



Report on Regional Skills and Productivity Thematic Area

Caribbean Growth Forum

Regional Workshop

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Synopsis of Country Reports – Skills, Productivity & Innovation

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Terms of Reference

Produce a document structured around the following sections:

- a. Presentation of the main challenges identified by national thematic working groups and identification of commonalities.
- b. Presentation of the main legislative or policy-related bottlenecks identified by the national thematic working groups and identification of commonalities.
- c. Presentation of the proposals for tackling such challenges and/or bottlenecks identified by the national thematic working groups and identification of commonalities.

Methodology

The issue of skills development and productivity growth is of paramount interest and concern to Caribbean countries given the significant decline in the region's competitiveness and share of global trade in the last three decades. At the heart of the problem is the issue of skills development and productivity growth. Indeed, these key elements are critical to the wider notion of innovation performance, which has become the principal basis for global competitiveness.

The country reports are quite wide-ranging in their assessment of the skills and productivity context and in terms of their identification of recommendations or priority areas. The country reports do not abide to a specific template nor do they offer a situational analysis and so the identification and assessment of the challenges, bottlenecks and proposals requires high levels of subjectivity. Also, in several of the reports the quantum of information and data (quantitative or qualitative) is very sparse at best. In short, there is no basis to assess whether the specific proposals are grounded in an evidence-base framework, which would allow for long-term strategic management.

Another critical methodological issue is that the country reports largely focus on challenges and not opportunities. The two are complimentary. Also, it is critical to understand the opportunities because they point to the way forward. Challenges tend to

be backward looking whereas opportunities are forward looking. Following from this the reports tend to approach the issue of skills and productivity from a supply-push standpoint. In effect, in the absence of data on labour market gaps most of the recommendations are focused on generating more skills through training and other interventions. The link to productivity growth is not immediately evident in most of the summary report and so there is an implicit assumption that more skills will result in more productivity.

There is also the absence of an understanding of what and where are the markets for the skills (i.e. labour markets) and for the output (goods, services, intellectual property) of the workers and the firms/enterprises. A demand-pull approach is an important dimension to embody in the process otherwise the countries would be generating skills in the wrong sectors and for the wrong marketplaces.

There is very little data or information to assess item number two in the terms of reference. As such the synopsis report combines items one and two under the heading “Challenges and Bottlenecks”.

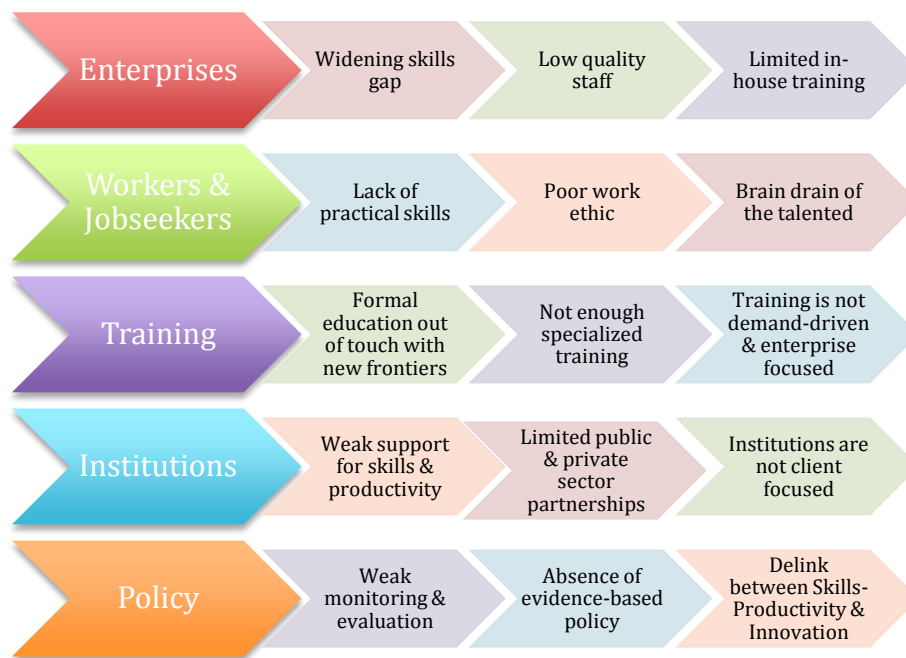
In this regard, what is put forward in this report is a transversal framework that aims to capture the core issues and to provide a basis for comparison across the critical issue areas. The goal is to make sense of the multiple and varied perspectives embodied in the country reports.

