

Standards for Skill Training and Development

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INTRODUCTION

Human capital is seen as one of the key factor conditions contributing to national competitiveness and economic performance (Porter, 2002). Productivity performance of OECD countries tends to correspond to the skill levels of the workforce in specific countries. Hence, governments increasingly view human capital formation, both quantity and quality of workforce, as one of the key levers in ensuring sustained productivity gains and standard of living.

Skill development of the workforce requires major investments beyond formal schooling. It demands ongoing training investment in continued education and workplace training in order to help the workforce keep pace with technological innovations and continued adoption of new technology in the workplace. Private and public partnership in this context dictates both the government and private companies and organizations participate in the training effort.

Investment in training requires effective and efficient methods, which in turn calls for sound and robust management tools and standards at the micro (firm) level to ensure continuity and sustained efforts. This article examines two training related standards, "Investors in People" (IIP) and ISO 10015, in order to identify similarities and differences of these two instruments.

BACKGROUND

IIP is a socio-economic policy instrument launched by the UK government in the 1990's to improve the skill level of its workers. IIP works by encouraging the organizations (private and public alike) to provide adequate resources for the training and development of their employees in order to raise their skill levels

and thus increase their respective organizations' productivity.

Worker's productivity has been a standing concern of the UK government regardless which political party has been in power. Successive administrations since Margaret Thatcher's have undertaken a series of macroeconomic reforms in order to sustain a "stable trend" of economic growth through increasing productivity and employment generations.

Productivity Deficiency

In comparative terms, the UK's labor productivity performance has been poor throughout the post-war years (HM Treasury, UK, 2001a). Labor productivity growth has been faster in France and Germany than in the UK for most of the post-war period, as shown in Table 1.

Despite efforts to raise the skill level of workers, UK productivity measured by "output per worker" remains behind that of other industrialized countries (HM Treasury, UK, 2001b).

This persistent productivity gap in terms of output per worker can be attributed to two fundamental factors. One is the hourglass shaped skill composition of the labor force (see Figure 1). The other is the relative low investment in training by both public and private sector in the UK. To encourage the private sector to invest in the skill upgrading of its human capital and to distinguish the high performers in this regard from the laggards, IIP has been devised as one of the public initiatives to spur awareness and action.

Skill Composition of the UK's Human Capital

In terms of composition of human capital, the UK has seen changes happen in the last 20 years according to