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THE ROLE OF GOVERNMENTS IN THE DEVELOPMENT OF HUMAN RESOURCES TRAINING FOR EMPLOYABILITY: THE U.S. SIDE

*Marie-Louise Caravatti**

SINCE THIS CONFERENCE IS FOCUSED on workforce development in the context of the United States and Canada, I want to set the stage with a vignette that I find quite instructive. In his most recent book, *American Exceptionalism*, the famous sociologist Seymour Martin Lipsett contrasts how the United States and Canada have dealt with the metric system. Both countries committed to convert to this system at the same time, about twenty-five years ago. At every stage, Canada took the requisite steps to fulfill its obligations in order to make the transition. The United States, on the other hand, failed to take the intermediate steps on time, and has yet to convert to the metric system to this day. Americans have not taken to the idea, and have simply gone their own way. I think this tells us something about the differences between Canada and the United States, and the ability of our federal government to direct policy at the local level.

The theme of this conference is very timely. As was highlighted by the *World Economic Forum* meeting in Davos earlier this year, many ardent supporters of free trade are starting to worry about a possible backlash that may develop as a result of the churning that globalization and technology together are producing. Foremost among the solutions proposed is an increase in investment and training.

In the United States we have coined the term “the anxious class” to describe those who are fearful of losing their jobs, or of seeing their standard of living decline. The American economy and American workers have undergone — and are continuing to experience wrenching change. Globalization, competition, and technological change have resulted in downsizing, outsourcing, and re-engineering, upsetting established work patterns and introducing an element of insecurity into the lives of the American middle class and downward mobility for those who do not possess a certain level of education.

But, in fact this phenomenon is spreading to most of the industrialized world. As a result, nations with advanced economies do not want to compete on the basis of low wages. In an age when capital, information, and natural resources flow freely around the world, every country

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has a greater incentive to invest in what we economists call the non-mobile factors of production: namely the skills of our people. In today's increasingly sophisticated global economy, our jobs and our economic performance will depend on our ability to constantly hone old skills and learn new ones.

The Clinton Administration has put investing in people at the center of its economic program. During the debate over deficit cutting, President Clinton noted that if we ignore investments in education and training and just cut the deficit, we risk a downward spiral of limited incomes and joblessness, where everybody falls behind. In the President's words:

Let's not forget that we have an educational deficit. Education is the fault line in America today; those who have it are doing well in the global economy, those who don't are not doing well. We cannot walk away from this fundamental fact. The American dream will succeed or fail in the 21st century in direct proportion to our commitment to educate every person in the United States of America.

(President Clinton, April 12, 1995)

More recently the president said:

We are moving in the right direction, but we must do more to grow the economy and to support America's working families. Too many Americans are still working harder and harder just to keep up, and they worry that they'll be left behind by the new economy. We have to make sure all Americans who are willing to work for it can be winners of economic change, and that all of our people share in the benefits of our growing economy. Of course, government must play a role. We must finish the job of balancing the budget in seven years to bring interest rates down even further. We should increase the minimum wage. We should ensure access to health care, to education, to training, to pensions for our people.

But talk of training and education always raises understandable questions such as, "What jobs are you going to train people for?"

In the past, we have not been able to predict the process of modernization, or the new industries that technology would create. The agricultural sector, which at one time employed over nine-tenths of our population, was replaced by a steam-driven textile industry, by shipbuilding, railroads, the automobile industry, the electrical industry, the aircraft industry.

Today, manufacturing employment has given way to the service sector: banking, retail, restaurants, communications, insurance, real estate, the leisure industry, the healthcare industry. The service sector now accounts for seventy to seventy-five percent of employment.

We have no guarantee that training will automatically produce high-tech, high-wage jobs, and little ability to predict just where those jobs are likely to be. But we can say with some certainty that a lack of

skills will keep us from getting any of the jobs of the future. Trends in production technology and business organization clearly point to a growing demand for new and more sophisticated skills in the workforce.

Computers and related information technologies now account for half of U.S. spending on capital equipment. The automation that has resulted does sometimes “deskill” jobs to the point that these jobs can be filled by people with little education, training, and experience. But automation also results in greater demand for people who can read instructions, perform simple calculations, and use computers. More and more, employees are being asked to perform inspection and quality control tasks, do routine maintenance and simple trouble-shooting, and deal with customers and suppliers.