Challenges and Bottlenecks

Drawing on the data and information from the country reports this section on challenges and bottlenecks categorizes the skills and productivity issue into five core areas (see Chart 1 below). The requisite proposals to solve the challenges are also identified (see Chart 2 below):

- a. Enterprises – firms or businesses that use the skills of workers and are the key subject for assessment of productivity.
- b. Workers and Job-seekers – workers and/or those seeking work
- c. Training – educational and in-house training
- d. Institutions – government agencies and business support organizations
- e. Policy – governmental and NGO in the areas of trade, industrial and innovation

Chart 1: Challenges and Bottlenecks



Enterprises

The first issue area is in the realm of Enterprises. The country reports point to a range of challenges such as the widening skills gap between Caribbean countries and our trading partners as well as our international competitors. The reports also point to the expanding problem of low quality staffing in most enterprises, which is compromising productivity and competitiveness. Most firms in the Caribbean contribute to the problem by under-investing in internal or in-house training. The small size of most Caribbean firms was highlighted as another issue that impedes the kind of investment required for skills upgrading and improved productivity.

Key proposals:

- Productivity indexing among enterprises
- Staff assessments based on regional and international benchmarks
- Tax credits for in-house training which would encourage particularly small enterprises
- Seed & venture capital for start-ups in new and emerging sectors

Workers and Jobseekers

A large share of the comments and assessments are targeted at the role of workers and jobseekers. There is a consistent lament across all the countries about the poor quality of staff and jobseekers. The issue of lack of practical skills for recent graduates is a

dominant theme. The concern is that much of the training, particularly at the tertiary level is too academic or theoretical. Poor work ethic was another core theme but this appears to be more targeted at younger workers, lower level staffing and first time jobseekers. Lifelong learning is another issue that was raised which relates to the changing demands of the labour market as well as the shifts in demographics in the region with an ageing population. An issue that was only touched on tangentially was the brain drain or the loss of talented workers and professionals. This was somewhat surprising given that the Caribbean is the region with the highest loss of tertiary educated and specifically in professions like health, science and education.

Proposals:

- Provide apprenticeships and internships that would foster skills development particularly among the youth
- Foster customer-focused work ethic
- Establish info-hubs & job fairs which would help to expand employment opportunities and career advancement
- Brain circulation, brain gain and return migration are important especially in specialized professions like health

Training

Training is at the core of the skills and productivity nexus. Indeed, training is the basis for skills development and productivity growth. However, there are no automatic benefits or no guarantees that training will deliver a return on investment hence the need for the right training, in the right context at the right time. This seems to be the main theme of most of the country reports. This is reflected in the consistent criticisms of the formal education system in the Caribbean – from primary all the way through to the tertiary level. The shortage of specialized training was also high on the list of concerns identified in the country reports. There was also a view that much of the current training was not demand-driven and focused on the needs and agenda of firms in various sectors.

Proposals:

- Curriculum upgrade is critical in formal education whereas retooling was key for enterprise level and in-house training
- Offer cutting-edge and specialized training in key institutions and in key sectors
- Encourage more
 - Technical and Vocational Educational Trainings;
 - National Vocational Qualifications;
 - Caribbean Vocational Qualifications.
- Lifelong learning

Institutions

The role of institutions is critical to the skills and productivity agenda. In many developing countries the biggest challenge often relates to weak and under-resourced institutions. Institutions are important for sustaining and upgrading skills and ensuring

that successes can be replicated and that lessons learnt can be passed on from one generation to another. The main challenges identified were the weak support for skills development and productivity growth in both the public and private sector. This was related to the absence of public/private sector partnerships in this area. However, it was also noted that when we do have institutions in place they tend not to be client-focused and responsive to the changing dynamics of the workplace and technological advancement.

