

## Role of Training in Developing Economy: A Review of Ghana and South Africa

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### Abstract

Training is a critical aspect of development of a knowledge-workforce in an economy. This paper accentuates the role of training in developing economy which involves an analysis of the economy as a whole, the employers and workers. In other to achieve this, South African and Ghanaian training programmes were reviewed. In the South Africa and Ghana context, training has only recently received attention as a means of addressing critical personnel development initiatives. Therefore, the focus is now shifting towards fast tracking skills development, which is being integrated into the overall business plan of organizations strategies. Thus, the need to be initiated to harness trained workers as competitive resources for the new global economy and for world-class competitiveness, this paper concludes that training roles are very fundamental in developing economy in both South Africa and Ghana respectively.

**Keywords:** Development, Economy, Training

### Introduction

The importance of training human resource in the social, political and economic development of any developing economy cannot be overstated. No nation is known to have attained sustained high level of growth and development without an ample supply of qualified manpower. Of all the factors that unlock the forces of economic growth and development, a country's human resource is the most vital, for without it, all the other factors have to wait and this can be achieved through training. However, changes in the quality of work force as a result of training account for the rapid economic development that have taken place in the advanced countries like United States of America, Japan, Britain etc., than any other factors (Nwachukwu, 2007).

Nwachukwu (2007) once observed that the major capital stock of an industrially advanced country is not its physical equipment; it is the body of knowledge amassed from tested findings and discoveries of empirical science, the capacity and training of its population to use this knowledge. The role of training is to enhance the welfare of workers by maximising their skills and the quality and quantity of their employment opportunity and in so doing add to the country's economic strength (Manpower President, 1969).

Thus, all training programmes are aimed at human resource development and utilization. Harbison (1967) saw training as the process of increasing the knowledge, skills and capacities of all the people in a society. In the economic terms, he states, it is the accumulation of human capital and its effective investment in the development of an economy. Developed countries like Japan, Korea, West Germany, Italy, etc., are known to have attained high level of development despite the absence of mineral wealth of any significance. Thus, the role of training programmes of any nation is intricately interwoven with her economic and social development. Therefore, Ghanaian and South African government are cognisant of this fact and has overtly encouraged the establishment of many institutions and organisations for the training of her manpower. Over 60 institutions of higher learning have been founded and many more are planned in Ghana and South Africa. In addition, the educational system at the lower level is being re-oriented in give adequate emphasis to the acquisition of practical skills. There are over 20 federal/state trade schools now in both Ghana and South Africa with emphasis in the acquisition of rudimentary skills necessary for successful career in many organisations. Consequently, the government have set up many institutions to help in management of education in the country. In Ghana, it is the Integrated Community Centre for Employable Skills (ICCES), an agency under the Ministry of Employment and Social Welfare with policy objective of filling the gap in employment generation by developing the young human resources in line with the poverty alleviation goal of the government in Ghana and in South Africa. Thus, there are two organizations responsible for implementing skill development and identifying priorities for skill development. The first is department of labour and other all Sector Education and Training Authorities (SETAs). The government of these countries has also entered into a bilateral agreement with some foreign countries for the training of their workforce in practical skills. Each year, many scholarships are offered to deserving individuals to study and train in foreign countries. [http://www.dhet.gov.za/SitePages/Ent\\_NationalSkillsFund.aspx](http://www.dhet.gov.za/SitePages/Ent_NationalSkillsFund.aspx).

All these notwithstanding, the training problems of these countries are far from being contained. It is at

this point of discourse that the study looked at the role of training on developing economy drawing inference from Ghana and South Africa.

### **Review of Related Literature**

The training of a country's workers is a major factor in determining just how well the country's economy will do. The study of the role of training involves an analysis of the economy as a whole, of employers and of workers. A successful economy has a workforce capable of operating industries at a level where it holds a competitive advantage over the economies of other countries. To achieve this, nations may try incentivizing training, providing facilities to train workers or a variety of other means designed to create a more skilled workforce. While it is unlikely that an economy will hold a competitive advantage in all industries, it can focus on a number of industries in which skilled professionals are more readily trained. We will look at the concept of training and types of training programmes, training in developing economy as it affects employers, workers and the economy. (Radcliffe, 2014)

### **Concept of Training**

Mincer (1974,)stated that, training have been considered main factor of human capital from which life time earning and indirect positive benefits are found for an individual. According to Booth and Snower (1996), professional training and skill development enable the human to be more productive and increase their earnings which help in expansion of the economy. According to Amjad (2005), training impacts on national products and competitiveness. He conclude that skilled labour force assists countries in transformation of the economy's from the labour intensive to skill intensive. Tripathi (2003) stated that, Training in general play a vital role in individual, organizational and overall national economic growth. Kazmi (2007), in his study pointed out that training are the tools to improve the productivity of the labour force of any country.