The re-engineered companies we have read so much of, of late, have adopted Japanese production and work-organization practices, such as lean manufacturing, total quality management, just-in-time production and delivery, the German customer service model, and statistical process control.

However, studies suggest that America spends less on training than its major industrial competitors and that most spending is concentrated among managerial and professional employees. In comparison, the Japanese invest roughly twice as much in training and emphasize training at all levels of the corporation.

By some estimates more than one-fifth of the U.S. Labor Force lacks competence in reading, writing, and simple arithmetic. The problems this creates will only grow, as computer-based equipment spreads and more and more employees are expected to read from terminals, recognize obvious errors, and enter information correctly. Industries that have employed fairly low-tech production processes are having to adopt more advanced technology to contend with low-wage competitors. It is expected that even the loom cleaners in textile mills, among the lowest paid and least skilled of mill workers, will have to follow written instructions, and enter information onto keypads.

So our educational system will have to do better if the United States is to remain competitive. But education is a long-term strategy; it involves teaching a new generation and the results are years off. A study by the Organization for Economic Cooperation and Development reports that only two percent of the workforce per year is made up of new entrants. So we will need to be concerned with the skills of the incumbent workforce for years to come.

According to the American Society for Training and Development (ASTD), nearly fifty million U.S. workers need training; seventeen million workers need basic skills training sixteen million need training for new workplace technologies; eleven million need customer service training; and five million need management and supervisory training. The

commission on the Skills of America's Workforce has expressed alarm at the tendency of U.S. employers to organize their companies around low-skilled laborers performing repetitive, rote-learned tasks. It has called on firms to develop high-performance organizations that take advantage of the judgement and responsibility of workers.

There is considerable evidence of the value of training both to industry and society. A recent Census Bureau study found that improving workers' education leads to dramatic increases in productivity — at twice the rate of a comparable increase in the value of tools and machinery. Available estimates of private and social returns for job training are positive, although estimates of returns to public training programs are mixed.

Employee training in the United States has been a private and public sector endeavor. Companies tend to reserve training for management. Surveys reveal that only twenty-two percent of U.S. machine operators, assemblers, and inspectors report receiving any skills-upgrade training in their current jobs. The figures rise to half or more for professional, technical, and managerial employees.

The estimates of generally positive private and social returns tend to justify government's overall efforts to promote improvements in education and worker skills. But as the president has also said, the era of big government is over, and we will not be returning to any vast, bureaucratic government programs. The effort to educate Americans for the economy of the future must be a partnership between industry, workers, and government, with government primarily playing the role of facilitator.

President Clinton has proposed consolidating all federal job-training programs scattered throughout the government into a voucher program that would give \$2,600 in annual subsidies for two years to eligible people. Recipients could then spend the money as they wish on education. A key feature of the program will be one-stop career centers that will provide career counselling, information on the local labor market, the available training providers, and their track record (number of people they serve, employment results, average salary).

It is envisaged that community colleges, technical schools and local labor unions would serve as training providers. Training for an economy based on these sophisticated processes will need to be carried out on two levels: training workers in technical fields, such as statistical process control, but also training workers and the unemployed in basic skills.

The National Skill Standards Board is an integral part of this administration's efforts to improve the competitiveness and employability of our workforce. This board was created under the Goals 2000 legislation, passed in 1994, and is tasked with developing a system of voluntary skill standards to be available for use by employers, workers, un-

ions, educators, and government. As a nation we need to do a better job of linking our educational system with the work of work.

It is equally important that we couple training with an understanding of the workplace. Employee involvement in the development of technology and training can enhance its productivity, and avoid many pitfalls. For example, when computers are designed into complex systems such as process control, performance seldom lives up to expectations. Automated batch production systems have trouble coping with events as common as broken tools and misaligned parts. The experience of the Hamtramck Cadillac plant in Detroit provides a hilarious, but probably all too common example. *The Economist* described the situation at the plant:

The production lines ground to a halt for hours while technicians tried to debug software. When they did work, the robots often began dismembering each other, smashing cars, spraying paint everywhere or even fitting the wrong equipment. Automatic guided vehicles, installed the ferry parts around the factory, sometimes simply refusing to move. What was meant to be a showcase plant turned into a nightmare.

