific. Nonrepetitive operative and inspection jobs in textiles, tobacco manufacturing, and leather tanning are examples of this type of work, as are a wide range of maintenance activities in engineering and construction.
Two particularly good examples of this situation arose in the United Kingdom. Deteriorating standards of "blue sorting" in a tannery were corrected by systematically training sorters based on skills analysis of a job based almost wholly on perception skills. At about the same time, a plant-based programme of training for glass blowers helped to stem a gradual decline in quality standards in the hand-made crystal glass industry. The project in each case was sponsored by the relevant employers' trade organization.

5. The purpose of the training is to improve the performance of existing supervisory and management staff or to develop the skills needed for promotion. Such training is almost always delivered most effectively within the enterprise--within the teams and the social climate in which the learners normally operate. Action Learning is an important example of a training approach designed to use real work situations as the training medium for managers. The modular approach to supervisory training, developed in the United Kingdom and using on individual supervisor's own superior as an on-the-job trainer, is another example of a work-based approach to training; this system has worked effectively in both developed and developing countries.

Paraguay has yielded a number of recent case examples of enterprise-based projects to improve working methods in small and medium-sized businesses
in such industries as ceramics, furniture manufacture, metalworking, textiles and plastics, and printing (newspapers). The improvement of management and supervisory skills and the clarification of changed roles have been integral parts of each project. These projects, initiated by the national training authority (SNPP), gained the enthusiastic cooperation of employers by emphasizing the task of improving work systems and methods and by treating training as an important, but subordinate, aspect of the whole project.

In general, enterprise-based training is highly appropriate if numbers of trainees are large, skills to be learned are simple or highly specific, the technical knowhow is established rather than radically new, or the existing social atmosphere and interrelationships with colleagues are necessary preconditions for successful learning. Although new technology or radically changed working relationships may be acquired in some external training establishment, their application can only be learned within the enterprise and on the job.

Successful Training Either Externally or within the Enterprise

The categories into which vocational learning has so far been divided represent extremes in an occupational learning spectrum. These extremes have the following components:
<table>
<thead>
<tr>
<th><strong>External Training Situations</strong></th>
<th><strong>Internal Training Situations</strong></th>
</tr>
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<tbody>
<tr>
<td>Numbers are small</td>
<td>Numbers are large</td>
</tr>
<tr>
<td>New technology is involved</td>
<td>Established technology is involved</td>
</tr>
<tr>
<td>Training is nonspecific</td>
<td>Training is highly specific</td>
</tr>
<tr>
<td>Industrial strategy is involved</td>
<td>Industrial routines are involved</td>
</tr>
<tr>
<td>Knowledge is acquired</td>
<td>Skill is applied</td>
</tr>
<tr>
<td>Occupational levels are relatively high</td>
<td>Occupational levels are relatively low</td>
</tr>
<tr>
<td>Individuals learn</td>
<td>Groups learn together</td>
</tr>
<tr>
<td>Social climate is irrelevant</td>
<td>Social climate is critical</td>
</tr>
</tbody>
</table>

A wide range of intermediate situations exist, however, with various combinations of the above conditions. In these, neither the external nor the internal approach to training offers a clear advantage technically or financially. In practice, the choice depends on a number of other factors such as the size of the enterprise, its management style, and, most important of all, the extent to which external advice is available to help an enterprise to select the approach best suited to its needs and to implement that solution.

Typical situations of this intermediate kind involve significant numbers to be trained, nonspecific training, a considerable need for the learners to acquire new ideas as well as new attitudes, and a focus on individual rather than group learning. This profile fits learning needs for existing middle managers and senior supervisors in enterprises concerned with developing individual skills and knowledge in such areas as planning, quality control, or performance appraisal. Quite plausible scenarios could be devised.
for dealing with this type of training need either wholly externally or wholly internally, but even a relatively large firm often requires external consultancy help to make the internal solution work.

A case in point arose in the United Kingdom some years ago when a medium-sized oil rig manufacturer wanted, at quite short notice, to develop the planning skills of its senior supervisors and to familiarize them with the main features of critical path analysis as a planning technique. The training solution was to hire external consultants to design a tailor-made modular programme of supervisory training; because of the time constraint, the consultants also implemented the program. In practice, the physical location of the training was not a critical feature of the program. The key feature in this case was the availability of a suitable firm of consultants with extensive experience in designing learning programmes for supervisors.

A similar case involved a large food manufacturer in the United Kingdom. Its introduction of a new companywide management development scheme required, among other things, that a large cross section of company managers and senior supervisors (including more than forty plant general managers) be trained in the skills of appraisal interviewing and target setting. The management style of the company was authoritarian. It was the market leader in its own branch of the food sector, and many individual managers, particularly at the more senior levels, held extremely strong views on what they perceived to be the direct link between management style and economic performance. Although much if not all of the necessary training could have been done externally, strong (highly critical) management views about the role
of "academics" in management training ruled out this approach. Nevertheless, the need to introduce new ideas and unfreeze many existing attitudes and the relatively low status of the company personnel function meant that external training consultants were needed to get the learning process started, particularly at senior levels of management. Gradually, at the more junior levels of management and supervision, responsibility for managing the learning program shifted to the company training staff, whom the consultant had trained in this. This led to a significant improvement in the professional status and influence of the internal trainers within the organization. Although the actual location of all the training was on the company's premises, this was not a key aspect of the program.

What was important was the use of an acceptable group of training consultants to establish an in-house learning program in an area of great sensitivity and importance for the company's top management team. Equally important was the "multiplier" factor, which started to operate within the geographical regions of the company when regional training staff and local chief executives started to take over responsibility for managing the learning process for junior managers and senior supervisors.

Basic training in craft skills is included in the list of training arrangements that are usually best provided externally. Large firms, however, may conduct this kind of training equally well internally. The size of the firm and the range and standard of its work may allow it to provide basic training workshops and staff at least as qualified as those available in any local training center. The choice of method in these cases is likely to be
based on other factors altogether; for example, trainees who start their vocational training with and in the enterprise may have higher retention rates in later years.

This advantage for internal training can be simulated in some external arrangements. A government training center recently established in Somalia with the aid of the Federal Republic of Germany, requires for admission to the center (specified by the aid agency concerned) that individual school leavers should be selected, sponsored, and monitored throughout their basic training by a company that will employ them and continue their training on completion of the basic course.

Achieving a Balance

The criteria for judging whether to provide a given training input externally or internally have been listed and described as if the majority of enterprises were both aware of them and used them systematically as the basis for a rational system of decisionmaking about training. Nothing could be farther from the truth. In practice, enterprises often make decisions to use or not use a particular external training facility on the basis of nothing more systematic than expediency or tradition. Only too often, a generous supply of external training places (for example, in basic engineering craft skills) proves to be based at least as much on “empire-building” in the technical education sector as on any rational judgment by the state as to the economic advantages of any given mix of enterprise-based and external training.
Both in developed and developing countries, the average enterprise now has a great many external training options available to it, and an equally wide range of (sometimes expensive) training packages are being marketed for direct use within the enterprise. What is not available to anywhere near the same extent is professional advice and assistance on how to balance the use of internal and external training solutions and, having made the right choice, how to design and implement effective internal training programmes and specify external training requirements.