### **Types of Training Programs**

Training programmes or event can be concerned with any of the following:

- i. Manual skills, including modern apprenticeships:
- ii. IT skills; e-learning
- iii. Team leader or supervisory training
- iv. Management training
- v. Interpersonal skills e.g. leadership, team-building, group dynamics, neuro-linguistic programme
- vi. Personal skills, e.g. Assertiveness, coaching, communicating, time management.
- vii. Training in organisational procedures or practices, e.g. Induction, health and safety, performance management, equal opportunity or managing diversity policy and practice. (Armstrong, 2009).

There are no best fit training methods or programmes; it depends on many factors such as organizational size, structure, culture, atmospheres, management style, number of employees, employee's knowledge, skills and behaviour and so forth. However, managers can create the best fit training methods suitable to the organizational and economy characteristics. It requires that the principle of continuous learning is the goal of the entire organization. Training plays a significant role in the process of knowledge accumulation, productivity growth as well as economic growth in any countries. Particularly, formal training is might be more useful and be able to implemented with low cost to the small and medium enterprises (SMEs) in the developing economies (Bennell, 1999).

### **Training in Developing Economy**

The role of training in developing economy involves an analysis of the economy as a whole, of employers and of workers. In general, well-trained workers tend to be more productive and earn more money than workers with poorer training. A successful economy has a workforce capable of operating industries at a level where it holds a competitive advantage over the economies of other countries. While it is unlikely that an economy will hold a competitive advantage in all industries, it can focus on a number of industries in which skilled professionals are more readily trained. Differences in training levels have been cited as a significant factor that separates rich and poor countries. Although other factors are certainly in play, such as geography and available resources, having better-trained workers creates spill-overs and externalities (Radcliffe, 2014). This training in developing economy will be emphasised as it affects employers of labour, workers and the nations of the countries under review.

### **For Employers**

Employers want workers who are productive and require less management. Employers must consider a number of factors when deciding on whether to pay for employee training.

- i. Will the training program increase the productivity of the workers?

- ii. Will the increase in productivity warrant the cost of paying for all or part of the training program?
- iii. If the employer pays for training, will the employee leave the company for a competitor after the training program is complete?
- iv. Will the newly trained worker be able to command a higher wage? Will the worker see an increase in his or her bargaining power?

While employers should be wary about newly trained workers leaving, many employers require workers to continue with the firm for a certain amount of time in exchange for the company paying for training. Businesses may also face employees who are unwilling to accept training. This can happen in industries dominated by unions, since increased job security could make it more difficult to hire trained professionals or fire less-trained employees. However, unions may also negotiate with employers to ensure that its members are better trained and thus more productive, which reduces the likelihood of jobs being shifted overseas. [www.investopedia.com](http://www.investopedia.com) (2009).

### **For Workers**

Workers increase their earning potential by developing and refining their capabilities. The more they know about a particular job's function or the more they understand a particular industry, the more valuable they will become to an employer. Employees want to learn advanced techniques or new skills in order to vie for a higher wage. Usually, workers can expect their wages to increase at a smaller percentage than the productivity gains by employers. The worker must consider a number of factors when deciding whether to enter a training program:

- i. How much extra productivity would he or she expect to gain?
- ii. What is the cost of the training program? Will the worker see a wage increase that would warrant the cost of the program?
- iii. What is the labour market like for a better-trained professional? Is the market significantly saturated with trained labour already?

Some employers pay for all or a portion of the expense of a program, but this is not always the case. In fact, the worker may lose wages if the program prevents him or her from working.

