

## IV Institutional models and the role of the social partners

Competence originates not only in technical and organizational changes in firms, but also in the failure of the educational system to adapt to changing needs. The competence movement started to gain ground first in those industrialized countries where the absence of links between the education system and industry was most evident (Canada, United Kingdom, United States), although the response was not identical in terms of the model introduced.

The case of the United Kingdom is eloquent in this respect. An official study published in 1989 revealed that two-thirds of the labour force had not received training linked to their occupation in the previous three years and that 32 per cent had never had a training course in the whole of their working life. Recent decades have witnessed constant concern about the failure to compete with European standards: the deficiency in labour training was placing the United Kingdom between the economies of highly qualified labour such as Germany, and those of low salaries, such as Portugal. On the one hand the United Kingdom did not reach the level of qualification to compete with Germany and, on the other hand, salaries could not fall to Portuguese levels (*Financial Times*, 21 November 1989).

In the 1980s, the labour competence movement started to gain strength in those countries with education and training systems which lagged behind. In contrast, during the 1990s, competence is a subject

of debate, although still without much force, especially in the Nordic countries. Several hypotheses can be formed from this differentiated behaviour.

The first is that countries which are relatively backward feel a stronger need to create new training parameters, and they are more stimulated to start a radical innovation in their training system as a result of the obvious and grave deficiencies that they are experiencing. With these radical institutional changes and changes of model, they attempt to make a qualitative jump forwards. Since this change of parameters is not a question of one single decision but of many which form a trajectory of institutional learning, these countries could generate a competitive advantage in training in the long term. In this line of thought there would be interesting possibilities for developing countries, which are characterized by severe deficiencies in the link between education and work: the faster they join the current of labour competence the sooner they will be able to improve their competitive advantage. This will imply the possibility of adopting entire models and trying to assimilate them more rapidly.

The second hypothesis is less optimistic with respect to the possibilities for stragglers to make radical changes in their institutions and models. It stems from the idea that previous institutional learning is a necessary condition for setting out along new paths. Although the countries that have closer links between training and work have not taken strong action to join the labour competence movement, their learning bases are so firm that they will easily maintain a leading position, because their institutional precedents allow greater effectiveness with new training policies and systems. In this case, the outlook for developing countries relative to these will not change substantially, even if they join the competence movement rapidly, because they bring their deficient institutional capacity from the past with them. The possibility of transferring models will be very limited given that their institutional capacity and learning base do not allow them to assimilate.

The third hypothesis is that the environment does not allow alternatives other than labour competence. In this case, in order to gain a comparatively better position in the global market, two principles have to be fulfilled: a) make the institutional transformation to labour competence successfully, respecting and applying the basic principles well; b) introduce and push the *typical component of training and educational architecture* which distinguishes the country. That is, take advantage of those institutional and cultural resources which form

its relative strength. In this case, the different models are a reference, necessary but not sufficient, to make the transition to a successful competence model.

The discussion on which conceptual - analytical and institutional models should be followed in the area of labour competence focuses on the last hypothesis. Although it is difficult to separate analytical models from the institutional aspect, we have proceeded this way for reasons of presentation.

Amongst the institutional models that are being applied it is worth identifying at least three types with certain different characteristics: i) models driven by government policy; ii) models regulated by the market; and iii) models driven by employers' and workers' organizations. This classification is somewhat simplified; in practice the models overlap a good deal.

## 1. MODEL DRIVEN BY THE GOVERNMENT

Countries where the government has driven the labour competence system include Australia, Mexico and the United Kingdom. In these countries the starting point is a National Council which should give coherence to the system and coordinate efforts in this area. Although employers and workers are represented on the council, the initiative comes from government agencies.

In the United Kingdom, the system originated in attempts during the 1970s and 1980s to modify the training system. Some analysts maintain that the different initiatives which finally gave rise to the NVQ system were all driven by the government. Although the business community participated in these reform initiatives, they seemed more inclined to support the principle of standards than the concept of competence. According to these analysts, this is due to the fact that the principle of standards made it possible to cancel negotiations with the unions with respect to learning conditions, as at the time the aim was to erode union power (Hamlin; Stewart, 1992a). *"In the United Kingdom in the eighties the progressive abolition was brought about of tripartite sectorial training councils, which were empowered by law to raise a tax for training. In their place, local bodies were created to administer the labour market and business programmes, in which there exists a great imbalance between the representation of management and of unions in favour of the former"* (Rainbird, 1994).

In spite of weak formal representation of the unions in the NVQ system, many unions in the United Kingdom have demanded recogni-

tion of individual rights to the formation of training committees in the workplace, although the aspirations for participation are much greater than collaboration in practice (*ibid.*).