This deficiency arises for a combination of the following reasons:

1. In developing countries, a significant number of large enterprises, which elsewhere would employ a reasonably well-qualified training officer, either do not have one at all or, if they do, have one whose professional training has been neglected. Thus, the first level at which professional training advice may be available to a firm is missing altogether or is not of a particularly high quality.

2. The facilities for training enterprise-based training staff in developing countries are of variable quality. In many cases, the appropriate institutions for doing this exist but lack enough people with the relevant experience and status to develop and manage a large-scale trainer-training activity. Individuals of this calibre are much more likely to be
attracted into mainstream management roles in production, marketing, and finance. In many developed countries, training and development roles in many industries are now attracting some of the most able managers. Training in many developing countries is in this respect comparable to that in the United Kingdom or United States some twenty years ago.

3. The same influences are responsible for a shortage in developing countries of private-sector consultancies that can offer first-class advisory services in training. Manpower consulting is a growth industry in the United Kingdom in the 1980s, and enterprises have a wide range of choice for getting short-term help in this area. In a developing country, practical help of this kind is much harder to obtain, although consulting engineers or financial advisers are readily available.

4. Enterprises can turn to a professional training institute for help and advice with training problems. These are in some cases affiliated with the American Society for Training and Development or are direct branches of the British Institute of Training and Development (for example, in Hong Kong and Malaysia). Several institutes of this type are active members of the International Federation of Training and Development Organizations. Many of these institutes, as in the United States and the United Kingdom, are dominated by senior members
of the profession who work in large companies, and quite often they have a large membership from academic institutions. The interests and concerns of institutes based on the West European or American model seldom match the practical day-to-day needs of the trainer in a medium-sized enterprise who is struggling to gain acceptance from line management in creating the elements of a training function within the organization.

Enterprises in developing countries need more and better in-house trainers, more and better facilities for trainer training, and a wider choice of professional advisers in dealing with their training problems. Among other things, this might entail finding ways of encouraging private-sector consultancies in training as an alternative to the growing tendency for state-sponsored training development agencies and/or academic institutions to monopolize professional advice in this area.

TRAINING POLICY WITHIN AN ENTERPRISE

Many enterprises prepare detailed plans for production, marketing, and finance, but few have annual manpower and training plans based on an assessment of current occupational training needs and, for the longer term, an agreed policy for in-house training. In the absence of any guidelines, organizations have a strong propensity to subcontract the task of direct training for their employees wherever possible to outside bodies and to limit the role of the training function within the business to that of administering the system for sending people away on courses.
During the past twenty years, following the example set by a growing number of organizations (public and private) in the developed countries, this state of affairs has gradually started to change in other parts of the world. This has, to some extent, resulted from initiatives taken by government departments with responsibility for manpower and training matters or by parastatals, such as the ITF in Nigeria, NMYC in the Philippines, and SENATI in Peru, encouraged and supported by international and bilateral funding and aid agencies.

The key components in the change process have been --

1. the recognition by the various parties involved in industrial, commercial, and public-sector training that the decisionmaking process in training should start in the enterprise and be an integral part of business planning;

2. the gradual accumulation of a professionally "respectable" body of systematic knowledge on this subject, including both simple concepts and models for use in formulating corporate training policy and simple practical guidelines for identifying corporate training needs;

3. the development of institutions at national, regional, and industrial levels to publicize and promote the use of this knowledge by such means as courses, publications, and
consultancy services -- examples of such institutions are AnCO in the Irish Republic (national), the Provincial Training Board for Sind in Pakistan (national), and the Industry Training Boards in the United Kingdom (industrial); and

4. evidence from an increasing number of sources that systematic training based on clearly defined corporate training policies and annual manpower and training plans, usually involving a much stronger emphasis on training carried out within an enterprise, improves organizational effectiveness.

Information on this subject is available from at least four main sources: the case files of development banks and aid agencies, from their lending programs for project-related training; the records of training development agencies in both developed and developing countries; case examples provided from time to time by both private-sector and public-sector training consultancies (including the consultancy programs of academic institutions, particularly the business schools); and material on training that individual companies publish directly.

Making direct and convincing connections between systematic overall company training strategies and company performance is difficult, of course, although these connections seem both clear and convincing in the case of international companies such as IBM. Some of the most persuasive evidence of this kind comes from the more limited area of project management. In developed countries or where enterprises from developed countries are setting
up new plants in a developing country, successful commissioning of many new plant programs has relied to a great extent on systematic preparation of the training component within the project.

Annex A provides detailed notes on the main elements needed to formulate corporate training policy and some practical guidelines for studies to assess an organization's training needs.

EXTERNAL TRAINING DEVELOPMENT AGENCIES

External influences of many different kinds have contributed to a growing awareness on the part of employers, in both the private and public sectors, of the economic advantages to be gained from dealing more systematically with training within their organizations. One of these influences has been of particular importance in the United Kingdom since 1964 and, more recently, in many developing countries. This is the training development agency, which comes in many different guises. In addition to varying by scope (national, regional or industrial), these important institutions may also differ as follows by status and sponsorship:

**Statutory agencies** such as the ITBs in the United Kingdom, the ITF in Nigeria, and the Productivity and Vocational Training Department of the Ministry of Industry in Egypt (PVTD)

**Voluntary industry-based agencies**, usually sponsored by employer organizations or joint industrial councils
Independent or private agencies of all kinds, which provide advice on training development as part of a wider range of manpower and/or teaching services and are usually general in scope rather than industry-specific; these in turn may be divided into two subcategories: nonprofit bodies, consultancy organizations, and educational institutions; and private profit-making consultancies.

Group training associations, which differ from the other three types of agency in two main ways: they specifically provide training services to small enterprises, and they provide a wide range of direct training services in addition to advice on training development.

The roles of these training development agencies differ in several respects. (The scope and nature of training development agency services to employers are amplified in more detail in Annex B).

Statutory agencies (in addition to their advisory role) often have the power to raise a training levy from employers and to reimburse the levy in part through training grants of some kind. In the United Kingdom between 1965 and 1975, the idea of using the levy/grant system to distribute training costs more equitably within an industry attracted a great deal of attention, but these arrangements in the long run proved to have two other much more important effects; namely,
1. They commanded employers' attention to training priorities the Training Board considered important.

2. They provided a fund the Board could use to hire and train its own staff and develop training programs and materials as a basis for individual employers with tailor-made advice on training.

Whereas statutory and some voluntary industry-based agencies usually adopt a proactive role based on their definition of the manpower and training needs of the nation, the region, or the industry, independent and private agencies, group training associations, and some of the voluntary industry-based agencies tend to adopt a basically reactive role. They respond with advice and assistance to manpower and training problems clients refer to them. Such agencies behave in general like a professional management consultancy, differing from each other only in the model of the consultancy process they adopt.1/

With the passage of time, many of the more successful training development agencies, stimulated by their own successes in responding to the needs of individual clients, have become interested in learning how to multiply the best training practices on a large scale and on a strategic basis. These agencies, therefore, are expanding their activities to include identifying training needs, designing learning to meet those needs, evaluating

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the results in a wide variety of circumstances, and multiplying the results on the widest possible scale.

Training development agencies recruit and train teams of highly professional advisers who have three main functions:

1. to conduct manpower and training investigations and interpret their results to provide a factual basis for the agency's training strategy;

2. to develop training systems, procedures, manuals, and other materials in areas of recognizably high priority; and

3. to provide consultancy services in training, within whichever model of the consultancy process is considered appropriate.