Proposals:

- Establish National Productivity Councils
- Promote public & private sector partnerships
- Facilitate business incubators

Policy

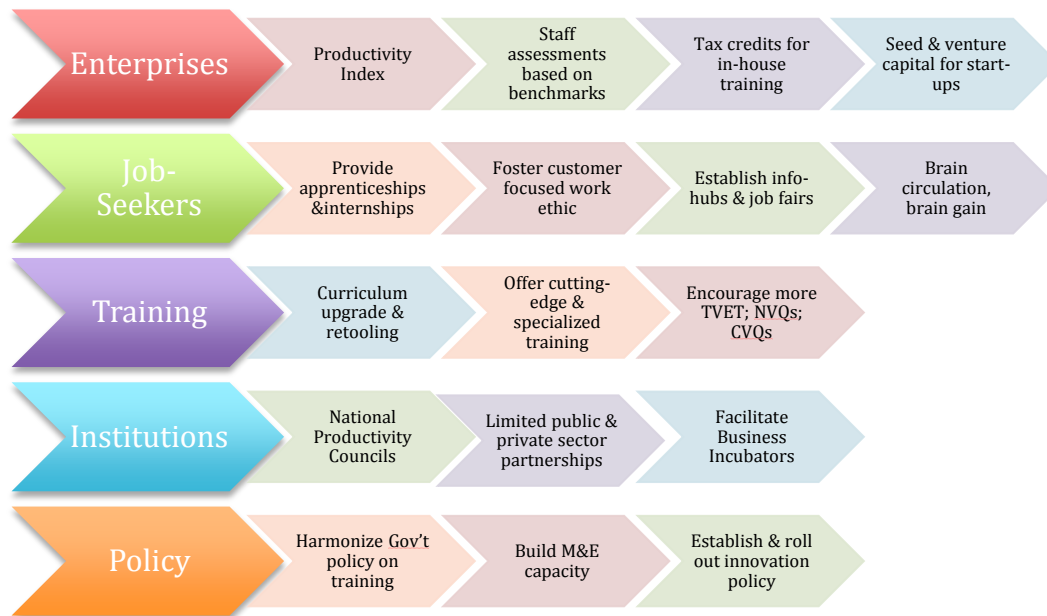
The area of policy is not restricted to the role of governments but the overwhelming focus was in this area. Governments do have a significant role to play in terms of establishing the overarching policy environment especially as it relates to education, employment and enterprise development. Corporate policy and the role of NGOs and Civil society organizations also make a major contribution to skills and productivity development. One of the main issues raised in the country reports was the absence of data upon which to build effective and strategic planning. Monitoring and evaluation was consistently identified as a challenge in terms of labour market gaps or in terms of skills availability and institutional training. As such, much of policy development was being done with little or no evidence-base. A critical issue, which was not fully elaborated but is of critical importance for Caribbean economies, was the fact that the skills-productivity agenda is largely delinked from the innovation policy framework. Consequently, the development policy dividend was weak from the investments in skills and productivity being undertaken in the region.

Proposals:

- Harmonize government policy on training, employment, enterprise development, trade, migration and innovation
- Build monitoring and evaluation capacity to strengthen the evidence-base for policy development
- Establish and roll out innovation policy that speaks to skills development and productivity growth

The following Chart 2 summarizes the key proposals put forward by the country reports. It follows the same methodology as that for the analysis of the challenges and bottlenecks.

Chart 2: Key Proposals



In summary it can be argued that the main proposals outlined in the country reports emphasize more of a labour market perspective which focuses “on skills development as a response to technological and economic changes and are essentially short- and medium-term objectives” as opposed to a wider developmental agenda which “is focused on the strategic role of education and training policies in triggering and continuously fuelling technological change, domestic and foreign investment, diversification and competitiveness.”¹

It is on this basis that the recommendation is made for a more demand-driven approach to the skills/productivity debate. The essence of the argument is that we need to shift the paradigm away from the supply-push framework that dominates the landscape to one where an understanding of markets, sectors and products shapes the policy agenda (see Chart 4). Once this is established there is an opportunity for greater clarity in terms of investments along the stakeholder chain.

Chart 4:

¹ ILO, *Skills for Improved Productivity, Employment Growth and Development*. International Labour Conference, 97th Session, 2008: viii.
http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_092054.pdf

Towards a Demand-Driven Skills/Productivity/Innovation Framework



The above analysis and synthesis provides the basis for the key questions that are outlined below. They are to form the basis for the discussions in the workgroup.