### **For The Economy**

Most countries have placed greater emphasis on developing an education system that can produce workers able to function in new industries, such as those in the fields of technology and science. This is partly because older industries in developed economies were becoming less competitive, and thus were less likely to continue dominating the industrial landscape. In addition, a movement to improve the basic training of the population emerged, with a growing belief that all people had the right training.

A country's economy becomes more productive as the proportion of trained workers increases, since trained workers are able to more efficiently carry out tasks that require literacy and critical thinking. As stated earlier, better-educated workers tend to be more productive than less educated ones. However, obtaining a higher level of training also carries a cost. In this sense, training is an investment in human capital, similar to investment in better equipment.

For businesses, an employee's intellectual ability can be treated as an asset. This asset can be used to create products and services which can then be sold. The more well-trained workers employed by a firm, the more that firm can theoretically produce. An economy in which employers treat training as an asset in this manner is often referred to as a knowledge-based economy. [www.investopedia.com](http://www.investopedia.com) (2009).

### **The Role of Training in Developing Economy: A Review of Ghana**

Over the years, a series of comprehensive macroeconomic and Structural Adjustment Program (SAP) aimed at reversing the economic decline were undertaken in Ghana. The reform program included restructuring of institutions, diversifying the economy, balancing the national budget, liberalizing trade and currency and attracting direct private investments. In fact, Ghana has been hailed for its SAP success. At the moment, the economy can be described as fairly strong with a stable political climate and has seasoned determined executive cabinet. This is the time that Ghana can turn to Human Resource Training and Development Techniques (Boateng, 2014).

Among the many training programme in Ghana is the Technical and Vocational Educational and Training (TVET). One of the most important features of TVET is its orientation towards the world of work and the emphasis of the curriculum on the acquisition of employable skills. TVET delivery systems are therefore well placed to train the skilled and entrepreneurial workforce that Africa needs to create wealth and emerge out of poverty (AU, 2007). TVET plays a very important role in the economic growth and development of countries and well-trained and motivated workforce, maximizes output to expedite socio-economic development

Technical and Vocational Skills Development In Ghana, employment generation through skills development is a central development policy objective, requiring improvements in Technical and Vocational

Education and Training (TVET) for both school dropouts and the workforce. This is one of the training programmes among many others. In 2007 there were 440 public and 500 private TVET institutions. The most prominent form of TVET in the country has been the traditional apprenticeship system. This training focuses on practical skills, and usually takes place within the family and the community, or else at the work place. According to the World Bank, between 60 and 80 per cent of skills development in the Ghanaian labour market takes place through the apprentice system. Currently, about 60 percent of junior-secondary school leavers who do not continue into higher education enter into apprenticeships (ICCES Charter, 2004).

However, the TVET system in Ghana has suffered from fragmentation under different ministries, agencies and private institutions, with each developing and offering its own programmes. These programmes have been uncoordinated and usually fail to provide the skills sought by industry. The lack of a well co-ordinated TVET policy framework has resulted in duplicated efforts and wasted resources, and thus makes it difficult for external development partners to assist the TVET sector. The Council for Technical, Vocational, Educational and Training (COVET) Programme was established in 2006 as an autonomous body to oversee the TVET sector and the Skills Training and Employment Placement (STEP) Programme was initiated to offer microcredit loans and vocational training to low-skilled unemployed youth by placing them as apprentices with experienced craftsmen. By 2005, about 27,500 young people had acquired some skills or vocational training under the STEP. Subsequently, the Ghana Youth Job Corps Programme was initiated in 2006 as a merger of the STEP and National Youth Fund (NYF) African Economic Outlook (2012).

A major constraint facing TVET in Ghana is the lack of adequate funding. Currently, the government provides much of the financial support, with the assistance of only limited involvement of nongovernmental organisations (NGOs) and external donors. In comparison with other post-basic school programmes, TVET receives the least resources, and so the need to diversify the sources of funding has become imperative. To reduce the over-reliance on central government for TVET funding, there are now mechanisms in place to source funding from the Ghana Education Trust Fund, the Skills Development Fund, the private sector, and poverty reduction funds. The challenge is to find a funding structure that will ensure equitable contributions from government, local communities, industry and the beneficiary trainees. TVET in Ghana also faces other challenges. Currently, there is a multiplicity of testing and certification standards, with a proliferation of useless TVET certificates. The oversight of TVET institutions is almost non-existent. The quality of instruction is often unsatisfactory, as a result of poorly trained instructors, lack of instructional support, and poor remuneration. There is also an acute shortage of high-level personnel needed to conceptualise and manage the system. In short, the training system in Ghana does not at present meet the needs of either employers or job seekers.