RECRUITING AND RETAINING ENTERPRISE TRAINING STAFF

If training succeeds in raising its status in the value system of the modern enterprise, the demands made on the individual trainer will change radically. These changes have important implications for the way the role of the trainer is defined; the relationship between the trainer and other managers; and how the trainer is trained, rewarded, and retained. Annex C contains a more detailed discussion of this important subject.
Changes in the role of training in developed countries and in the way managers perceive the training role have had particularly dramatic effects on the work and status of individual trainers. These changes appear to be spreading, somewhat slowly, to many developing countries. For example, the syllabuses of training courses for trainers in developing countries use participative learning methods, and the trainers themselves want to know more about action-centered and discovery learning. To some extent, cultural influences act as a brake on this process in societies where the authoritarian model of the teacher is still the basis of the trainers' (and managers') thinking.

A trainer can fill four key roles within an organization (although in practice, a trainer's job will consist of some combination of at least two of the four). These key roles are as follows:

**Direct Trainer:**
Instructing, at any level

**Training Administrator:**
Dealing with the paperwork

**Learning Designer:**
Designing and setting up an effective training programme.

**Consultant to Management:**
Advising on how to solve training problems and develop the training function

The changes taking place in many organizations consist of qualitative changes within a single role, such as undertaking more difficult duties within the instructing role or undertaking learning design or
consulting tasks for the first time, as well as the substitution of one role for another. In general, detailed changes in trainer roles within organizations reflect a movement away from teacher-centered ways of training based on an "educational model" of the learning process and toward learner-centered approaches, which focus attention on business needs, discovery and action learning, training on rather than off the job, and conversion of new learning into improved business results.

In many countries, a large increase in the demand for qualified trainers within enterprises has surfaced at the same time as these major role changes. The traditional response is to promote instructors or to recruit administrators or teachers, who often prove unsuitable for the purpose. Many of the individuals who might become good trainers are already managers of some kind. If they are to be recruited to jobs in training, the employer must be persuaded of the need for this, trainers' rewards must be improved, and conversion training must be provided.

One of the main problems for companies that are establishing a training function for the first time is to convince a reasonable number of key line managers that trainers should be treated as full members of the management team, rewarded accordingly, and not regarded as "teachers on secondment." When this initial barrier has been overcome by some demonstration of the economic benefits to be gained from more systematic training within the enterprise, attractive career patterns for the trainer become increasingly easy to develop. In many countries, a trainer can follow at least three major career routes, namely,
a career within the training function, by moving from one enterprise to another;

a career mainly within line management, with occasional forays into training roles to widen experience of the manpower function in business; or

a career network within an organization's various management services departments, which may include training, personnel, industrial engineering, quality control, and information technology.

The career/salary problem for trainers is generally much less of a problem in the private than in the public sector. If the training function within an enterprise is expanded as the result of some external pressure or intervention, many employers recognize the need to improve rewards for trainers as soon as they see the results of their efforts showing in the financial performance of the organization. Public-sector organizations, which usually are subject to close control of numbers employed, gradings, and salaries, have much more difficulty in recognizing and rewarding contributions from individual trainers. Ministries and parastatals vary noticeably in this respect. For example, the Vocational Training Board in Jordan, because of its generous and flexible salary structure, experiences much less difficulty in recruiting and retaining well-qualified instructors for its vocational

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2/ In the Shell organization, almost all training jobs are filled by managers "in transit," but this arrangement is relatively exceptional.
training centers than does the Ministry of Education in trying to fill almost identical vacancies in a technical school or a ministry-operated center; a high proportion of the VTC instructors have had previous supervisory experience in industry, whereas ministry instructors often go directly from being a student to being a teacher, with only military service in between.

THE CONTRIBUTION OF ENTERPRISE TRAINING

Many researchers continue to be disappointed at the slow progress being made in developing a comprehensive methodology for measuring the efficiency of either internal or external training. This deficiency, however, has not deterred employers from choosing among alternative ways of meeting their learning needs, and the practical criteria they use to make these choices are relevant in developing more objective measures.

As the unit cost of training carried out externally increases significantly without any obvious improvement in quality, employers may choose to provide the same training internally for much the same reason that manufacturers choose to manufacture parts in-house, that is, to secure better control of quality and to meet time targets.

If a particular learning need is clearly associated with some recognizable bottleneck and the skills involved are highly specific to a particular enterprise, that employer often will accept without argument, an in-house training solution that reduces average learning time significantly and, at the same time, greatly improves the firm's capability to deal with
similar problems in the future. For example, a United Kingdom Electronics firm that manufactured fine wire winding for resistors in the "pre-chip age" was receiving a high level of customer complaints in the department concerned, was experiencing high costs in labor turnover.

The training development agency concerned was unable to provide a convincing promise of expected net savings. An in-house training program provided an opportunity to reduce learning times from approximately eight months to six weeks while significantly reducing retention rates for that category of work and strongly enhancing the enterprise's capacity to deal with similar problems in the future.

When technological change and organizational restructuring occur on a significant scale within an enterprise (particularly when linked with the construction of a completely new plant or the major extension of an existing one), the enterprise may authorize massive investments in the development of training and the training function on the basis of the vaguest possible attempts to quantify the economic payoff. In the new plant situation, the status and size of the training function as a whole is often radically different from what is customary in the parent business, and the management insights this provides often lead to major long-term payoffs for the organization as a whole.

In recent years, the encapsulation of training knowhow in the training materials and advisory services of training development agencies has shifted the advantage in training from the cost to the benefit end of the
business spectrum. This is particularly true of knowhow in the area of training needs assessment, learning design, and trainer training.

Influenced by good-quality external training advice, employers have generally become much more aware of the long-term economic benefits likely to come from investments in such things as management and supervisory training, in teamwork skills, and in organization development programs to improve the "learning climate" within the enterprise.

In the developing countries, with the exception of the new plant situation, some of the best examples of employer recognition of the economic advantages of training have been found in relatively small or, at the most, medium-sized enterprises (in many cases employing less than 250). Many firms of this type in Paraguay, having been approached on the subject of their training needs and priorities, cooperated enthusiastically with the training advisers in programs to increase productivity; training was still very much an ancillary service, but without it, long-term increases in productivity would not have been realized. In a much earlier program, aimed at owners of small businesses in Colombia, group work involving executives with similar backgrounds and levels of experience, but from different industries, led to major improvements in the planning system of one firm, which realized huge economic gains in relation to its initial turnover. Helping managers to recognize what improvements in the system of work are needed if the potential created by training is to be realized is one of the most useful, but also one of the most difficult, tasks of an enterprise's trainer.
Annex D suggests a number of ways to help employers build on their existing criteria for judging the economic contribution of training by learning from their own experience. This is based on the proposition that at least as much, if not more, is to be gained from a forward-looking rather than backward-looking approach to training evaluation. This approach focuses at least as strongly on training as a means of generating long-term improvements in organizational effectiveness by improved teamwork or a better learning climate as it does on learning occupational skills in a single job area.

THE IMBALANCE BETWEEN ON-THE-JOB AND OFF-THE-JOB TRAINING

Continued imbalance between the use of external and internal training arrangements in many enterprises (almost always in favor of the former) is mainly attributable to ignorance of available alternatives. In many cases, changing from external to internal arrangements (or vice versa) would result in meeting a particular need more cost effectively and/or significantly improving the firm's ability to deal with similar problems in the future.