- a. What are the target markets and products/services/IP which are likely to be in demand in the near future for which we have some existing or potential capabilities?
- b. Based upon the global marketing scan what are the key sectors/industries which your country and the region should be targeting for skills development and productivity growth?
- c. What is the institutional and skills gap in the specific sectors and among the select enterprises?
- d. What are the key benchmarks and targets to build an evidence-based policy and strategic action agenda?
- e. What is the relationship between skills and productivity development and innovation?
- f. How do we facilitate youth entrepreneurship and employment given the key challenges and the strategic opportunities?

Key Outcomes from the Workshop held 24-25 June, 2013, The Bahamas

The workshop involved a lively debate of the core issues outlined in the list of “challenges and bottlenecks” as well as the list of “proposals” that emanated from the country reports. The key questions (listed above) also provided much food for thought. The overarching recommendation was that there was a need to strengthen institutional platforms for innovation, productivity and skills development. The main recommendations that were discussed included the following areas:

1. Public sector innovation was identified as a core issue given the important role of the government in shaping and guiding innovation policy, especially in small and developing countries. There was a general view that this was a priority area and that there was a huge gap in the policy framework hence the need for concerted effort in this arena. There was also some discussion on the issue of public sector reform. While there was no consensus on the matter there was a general view that public sector innovation was larger construct than public sector reform. Some identified areas for policy development were bankruptcy laws, small business encouragement acts, and infant industry support mechanisms.
2. The facilitation of industry associations was viewed as an important element of a forward-looking policy agenda in that advocacy, lobbying and networking were considered key building blocks for industrial transformation. Industry associations provide representation and help to build the identity of a sector identity which is often critical for small and emerging sectors.
3. One of the core challenges for small states is the issue of scale. Most firms in the Caribbean region are too small to be globally competitive as stand-alone firms. In this regard it was suggested that more should be done to facilitate the growth of partnerships, shared ownership, collaborations and cluster development.
4. Funding start-ups was identified as critical area for promoting local investment and generating innovation in public policy. There was a clear view from the workshop that any innovation, productivity agenda should focus on enterprise development. An important distinction was made between small and medium enterprises (SMEs) and innovation-driven enterprises (IDEs). There was a view that the region was under-investing in the latter and that the policy agenda should correct this and facilitate the growth of IDEs. There was also a view that initiatives focused on venture capital and angel investors had not worked in the

region thus far and so alternative approaches had to be sought, for example, incubators, crowd-funding or shepherding models.

5. A number of firm level recommendations were also made which were considered critical to generate the required synergies in the innovation eco-system. For example, it was argued that most Caribbean firms don't know how to collateralize intellectual property, know how to manage risk and know how to maximize on ICTs, Apps and mobile technologies. In this regard, entrepreneurial training was viewed as a critical area for development.

Potential Game Changers

In the wrap-up phase of the workshop the participants were asked to identify three areas which they considered to be potential game changers, meaning projects or initiatives that could shift the institutional framework towards an innovation rich context.

1. The first game changer was that of establishing an innovation observatory which would generate, collate and publish data, information and analysis on innovation performance in the Caribbean. The observatory would also assess the role of the public and private sectors in innovation performance. The observatory would operate on an open data-sourcing model. The overall objective is to create an intellectual framework for evidence-based policy.
2. The second game changer was premised on the notion that “building critical mass” was a core requirement for global competitiveness in most sectors in the Caribbean. Thus, the key recommendation is for the facilitation of alliances among firms in strategic sectors. This could involve national or regional clusters of firms in specific industrial arena. There was also a strong recommendation for the creation of “regional public goods” which would particularly aid in public sector innovation in the region. The establishment of regional industry associations was also viewed as another example of building critical mass.
3. The third game changer was the call for the establishment of innovation councils which would be the core institutional driver for the innovation agenda at the national level. The concept of innovation councils was distinguished from the productivity councils or centres (e.g. Barbados, Jamaica and Trinidad and Tobago) which some countries have had for several years, if not decades. The recommendations were focused more on complementarity between the two types of entities. However, it was recognized in small economies there is a need to

consolidate and rationalize institutions especially in the current recession-plagued global environment. The role of the innovation council would be to conduct innovation indexing and operate as a clearinghouse for information and marketing intelligence (i.e. house the innovation observatory). It would encourage inter and cross-sectorial collaboration as a basis for promoting innovation. Entrepreneurial training would also be part of its remit.