A Department of Labor study reports that a commitment to employee involvement made by both GM and the United Auto Workers' Union helped turn the plant around within four years. Workers were trained in quality and process controls. Once given responsibility for changing production processes, workers visited suppliers and called on customers in efforts to discover ways to improve quality. As a result, Cadillac was awarded the prestigious Malcom Baldrige National Quality Award in 1990, and in 1991 Hamtramck was recognized as one of "America's best plants" by *Industry Week* magazine.

Within the Department of Commerce, the National Institute of Standards and Technology (or NIST) has set up a workforce program as part of its manufacturing extension partnership. It sponsors projects and activities to enhance the capabilities of manufacturing extension centers to work with their client firms on human resources development needs. These projects are aimed at enhancing the global competitiveness of small to medium-sized manufacturers by assisting them in developing skilled workforces and high-performance workplaces.

The workforce program began as a collaboration and partnership between NIST and the U.S. Department of Labor. The goal of this partnership is to support the creation of a coordinated system of technology and human resources service delivery. NIST continues to partner with other national and regional organizations to provide workforce assistance through its affiliated manufacturing extension centers.

Some of the projects that NIST is sponsoring include a labor participation in modernization project. This pilot project funds labor specialists and educational and modernization projects to more effectively

involve organized labor in the process of updating unionized manufacturing plants. Four manufacturing extension centers are involved in this program: the Great Lakes Manufacturing Technology Center, Michigan Manufacturing Technology Center, Massachusetts Manufacturing Partnership, and the North/East Pennsylvania Manufacturing Partnership.

A second project is a field agent workforce training project that develops a human resources training program for extension center field agents. This is part of NIST's "Field Agent University."

Another initiative is the development of skills for industrial modernization. With funding from the U.S. Department of Labor, NIST is sponsoring the development of regional skills coalitions in Cleveland through the Great Lakes Manufacturing Technology Center. They are attempting to model the effectiveness of networks of small manufacturers in jointly tackling their training and development needs.

A project entitled "Competitive Firms, Skilled Workers" has sponsored a National Governors' Association Conference and research focused on state efforts to promote private investment in firms' modernization and worker skills, and the development of a single system of public services that helps firms enhance their competitive advantage.

"Implementing High Performance Work Organizations" is a program that is designed to provide information and technical assistance to two consortia of supplier firms, their primary customers, and education providers in Massachusetts and Illinois to assist them in the implementation of training programs necessary for the adoption of high performance work practices, and to influence education providers to be more responsive to the needs of employers and adult learners.

Interactive distance learning is also being funded by NIST. The National Center for Manufacturing Sciences is developing standards for interactive learning broadcasts to include two-way audio, one-way video, and two-way data transmission capability. They will prepare guidelines and deliver training workshops for course developers and test a range of techniques appropriate for suppliers. Specific courses to be delivered using these standards include: an introduction to six sigma, geometric dimensioning and tolerancing, and an environmental course.

More has been done at the state level as part of economic development programs. Many states provide training tailored to the needs of particular firms. North Carolina has been particularly successful at attracting investment, in large part because of its workforce training assistance. A survey conducted for the Office of Technology Assessment (OTA) found fifty-one such programs in forty-four states spending some \$375 million annually (results reported in 1991). Most of the assistance went to firms with fewer than 500 workers and is typically aimed at upgrading vocational skills. The median-size state program serves only about sixty-five firms and 4,000 employees per year.

Ultimately, the drive to improve the skills of Americans must arise from the grass-roots. The openness and flexibility of the American system and of American workers have made this the most successful country at turning economic change into economic opportunity. American workers have greatly contributed to making change work for this country. Peter Drucker, the management guru writes:

Psychologically - but in terms of values, perhaps, rather than in terms of emotions - America's industrial workers must have been prepared to accept as right and proper the shift to jobs that require formal education and that pay for knowledge rather than for manual work, whether skilled or unskilled.

In closing this very brief presentation, I want to stress that we view government's primary role in improving the skills of our workforce as one of forging a partnership with all of the parties involved, the most important being industry, labor, and academia — especially community colleges, and state and local organizations. Only when it is shaped by a broad-based public involvement can this effort be successful.