The average enterprise needs more and better knowledge of how to recognize when it has a problem of imbalance in training and where to go for advice on putting it right. The information source should be independent; technical colleges and training centers of all kinds with space capacity are not necessarily the best sources of advice for an enterprise that thinks it ought to be doing more training in-house.
Recognizing the existence of the problem will only happen if the enterprise conducts a regular annual review of its training arrangements, asking "Since this time last year, has anything of significance happened in any main area of learning need that should lead us to question the way we are currently meeting it: externally or internally?" No one occupational area should be excluded from this challenge.

An individual enterprise can get advice on this subject from wide range of sources, including national training development agencies, employers' organizations, ministries of labor or manpower, or private-sector training consultancies. Having access to sound advice is a particularly important need for smaller enterprises, and giving such advice is one of the key roles of a group training association.

Balancing the use of external and internal training arrangements is, at this point in time, a bigger problem in the developing than in the developed countries for two reasons:

1. A heavy emphasis on off-the-job training for the basic training and sometimes part of the advanced training of craft apprentices in engineering and construction was necessary to deal quickly with skill shortages in the early stages of industrialization. The modern and usually expensive buildings and training equipment outside agencies continue to attract business long after the point when it would pay local industry to carry out a higher proportion of the training on the
premises of enterprises and even to start substituting semiskilled operatives trained on the job for some craftsmen. Also in developing countries, the status of individuals trained off the job tends to be much higher than those trained in-house.

2. Until fairly recently, few agencies with both the technical know-how and the independent professional reputation in training development have been available to provide advice on this subject.

INCENTIVE: FOR TRAINERS AND TRAINEES

The following notes on the provision of incentives for both trainers and trainees relate solely to staff within an enterprise and not particularly to those who work or are trained on a full-time basis within VET institutions. Also, the word "incentives" in this paper has been given the widest possible interpretation, to include both financial and nonfinancial incentives and factors within the working environment that may motivate or discourage participation.

Trainees

Trainees, as employees, should be encouraged from the earliest possible stage to share responsibility for the economic performance of the business and should become thoroughly familiar with the mechanics of the
reward system. They should be paid a basic wage on an ascending scale even before they are making a net contribution to company profits. As their performance improves, part of their payment should vary with their output or quality of work (preferably both). They should be responsible for paying out of their wage, however small in the early stages, the whole or part of any welfare or social dues, including canteen meals; the aim should be that the trainee, on completion of training, should be thoroughly familiar with all aspects of wage payment within that enterprise and ready for transfer to one of the lower points on the experienced operatives’ pay scale. If output is difficult to measure and the enterprise is mainly concerned to develop skill rather than speed at work (as in the case of engineering apprentices), trainee wages are usually expressed as an increasing percentage of the experienced worker rate. In developing countries, a relatively common practice is to pay either no wage at all or a nominal small figure, but to supplement this with nonfinancial incentives such as accommodation, free meals, free transport, and free social facilities. Under an alternative system, the trainee gets a wage, pays dues out of that wage, and at the same time learns how to balance his or her own budget and to understand the enterprise’s wage system.

Both financial and nonfinancial incentives are inducements that encourage recruits to become trainees with one enterprise rather than another. If these incentives are continued and even improved, they also may raise trainee retention rates.
What financial incentives and benefits in kind do not do anywhere near as well is to elicit effort and enthusiasm for the training. For this to happen, a whole range of additional motivators are needed. Some of the more important of these are --

1. **setting targets of achievement at intervals within the training program and providing feedback on individual results**;

2. **employing instructors trained in the skills of motivating trainee behavior and capable of establishing good rapport with individual trainees**;

3. **as training progresses, providing as much opportunity as possible for trainees to control their own rates of progress**; and

4. **if the work content of training permits, encouraging trainees to work in small teams on tasks that yield high satisfaction -- for example, improving the fabric or repairing the equipment in their own workshops**.

**Trainers**

Salary levels for the basic grade of trainers, such as instructors, and above must be comparable to those for work of equivalent difficulty and importance; that is, instructors should be good senior supervisors, whose next
promotion might be either to training officer or departmental manager. Only too commonly, in both developing and developed countries, junior trainers are "refugees" from the pressures of the production workshops who will happily accept a lower salary and poorer promotion prospects in order to have a quieter life.

Nonfinancial incentives trainers enjoy should also be comparable to those offered line supervisors and line managers. These benefits reflect status within the organization, and like the basic salary scale, they are a means of attracting recruits to and retaining them in the training function.

Acceptable salary levels and equality of perquisites alone will not produce trainers who are enthusiastic, creative, professional innovators. To be motivated in this sense, other things are needed, namely,

1. Achievements as a trainer must be recognizably connected to career advancement either as a trainer or as a manager. The "visibility" of an individual in the management succession program must be no less high when he or she becomes a trainer.

2. In training particularly, employees must be given the maximum degree of control over their own programs and targets. A particularly bad example in this area existed at one time in the United Kingdom (and in some places still does). Learning design in company training centers was a privilege of the center manager or his senior subordinates, whereas the rank-
and-file instructor (who often had all the relevant knowledge) was restricted to instructing existing programs, which he had no authority to vary in any way. This arrangement has been exported to training establishments in many developing countries.

3. Detailed provisions must be made for the professional development of the trainers at each stage of their careers -- encouragement and assistance to take examinations, membership in professional institutes, and enrollment in suitable courses.

SPECIAL TRAINING PROBLEMS IN THE SMALL ENTERPRISE

If a small firm is defined as one with fewer than 100 employees, then most firms in most countries are small. For training purposes, however, smallness may be measured in ways other than total employment. For example, an advertising agency may be small in total numbers employed but have massive training problems because a high proportion of its employees are professionals. Also, small firms that are obviously going to stay small (such as many "corner shops" in retailing) and small firms that are growing have different training needs. Thus, an advertising agency employing fewer than fifty and just entering on a period of rapidly enlarging its market share through a combination of autonomous growth and mergers is likely to have major training problems.
Characteristically, the small company of this type has a high proportion of career-conscious professionals and a wide variety of projects. It is based on a network of loosely federated small groups, working under considerable pressure. It is also experiencing a great deal of change and operating on relatively low profit margins with rapidly increasing turnover. With little time available for decision-making in what are perceived to be the priority areas of the business, management in this type of small company looks for ready-made solutions in areas like training, which it perceives to be of low priority. Thus, it seeks to avoid in-house training altogether by recruiting "qualified people," by bringing in training packages for use by individuals, or by using external courses.

Small firms of a more conventional kind, operating in such markets as the supply of components to larger firms or in other specialized areas, tend to behave similarly. They see training as a low priority, regard themselves as too small to have their own internal training organization, and look for ready-made solutions outside the firm. In many cases, but particularly for enterprises that are growing relatively fast, the company's needs are so specialized and are changing so rapidly that it needs a tailor-made solution. What it lacks are sound professional advice on how it might go about finding one and a cost-effective way of making the solution work in practice.
In some developing countries, programs for establishing enterprises also provide training advice and assistance, but whether these provisions will survive when the firms have to cover all the costs involved themselves has yet to be demonstrated.

Developed countries now have a considerable body of knowhow on ways of dealing with the training problems of small enterprises through a group training association of some kind. Annex E describes briefly how such associations are established and funded, what services they provide, and to what extent this type of institution might have applications in developing countries.