On the other hand, the same analysts did not find an active participation by managers in the NVQ bodies, especially in the lead bodies. Apparently, the competence movement in the United Kingdom has not been the product of a demand expressed by managers and neither has it been a product of their growing active participation in the bodies. Those who are participating do so more for personal interest than to obtain the total backing of the firms they represent (Hamlin; Stewart, 1992a). These analysts relate the acceptance of standards by firms to the incentives and subsidies for training that are tied to them; if this government support did not exist, the degree of acceptance would be much less (*ibid.*).

Although these critical points of view will have to be analysed in more depth, they suggest that a coherent national model of this type has the disadvantage that employers and unions participate in a limited way and that the majority of initiatives are driven by the government, directly or indirectly. The competence movement would have conceptual cohesion but not necessarily social cohesion.

In the case of Mexico a tripartite national council for standardization and certification of labour competence started to operate in 1996. This is a government initiative which aims to achieve participation of the partners, stimulating demand for training based on competence norms and their certification, conditioning the support that it will offer in this way.

This council, like the other government agencies involved, works along two main lines of activity (Ibarra, 1996): i) the definition and integration of competitiveness norms; ii) the establishment of a certification system for labour standards which has social credibility and wide acceptance in the labour market.

The proposed labour competence system consists of five principal components (*ibid.*):

- Define technical standards for labour competence by activity or occupational group. The social partners formulate these standards, with government support.
- Establish assessment, verification and certification mechanisms for knowledge, abilities and skills of individuals, independently of the form in which they have been acquired, provided they fulfil the technical standards of competence.
- Transform the training supply to a flexible, modular system, based on competence standards, to allow individuals to move

- between modules, according to their needs.
- Stimulate demand in order to promote the new system, seeking equality in the distribution of training and certification opportunities, attending to the needs of marginal populations.
- Carry out research to support the system as a whole.

## **2. MODEL REGULATED BY THE MARKET**

This model prevails in the United States, where the American Management Association (AMA) together with the consultancy firm McBer developed the competence philosophy and the form in which it is currently applied (Hamlin; Stewart, 1992a).

The economic sectors of this country have driven the competence system towards a self-directed action in the hands of private enterprise. The argument for this institutional route for competence is that self-directed actions allow greater control and limitation of costs and avoid overbearing government regulations. Further, private control obliges providers of services which involve competencies to be closer to the changes which occur in the labour market (Wills, 1995).

The self-regulation of certification is a “typically North American” strategy in the world of labour competence. The promotion of a self-regulated certification programme is the task of managers and unions. Individuals must be stimulated to form part of the system and managers have to be encouraged to use certification in hiring and promotion policies and practices. One of the most notable characteristics of this model has been the participation of volunteers who have contributed time and energy to the efforts. Nevertheless, volunteers cannot take charge of everything and the majority of programmes are being converted into self-sufficient activities, charging fees for the distinct components of the certification programme (ibid.).

The participation of unions occurs where training is included in collective bargaining, in which case training programmes jointly administered by firms and unions are established; that is, when the workers are organized, which is more likely in industry than in other sectors of the North American economy.

Amongst the problems that have emerged with the model are (ibid.):

- a) There is no requirement for an approved programme to include measures that ensure quality, such as performance tests, which has hindered “portability”, equivalence and transfer of certification from

one state to another.

b) Frequently, associations which represent one occupation in particular - above all professionals: doctors, lawyers, etc. - seek, in an aggressive way, government protection to demand certification or licence as a means of controlling entrance to the trade, occupation or profession.

c) There is no conceptual framework or common language between the different certification programmes and the educational community in a wide sense; much less with the general public.

d) Few certification programmes are directed at young people entering the labour market.

e) Competition between professional associations to certify and accredit has become a problem: for example, there are 21 organizations which certify nurses; this proliferation has led to duplication of effort.

f) Accreditation bodies are reluctant to recognize certain courses in related fields or practical experience acquired on the job.

In response to the need to coordinate and standardize procedures for labour certification, the National Commission of Certification

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**THE FOLLOWING STEPS HAVE BEEN PROPOSED  
FOR THE DEVELOPMENT OF A VOLUNTARY SYSTEM  
OF OCCUPATIONAL STANDARDS:**

- a) Establish a framework for generating valid and reliable standards and assessment systems.
- b) Establish common qualification levels, based on a progressively complex system of knowledge and skills.
- c) Establish procedures for comparison (benchmarking) with standards from other countries, and for continually updating and improving this.
- d) Establish criteria and procedures for bodies that develop standards.
- e) Establish criteria and procedures for bodies which design and award certificates to ensure the quality of the assessment systems.
- f) Establish procedures which ensure privacy of personal academic records as well as free access to standards.
- g) Establish procedures for disseminating standards to employers and unions, suppliers of education and training, assessment systems and individuals.
- h) Develop a strategy for sharing the resources required to maintain and drive the national competence system between government and social partners.