### **The Role of Training in Developing Economy: A Review of South Africa**

South Africa is experiencing a rapidly changing workplace because of the changes in value systems, new technologies, greater involvement with international competition, participative management, development of new products and the forever shifting sand of industrial relations African National Congress (2008). All this necessitates that governments set aside a percentage of the budget to train, retrain and develop its workforce. It is estimated that South African organizations spend an average of 2.7% of their payroll on one or the other form of training, (ILO, 2012). Parastatals, which are actually not part of the above 2.7%, spend over 4% of their payroll on training, while an average of 2% is spent by manufacturing, services and trade, and less than 1.5% of the payroll is spent by the construction, transport and communication sectors. When you check other countries, you'll discover that they spend a much higher percentage of their payroll on training and development. For instance, in a recent survey of the top 100 companies in the US, Pfizer, the largest pharmaceutical research company in the world, was leading other companies in terms of spending a higher percentage of its payroll on training than other companies, because Pfizer spends an average of 14% of its payroll on training, while other companies spend around 10% of theirs on training. Dysvik and Kuvaas (2008).

Companies in South Africa are still lagging behind in terms of understanding the importance of training and what value can be added to the company by developing the skills of your employees. In many organisations, the budget for training gets cut because the person responsible for training within the organisation does not understand the importance of sustainable efforts to train and develop the employees of the organisation. No one puts it better than Andrew Walker, when he states as follows: "You can tell training is not valued if it keeps getting cut. It's the first point of cuts for most finance people because no one is able to do a good business case to keep it in there. That sends a message to people that you don't value training." (CIO News May, 2007). Low productivity, redundancy of older staff members, a high staff turnover, fear of technological advancement are some of the fruits any society can reap because of failure to invest in human resources at both micro and macro levels.

Training programmes such as the Adult literacy and skill training programme (ALSTP): In 2003, Operation Upgrade (OpUp) initiated ALSTP, which encompasses the KwaNibela Project that won the 2008 UNESCO Confucius Prize for Literacy. The ALSTP emerged as a proactive response to practical needs of and

challenges facing poor, rural-based households. It is a multi-faceted family-based literacy and development project that is being implemented in socially disadvantaged and remote rural areas such as KwaNobela. The programme primarily targets adult women – and, to some extent, men, children and youth – aged 25 to 50 years. The programme offers mother-tongue literacy, English as a second language, numeracy and theme-based training in: livelihood development: income generation, food production/security and preservation, health education: HIV/AIDS awareness and prevention, childcare, home-based care for the sick, reproductive health, nutrition and sanitation, civic/life skills education: human rights, gender relations, conflict management and resolution and sustainable environmental conservation. (<http://www.itweb.co.za/index.php>, 2010)

### Conclusion

Developing economies face the formidable task of overcoming the handicaps that have so far prevented them from seizing the new opportunities. Their first priority is to raise the training skill levels of their populations through training. It is by drawing on those skills and competencies that they can exploit their respective comparative advantages and benefit from the opening up of world markets. Training as a major instrument, for enhancing the employability, productivity and income-earning capacity of many disadvantaged people in the labour market, and so for promoting equity in employment outcomes, training can help to correct skills and knowledge mismatches of large segments of the labour force following major economic restructuring, particularly in the transition economies, but also in many developing economies. In developing countries with a rapidly growing informal sector like South Africa and Ghana, training are indispensable for improving productivity and living conditions among the large sections of the population who earn a living there. These countries are working towards improving the quality and skill levels of their labour forces. The increasing recognition that training is crucial in enhancing competitiveness and contributing to social inclusion, decent employment, and poverty reduction has been a strong incentive for reform, ILO, (2012). What Ghanaian and South African economy needs are people who have true employment, not just a job and this can be achieved through training of human resources. Hence, the study concludes that training performs a significant role in the economic growth of the any developing nation.

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