FINANCING ENTERPRISE-BASED TRAINING

Both developed and developing countries have accumulated a great deal of experience during the past thirty years in financing enterprise-based training. This experience has mainly included a wide range of government interventions aimed at influencing the amount and quality of industrial training in the manufacturing sector. Many of these programs incorporate attempts to distribute the costs of training more equitably by transferring more of the costs of training from the state to its principal beneficiaries and by redistributing the costs of training among enterprises. The focus of attention in most cases has been primarily on the enterprise rather than the individual trainee as a beneficiary of training. These programs raise a number of issues. Annex F deals with this subject in more detail.
Although the overall aim of the World Bank is to ensure as far as possible that VET should be financed by its main beneficiaries -- employers and trainees -- government investment in training on a significant scale may continue to be necessary because of the small scale of enterprises in many economies and weak capacity in general to deliver training. This has been the continuous dilemma of policymakers in industrial training for many years.

Ensuring an equitable distribution of training costs is only one of the several aims of national training policy that a nation's budget must accommodate. For example, programs to provide training (and useful employment) for unemployed teenagers have absorbed a large proportion of the United Kingdom's Manpower Service Commission budget in recent years.

Governments have used a very wide range of techniques to influence the distribution of training costs. Virtually all involve some combination of a training levy or tax on employers, grants of various kinds to return some proportion of the levy, and state subsidies for forms of training or the development of training institutions that are regarded as being in the public interest. Systems of training finance are administered in a variety of different ways, but the most common arrangement is for the state to empower an independent training agency of some kind to raise the levy (for example, the Industry Training Boards in the United Kingdom or the Industrial Training Fund in Nigeria).
National schemes for financing training may be either simple or complex and either performance oriented or welfare oriented. A good example of a simple scheme is one in which a relatively small levy (say, 1 percent of payroll or less) is raised, and the proceeds are used to fund services provided by a national agency. Many of the schemes in Latin American countries, such as Peru and Ecuador, fit this category. Complex schemes involve elaborate combinations of levy and subsidy administered through many different institutions (as in the United Kingdom today). Examples of schemes based primarily on efficiency are to be found in the United Kingdom in the early 1970s and in Singapore today. Schemes with a strong welfare bias are those in the United Kingdom today and the arrangements operated in the United States under CETA.

Government attempts to influence the financing of industrial training, however well intentioned, can have massive if unexpected side effects in such key areas as employer attitudes and willingness to cooperate with government in making the national training system work.

Some approaches to the financing of industrial training are likely to fail (and even to do positive harm). These include the systems that involve unnecessarily high training levies (say, 3 percent of payroll or more) associated with complex grant schemes, which are mainly needed to dispose of the levy. They also include the systems that rely totally on government for major investments in new training. What is needed in most developing countries, in principle, is a system of financing that provides for a realistic measure of employer contribution, together with a plan to increase
this contribution gradually by helping employers to take on more direct responsibility for doing training as well as paying for it. This important point is amplified in Annex F.

SUMMARY AND CONCLUSIONS

Key issues with regard to enterprise training include the following:

The "learning profile" described in this paper offers a simple model for testing the proper balance between the use of internal as opposed to external training arrangements. The model is offered as an approach to the problem, for improvement; it is not the last word on the subject.

Perhaps the highest priority of all is to help firms of all sizes, but particularly small and medium-sized firms, to devise realistic corporate training policies as the basis for developing an annual manpower and training plan. A strong body of professional knowhow is now available on this subject.

Training development agencies are playing an increasingly important role in national training policy in advising and assisting enterprises with their training arrangements. But recruiting and training development staff is a major problem.
The role of the trainer is changing as training itself becomes learner rather than teacher centered. This has major implications for the training and salary of the trainer and for the professionalization of the training function.

Any discussion of the way training contributes to the performance of an enterprise must be approached from the viewpoint of employers, and training inputs and outputs must be measured by their yardsticks.

If firms need advice to recognize imbalance between the use of internal as opposed to external training arrangements, a wide range of sources provides such advice.

General motivating factors, as well as financial and nonfinancial incentives, are important for both trainers and trainees.

Small firms tend to look for external and packaged solutions to their learning needs, although their need for tailor-made training in-house is probably greater than that of many larger firms. Dynamic small firms that are growing need in-house training programs more than large firms that are not. Small firms, however, have a problem in getting the right kind of advice on this subject from the right source. A group training association, managed by its own members, is a solution that has worked in some developed countries, but its applicability elsewhere has yet to be tested.
Governments have used various systems to intervene in the financing of training with the objective of securing a more equitable balance between the state and the enterprise. Some have patently failed. A more gradual approach in cooperation with the employer is advocated.
ANNEX A: TRAINING POLICIES AND PLANS

An apparent reason that many firms continue to use external training facilities to supply their main learning needs is habit rather than conscious decisionmaking. Surprisingly few organizations have consciously and deliberately formulated and then promulgated to their employees a corporate training policy geared to the achievement of the main aims of the business. Businesses rarely have a reasonable detailed manpower and training plan with targets for achievement running even one year ahead. In the absence of such a framework, any training budget that is prepared can only be estimated in the crudest possible way and will cover only "running costs." Inevitably, the training department, if one exists, must plan mainly to use external training courses, for which someone else has already incurred the capital and designing costs. Enterprises should learn how to think their way out of this situation so that training can make a more effective contribution to business performance (see Annex B).

OVERALL TRAINING STRATEGY

Even in the largest firms, training strategy is often a set of unspoken assumptions rather than something carefully and consciously worked out. Much would be gained by deliberately putting these assumptions into words, particularly from the management discussions this would involve. Basically, training strategy must answer such questions as: How important is staff training in relation to the achievement of the current and future anticipated performance goals of this organization? How specific are our
learning needs in the sense that they require tailor-made rather than general solutions? What total resources should we be allocating to the corporate training function over the next few years? If our needs are both important and specific, what will top management need to do to ensure that the social climate within the organization is sympathetic to the idea of learning as a high priority for everyone?

CORPORATE TRAINING POLICY

With an agreed training strategy based on the answers to these very general questions, corporate training policy must stipulate the broad aims of training within the business over a reasonably long period ahead and must highlight the priority areas for the medium term. Training policy is concerned with aims and priorities, as opposed to training plans, which specify what is to be done, by whom, when, and where. As with training strategy, training policy in many enterprises is not often enough set out in writing on the basis of a rational assessment of alternative courses of action. A training policy should include:

1. a statement of intent on the degree to which the enterprise will aim to manage its own training arrangements rather than subcontract them to others;

2. reasonably clear indications of the size and status of the training function and the resources it will require;
3. the role of line management in training, and the training those managers will need to carry it out;

4. a list of training priorities for the business -- occupations and problem areas that will require special attention over a sustained period of time;

5. resources that will be needed if the policy is to be implemented successfully;

6. a clear indication of the external agencies that will be used to help meet the organization's training needs, both for advice and for direct training services;

7. the criteria to be used in measuring the impact of training on business performance, and how these criteria will be applied; and

8. a detailed prescription of the form training plans will take and the frequency with which they will be reviewed.

A report on a training study carried out in 1985 for the Tamil Nadu Water and Drainage Board by the British ODA provides a useful example of a training policy for a public-sector organization. This policy was developed by Board management, advised by the ODA consultant.
ASSESSING CORPORATE TRAINING NEEDS

On the assumption that an individual enterprise should review its training plans at least once a year, it needs a detailed set of procedures for conducting a regular assessment of training needs. A substantial body of professional training knowhow on the process of training needs analysis is now available, and some of these sources are listed in the bibliography.