Source: Based on Wills, 1995.

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Agencies (NCCA) was set up in 1989. Like the American National Standards Institute (ANSI), the NCCA has guidelines for developing standards and assessment programmes, which can be used to avoid discrimination on grounds of gender, ethnic group or disability (ibid.).

As far as the future role of government is concerned, it is proposed that employers and unions continue to lead the development of standards, so that the business community will recognize the value of these initiatives for economic success and accept them as their own. At the same time, the Government should continue to facilitate initiatives and develop an organizational structure which allows the different parties to reach a consensus.

### **3. MODEL DRIVEN BY EMPLOYERS' AND WORKERS' ORGANIZATIONS**

In this model, employers' and workers' organizations are the pillars of the training system and labour market policies. This model can be seen in one form or another in parts of Europe (France, Germany, Italy, Scandinavian countries) and in Canada, whilst in Japan the principal role in training is played by the business sector.

In Germany the social partners have a strong influence on initial vocational training, economic planning and labour market policy, although continuous training is much less regulated and developed, and remains in general the domain of the firm. This contrasts with the situation in France, where collective agreements, parity systems and representation are combined. In Japan, continuous training is closely linked to employment in enterprises (Rainbird, 1994; Carney; Fluitman, 1995).

The Canadian model includes a component based on the national and/or territorial sectorial councils, which explicitly combine training directed to the internal and the external labour market. This double modality distinguishes it from other models. Some of the basic principles are presented briefly below.

The bipartite national sectorial councils (NSCs), formed by representatives from management and workers/unions, have become a pillar of the Canadian Government's human resource development policy, with more than 20 councils set up by the middle of 1995. The councils emerged in the 1980s as an innovative way for employers and workers to transcend their traditional roles in the collective negotiation process. Since 1992 the Government has been promoting the NSC as a means of developing a training culture in Canadian

industry, where there is a persistent underinvestment in the development of human resources (Finlayson, 1996; Wolfe, 1996).

The emergence of the NSC reflected the growing willingness of the partners to take on jointly several key aspects of training and personal adjustment: i) the need to involve the unions more actively in training and adjustment; ii) the need to deal with these themes outside the limited framework of collective bargaining; iii) the fact that it is easier to avoid the problem of the free rider; that is, the firm that takes advantage of training provided by other employers, when the negotiation passes from plant to sectorial level (Wolfe, 1996).

The creation of the NSC signified a process known as *social negotiation*, which involves managers, union representatives, government officials and trainers. Social negotiation implies the conciliation of different interests which are not necessarily antagonistic. This means that the discussions are very different from the traditional collective bargaining to which the partners were accustomed (ibid.).

It is important to note that unionists and managers have different points of view with respect to training. The former introduced the concept of training based on the worker, which aims to maximize the workers' control over the tasks, deepening and not fragmenting their understanding of the work process, and placing decisions about learning for life in their own hands. An important point which the unions introduced was that training in the firm will only receive financial support from the NSC if it is "portable". Another critical element is to develop workers' capacity to take the initiative with respect to their own education and training (ibid.).

The NSCs give employers access to government funds for training and help them work jointly with unions in the definition of training. The NSC is responsible for drawing up training guidelines and ensuring that these are followed in the enterprises which request financial support. Although half of NSC funding comes from federal or local government, only employers and unions are responsible for administration. Links with government and educational institutions are essential for its functioning, but these have no right to vote on NSC decisions (ibid.).

In the communications, energy and paper industries, NSC funds are divided between four types of training (ibid.):

- a) Upgrading qualifications directly related to the job: technical knowledge; basic skills; interpersonal skills.
- b) General education: worker initiatives related to career development.
- c) Group training: skills and knowledge related to the plant and

the process in general.

d) Contingency measures in the face of plant closure and/or the loss of sources of work: advice, tutoring and training costs for workers made redundant.

In the last case, a team is set up with the aim of developing a local infrastructure, a network of programmes designed to help redundant workers find new employment. In the Canadian steel industry, more than 11,000 redundant workers were assisted between 1984 and 1994, although managers complained that the relocation cost per worker was high (Finlayson, 1996).

This model is interesting in that it explicitly includes workers at risk of redundancy, or who are already out of work. That is, it acts simultaneously for the improvement of the internal and external labour market.

If the development of national standards has been the aim of the Government's sectorial policy, this has not been echoed much by the business community, at least with regard to accreditation and certification. There is a fear amongst managers that the certification system may be too rigid to permit rapid adaptation to a changing technological, organizational and market environment. In addition, it is not attractive to firms which have based their competitiveness strategy on superior training. In spite of these objections from the business sector, various NSCs have begun to consider that competencies are indispensable for the development of their training strategy (ibid.).