The assessment process is concerned with identifying problem areas in learning for the organization and in assigning short-term priority to them. To go on the list of priorities for training action a problem must meet four conditions:

1. People must be involved
2. A performance problem of some kind must exist
3. The performance problem must be a business priority
4. Training must be a cost-effective way of tackling the problem

A data-collection process is involved, covering recorded facts, observations, interviews, group discussions, and questionnaires. Trainers may manage the process, but they must closely and fully involve the relevant managers at every stage.

Analyzing the results requires a frame of reference. A typical example now in widespread use is the so-called "wheel" model, which classifies data about the organization under the headings of aims, human relationships,
systems and procedures, and resources. As with data collection, trainers and managers must work together in analyzing the results and agreeing on their implications. This is a particularly valuable learning experience for managers in enterprises undertaking this activity systematically for the first time.

The results of the assessment are expressed in the form of an agreed training plan with objectives and time targets assigned for, say, one year ahead. The plan is an agreed one in the sense of being understood and accepted by all the key individuals who will be responsible for putting it into effect. A budget must accompany the plan.
ANNEX B: THE PRACTICE OF TRAINING DEVELOPMENT

This annex deals with the practice of training development in respect of the statutory agencies: What do these agencies and their staffs do, and how do they do it?

Although many statutory training development agencies have levy-raising powers as well as an advisory role, these two activities must be kept administratively separate with a view to preserving the impartiality of the advisory department.

Action to promote some aspect of training as a matter of industrywide priority should be approved in advance by the employers' organizations likely to be affected and, where appropriate, the trade unions concerned.

The use of the "multiplier" is central to taking a proactive role in training development. This requires developing a new approach to training through a series of pilot projects. These are summarized in the form of training manuals, publicized through training workshops and courses, and applied in a wide cross section of firms; finally, the results are evaluated and published. Examples of the use of the multiplier in the United Kingdom can be found in such industries as textiles (wool, cotton, jute, carpets, and knitwear) leather manufacturing, papermaking (supervisory training), and brewing.
Experience of recruiting staffs for training development agencies in both developed and developing countries suggests that no "model" recruit exists. Highly successful performers have come from training roles within enterprises, from academic institutions, and from line managements. Teams consisting of recruits from all these three areas have performed particularly well. Training for the training development adviser tends to be modular in structure and project-based. The literature on this subject is quite limited, but a respectable set of case examples of successful training programs is available. These include the internal training programs of some of the training boards in the United Kingdom; training sponsored by the British ODA in such countries as Colombia, Peru, Ecuador, and Paraguay in Latin America and in Zimbabwe in Africa; and in current World Bank projects to develop vocational training agencies in such countries as Pakistan and Indonesia.

The main duties of training development field advisers are to--

1. conduct investigations in individual enterprises or for groups of enterprises to help assess the dimensions of a particular problem;

2. design learning solutions, or help company trainers to do so;

3. multiply the outcomes of successful learning projects by making the results known to other enterprises and advising on ways of adapting the solution to local needs;
4. in both the proactive and reactive roles of training development, consult with management on general problems of organizational change and learning; and

5. provide direct training services, when required (for example, trainer training programs to serve the needs of enterprises within the scope of the agency concerned).

The following summaries describe the origins, status, and functions of two quite different training development agencies: the National Manpower Youth Council of the Philippines and the Industrial Training Fund of Nigeria. In both cases, the words used are those of the institution concerned; the material has not been edited in any way.

THE PHILIPPINES NATIONAL MANPOWER AND YOUTH COUNCIL

Its Beginning and Growth

Manpower development as a government program started with the creation of the Manpower Development Council on December 8, 1966. The MDC was a tripartite organization with representatives from the government, industry and labor sectors.

On March 9, 1969, the President signed into law Republic Act No. 5462 otherwise known as the Manpower and Out-of-School Youth Development Act.
The law created the National Manpower and Youth Council to take over the functions of MDC.

The Labor Code of the Philippines (Presidential Decree No. 442) promulgated on May 1, 1974, strengthened the NMYC's position as the premier government agency on human resources development. Book II of the Code outlines a manpower development program to be carried out by the Council which was then attached to the Department of Labor for policy and program coordination.

On September 5, 1978, the NMYC was transferred from the Ministry of Labor and Employment to the Office of the President. The transfer was designed to enable the Council to coordinate effectively the activities of the various entities involved in manpower development.

The NMYC Mission

As the central government body on manpower development, the NMYC undertakes planning and guidance programs to attain the following objectives:

Promote employability and productivity of workers through the conduct and coordination of skills training programs;

Assist in employment creation; and

Enhance the character of Filipinos as workers.
Programs

Skills training and upgrading. Training for employment is a priority program of the Council. It consists of basic skills training, skills upgrading, development of middle level manpower, and instructor training.

Manpower research and planning. The NMYC formulates and evaluates the National Manpower Plan as well as the regional manpower plans.

Manpower guidance. As a new thrust of NMYC, manpower guidance seeks to encourage skills acquisition in high demand occupations, promote career awareness and planning, and develop proper work attitudes and habits.

Curriculum and training aids development. The development and production of new instructional aids and materials is a continuing activity of NMYC designed to improve the skills transfer and acquisition process.

Trade standardization, testing and certification. The national trade skills standards, testing and certification program aims to establish the minimum knowledge, experience and skills of workers in a particular trade.

Program coordination. To integrate all manpower development efforts, the NMYC maintains coordinative linkages with government and private organizations involved in manpower training.
Setting up of industry boards. The establishment of industry boards is designed to strengthen government-industry partnership in manpower development.

Training assistance and incentives. Government support to private sector initiatives in training includes technical assistance in the setting up of training programs and granting of tax cuts for labor training expenses.

THE INDUSTRIAL TRAINING FUND (ITF), NIGERIA

The Industrial Training Fund was established by decree No. 47 of 8 October 1971, with the aim of "Promoting and encouraging the acquisition of skills in industry and commerce with a view to generating a pool of indigenous trained manpower sufficient to meet the needs of the economy". It was the first of the three Manpower Training and Development Agencies created by the Federal Military Government during the 2nd National Development Plan period (1970-1974). The other two were the Nigerian Council for Management Development (MCMD) and the Administrative Staff College of Nigeria (ASCON).

The Functions of the ITF

The Governing Council's comprehensive policy on training was formulated in February 1973. It was called "Industrial Training Fund's Policy Statement No. 1." The Policy Statement covers, among others, the following measures by which the Fund actively supports training in the economy:
1. encouraging greater involvement of employers, particularly small employers, in the organization and development of training programmes and facilities including the establishment of Group Training Schemes and Centers in certain critical areas of economic activity;

2. building of training facilities of its own, in identified areas of national needs;

3. organizing research and studies into training as support to other activities of the Fund;

4. the establishment of a uniform National Vocational and Apprenticeship Training Scheme in the country;

5. seeking to harmonize ITF's non-formal training programmes with the curricula of formal educational institutions; and

6. bearing a proportion of the direct costs of on-the-job and off-the-job training of Nigerian employees.

Sources of Revenue

The Decree establishing the ITF stipulated that employers should contribute 3% of their annual pay roll or half of their turnover, whichever
was greater to the ITF as mandatory training levy. It also provided for subvention from the Federal Government.

An amendment Decree No. 37 issued on 10 September 1973, reduced employers' rate of levy to 2%. This has been further reduced to 1% of annual pay roll, as from the 1975 Calendar year. The penalty for non-payment of levy within the time prescribed (not later than 1 April of the following year) is equal to 5% of the amount of unpaid each month or part of a month after 1 April each year, in addition to full payment of the amount of outstanding levy.

Reimbursement and Grants Scheme

The Reimbursement of Grants Scheme of the ITF was first formulated, printed, and distributed to all concerned in July 1973. Under the Scheme, the Fund bears part of the cost of worker/employee training and further education by providing grants for courses undertaken. The Decree which established the Fund, gave its Governing Council the power to allow a maximum reimbursement of sixty percent (60%) of an employer's contribution for each year, to be reimbursed to the company on account of approved on-the-job and off-the-job training activities for that year. The scheme has been revised from time to time. A newly revised Grants Scheme has been in operation since January 1985.

Once the conditions for paying Reimbursement Grants have been fulfilled, prompt payments are always effected. The aim of the Grants and Reimbursement Scheme is to encourage employers to train their staff in
accordance with the needs of the various industries or group of industries. Employers are therefore urged to intensify efforts to improve the quality of their manpower through appropriate and approved training programmes.
The following comments deal with the practical difficulties trainers experience in coping with the new role required of them, with the basic training of new trainers, and with career development.

The first important point to be made is that the role changes that may be required of the trainer are not always those that are either expected or approved by his colleagues in line management. Unfortunately, many of the people with whom the trainer has to work within the enterprise, though not themselves professional educators, hold very firmly to the educational model of the learning process and expect the trainer to share these views. Therefore, the trainer has a difficult task in developing a new role and in helping his or her own colleagues to come to terms with it.

Because many existing trainers were appointed to carry out a relatively mechanical role involving either instructing or administration, they themselves need extensive retraining if they are to fulfill the new role. In this situation, a problem can be turned into a learning opportunity by arranging the retraining mainly on the job and exploiting the situation to influence the attitudes of line management toward the change.

The basic training of the newly appointed trainer is easier to design than to staff. The problem is finding relatively large numbers of instructors who have the professional status to command the trainees' respect, as well as the skills required to run a successful program. A variety of
solutions have been found to this problem, all of which use some variant of the multiplier approach. The British Training Boards, in their early stage of development, used consultants working in association with the staff of selected technical colleges. This arrangement permitted the Boards to offer a relatively large number of courses in a short space of time without any decline in the quality of course management. The courses offered were modular and project-based. The main role of the consultant was that of designing courses, monitoring inputs in key areas of trainer skills, and evaluating results. This solution was used when a large-scale reorganization of the British National Health Service required several hundreds of trainers to be given basic training in great haste.

Although immediate solutions of a professionally satisfactory kind can be found to the problem of training new trainers in a radically new role, in the long run, establishing satisfying career patterns for trainers, which help to motivate them and build their status in the eyes of line management, is even more important. In both developed and developing countries, progress in this area has been less satisfactory. A particularly discouraging example is the low status often accorded to the trainer in the public sector in many developing countries. Any external action taken to change this state of affairs would have considerable long-term payoffs in the development of enterprise-based training.
Employers may be inhibited from choosing among alternative courses of action in training because they do not have enough data to know which approach will be the most cost-effective. To find ways of helping employers choose more wisely, one might start with the practical criteria employers actually use and then suggest ways an employer might improve them. Examples of the criteria that seem to influence employers include training solutions that improve product quality (and therefore customer preference), enable delivery dates to be met, reduce learning times for bottleneck operations, create a long-term capability for dealing more effectively with large-scale technology transfer, and -- at the highest possible level of generality -- make the whole organization more responsive to change by improving the "learning climate." Employers who are influenced by such criteria are adopting a forward-looking approach to training evaluation, which focuses on the improvement of overall organizational performance, rather than the backward-looking approach, which concentrates on the historical costs of training.

In 1972, an unpublished British Industrial Training Service paper based on a major evaluation project redefined evaluation as "any act of obtaining feedback on the effects of a particular activity which helps to control and improve that activity to produce a required result." This wording was deliberately chosen to shift the emphasis from the commonly held view of evaluation as assessing the value (or validity) of training to that of controlling and improving the training process.
The paper defines four levels at which training objectives can be set (reactions, learning, behavior, and performance) and four measures of evaluation (validation, cost, cost-effectiveness, and cost-benefit). These are combined to form a simple sixteen-point grid. The lowest of these points is validation of a piece of training at the reactions level ("Are the trainees on completion of training expressing the reactions we looked for?"), and the highest is cost-benefit measurement at the level of the company's business performance. The first of these two comparisons is hardly worth making, whereas the second is almost certainly unattainable under any conceivable set of conditions. The grid has fourteen intermediate points, however, and the aim of the trainer within the enterprise is to ensure that, by constant practice, recordkeeping, and analysis, the measurement of training performance is made at the highest point possible. This approach to training evaluation has been described as "improvement through movement."

The paper recommends the following strategy as a means of ensuring that company training is continually improving and remaining relevant to the real business needs of the organization:

1. Define the objectives At least be clear about what is required in training terms.

2. Determine the training method At least choose a method that will achieve the desired objectives.
3. **Cost the training method**
   At least be clear where the significant costs lie.

4. **Compare costs**
   At least find out if there is a less costly way of achieving the objectives.

5. **Relate the objective to the business**
   At least find out if the achieved objectives are having a worthwhile effect on the department concerned.

6. **Set up feedback mechanics**
   At least ensure that feedback is possible at regular intervals throughout the training program and not just at the end.

Such a strategy provides a way the trainer can help management impose a more systematic approach on the highly subjective process of choosing training solutions and putting them into practice.
Many small firms take what, for them, seems the easy way out of a dilemma. They either put their training out to external organizations or buy-in learning packages for use by individual employees. In fact, because the needs of the small firm, particularly those that are growing (and will not, therefore stay small for very long), are highly specific, the external training solution is very often the wrong one. If the small firm is to arrange tailor-made training to meet its learning needs, however, it needs professional advice on how to do this and practical assistance in putting the new approach to work.

Training development agencies operating at the industry or regional level may be able to help to a limited extent with advice, but because of the unique problems of training within small firms, the difficulties often experienced in dealing with the proprietor/manager, and the administrative problem of dealing with large numbers of small business, helping small firms with their training problems on a continuous basis has required new types of institutions. In the United Kingdom, this has taken the form of the group training association. Even there, this approach has worked with varying degrees of success in different industries and different regions. Nevertheless, examining this form may throw useful light on the problem of providing small enterprises in the developing countries with cost-effective help.
AIMS AND BENEFITS

In the most general way, a group training association, which links a group of small firms to a common training officer or officers, aims to make available to those firms the same range and quality of training advice that a large company would expect to get from its own training department. Groups vary in many ways, but common employment of training staff is present in almost all cases. The benefits for the individual firms are advice and assistance in the identification of occupational training needs, design of appropriate training programs, participation in specialized programs arranged for the group in local technical institutions (where common needs exist), centralized recruitment and selection, consultancy services on a reactive basis for individual firms, and continuous evaluation of training performance within individual firms.

ESTABLISHMENT AND ORGANIZATION

One of the initial difficulties in creating a group training scheme is identifying a like-minded group of employers who share a common need and want to work together in meeting it. Although both statutory and nonstatutory agencies have played a key role in the formation of group schemes, in the case of all really successful schemes, a local employer with a special interest in this subject has come to the fore at an early stage and influenced other employers to join. Even where local employers have a high level of commitment to the idea of creating a group scheme, some external body (an employers' organization or, in the United Kingdom, a training board) usually needs to
coordinate the process of forming the scheme and to provide it pump-priming funding to get it into existence.

Finding the right individual to fill the first post of group training officer is not easy, particularly in view of the fact that the salary offered in the early stages of the scheme cannot usually be highly competitive with salaries large local firms pay. This problem can be overcome in two main ways: by seconding a high-calibre trainer from the public sector or from a large local company to be caretaker of the scheme until it has the resources to hire a top-class officer of its own, or by hiring the permanent individual at the start and offering him a salary deal whereby his rewards will be geared to the growth and performance of the scheme.

Small independent schemes consisting of up to, say, twenty small firms and employing one officer tend to experience more difficulty in finding staff than do regional schemes that are networks of group schemes with staff employed on a regional basis. In some cases (such as the Merseyside Training Council in the United Kingdom), regional schemes may employ up to thirty professional staff.

Regional networks are able to provide a training service that is comparable to, and in some ways better than, that offered by a training department of a very large firm. They also have special advantages compared with small independent schemes in services and finance and in negotiating deals with government and local educational institutions.
In the period immediately after the Second World War, the British group training schemes tended to be concerned exclusively with the training of engineering apprentices and often appealed to potential members with the offer of an apprenticeship-interchange system to widen technical experience in the later stages of training. This is no longer the main thrust of the group training movement. Training services in most groups cover the full range of occupations, from operatives to management, although technical training is still often the starting point for the founder firms. Many of the British group schemes (particularly the regional networks) operate their own craft training centers, where they provide basic skill training in a wide range of trades in extremely well-equipped workshops supervised by well-trained instructors. A relatively recent development has been the acceptance of craft technicians and instructor trainees from Middle Eastern and North African countries who are attracted by the idea of a complete technical training package that includes basic workshop training, planned experience in a variety of small firms, and instructor training that incorporates short, formal modules interspersed with project training. For the members of group schemes, the training staff of the group offer a complete training consultancy service for training at any level.
ANNEX F: FINANCING ENTERPRISE TRAINING

Although a vast literature is available on ways to finance in-house training, this paper makes no attempt to summarize or analyze it. Government may adopt three main approaches to this problem, namely --

1. Raising a training levy that is not redistributed in any way through grants but is used instead to provide training development services to enterprises and, as necessary, to provide vocational training centers for craft and technician training. The work of these centers is closely integrated with the provision of advice to enterprises and is based on feedback from them.

At the earliest possible stage, advisory services should be charged out, and, with a limited number of exceptions, the ultimate goal should be cost recovery. Exceptions at various stages might be training for small firms, training for new technology, and trainer training.

A number of national training development systems in Latin America are evolving in this direction, although several of them started out with a levy and training centers but very little by way of training advisory services.
2. Raising a general training levy or one differentiated on an industry basis and using the proceeds to intervene in great detail in the industrial training system, particularly through the use of training grants linked to individual training activities or to general training performance or to both. These grants may be accompanied by a strong emphasis on the provision of training advisory services, the demand for which the levy/grant system is intended to elicit. This basically is the system the United Kingdom used from 1965 to 1975. Although individual Training Boards varied somewhat in their approaches, the general theme was interference in detail. Employer reactions to this approach were generally unfavorable. More recently, this system of training by inducement has been greatly modified and enlarged as part of the many national schemes developed, on social welfare grounds, to deal with a massive problem of youth unemployment.

3. Intervening only on an ad hoc basis with training investments and subsidies in training priority areas that are of major national concern but that employers are not addressing. Few countries are using this approach. It rejects the training levy (with or without grants) on the ground that it does just as much harm as good. For the most part, employers are left to get on with the training they think is needed for their business. The United Kingdom adopted this approach between 1956 and 1964, starting with the appointment of the Carr
Committee and terminating with the passage of the Industrial Training Act.

Of the three approaches described above, both the first and the third provide an acceptable basis for the development of a partnership between government and industry. Government can learn to understand better the training needs and problems of employers, and employers can be helped to accept their responsibilities for financing training that benefits their businesses.

FINANCING GROUP TRAINING

The promotion and establishment of individual group training schemes has almost always required external funding from government or an appropriate training development agency. The amounts needed for this purpose, including the salary of the training officer for, say, the first two years of the scheme's existence, would be a maximum of £20,000 per scheme. This will normally be treated as a grant to be written off, rather than partly or wholly as a loan. After the establishment period, group schemes in Britain will normally obtain their finance from the member firms, plus any grants or loans that may be available from government or the relevant development agency, in exactly the same way as the assistance given to individual large firms.

Contributions by members include an entrance fee (which tends to be nominal in the early stages), an annual capitation fee for trainees such as apprentices, a general subscription for the basic training services provided
outside apprenticeship, and a fee per assignment for training consultancy services. Some of the British schemes have become highly profitable; these include some road haulage schemes that have made their money from training heavy goods drivers in other industries as well as road haulage drivers. Most general schemes require external subventions for a period of up to ten years, on a diminishing scale over time. On a national basis, group training has been judged to be among the most fruitful and creative of the government's investments since the mid-1960s.

GROUP TRAINING IN DEVELOPING COUNTRIES

Although group training in the form described has been in existence in Britain for twenty-five years, it is rarely found in developing countries. Among the possible reasons for this are --

1. Group training is a difficult concept to make work in practice, and many prospective schemes have failed. To succeed, training should be a well-established function in the public sector and in large and medium-sized firms. Technical education institutions should also be well established and outward looking. There should be a lively labor market in well-qualified training officers. Finally, established institutions should be available to promote schemes and nurse them through their formative stages. Until quite recently, few developing countries have met these conditions.
2. Launching and sustaining group schemes in many developing countries will almost certainly be considerably more expensive compared with the same task in developed countries because of transport distance and costs, communication problems, and so forth. The need for schemes of this kind has not thus far been given a sufficiently high priority to call forth the funding that is necessary. In specific cases, promotion has been undertaken but not seriously pursued because of a shortage of resources.

3. Professional knowhow in group training, linked with a sensitive understanding of the problems of manpower development, is still a relatively rare combination in the Third World. The resources would need to come from developed countries and be financed from bilateral or multilateral sources in the early stages.
Much of the material referred to in the body of this paper has come not so much from formal publications but from the practical experience of training consultants working in the field, both in the United Kingdom and in the developing countries of Latin America, Africa, the Middle East, and South and Southeast Asia. These records are in case files but are not normally available for general inspection. The following list names key papers and articles, most of which have short bibliographies attached to them.

GENERAL


ASSESSING TRAINING NEEDS AND LEARNING DESIGN

Chemical and Allied Products Industry Training Board. A Guide to Assessing Training Needs in Smaller Companies.


THE ROLE OF THE TRAINER


TRAINING EVALUATION


Jones, J.A.G. "Figure of eight Evaluation: A Fundamental Change of the Trainers Approach." *The Training Officer* September 1981.


CASE MATERIAL ON INDIVIDUAL ENTERPRISES


