

OPEN ACCESS

ISSN 2280-4056

*E-Journal of  
International and Comparative*

# LABOUR STUDIES

Volume 4, No. 1 January 2015



**ADAPT**  
www.adapt.it  
**UNIVERSITY PRESS**

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*E-Journal of  
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Online Publication of the ADAPT Series  
Registration No. 1609, 11 November 2001, Court of Modena  
*www.adaptbulletin.eu*

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## ***Workforce Development and Skill Formation in Asia* by John Benson, Howard Gospel and Ying Zhu. A Review**

Ian Hampson \*

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This edited collection is well positioned in a significant gap in the literature. While there are many accounts of Asian economic development, there have been few if any attempts to look systematically at the role of workforce development and training in the development of particular countries, much less of the region as a whole. This book is a systematic exploration of this set of issues in eight economies, which vary as to their stage of development. They also spend differing amounts on education and training, and have differing rates of economic growth and labour market participation. The developed ones are Japan, South Korea and Taiwan, along with Singapore and Hong Kong. Developing economies are India and China. Malaysia is an 'intermediate' case, with some aspects of both. The book enlists an impressive array of specialists to address these issues. By focusing on a manageable set of countries, it hopes to reach insights that apply to the literature on comparative training as a whole.

Investigating the role of skill formation and workforce development in any particular economy is difficult enough, but comparisons across countries have been particularly tough to do well. The systematic approach adopted by this book goes a long way to facilitate these comparisons. First, confining the analysis to one region where there is an underlying similarity across countries makes the task more manageable than if, say, comparison with a European country and an Asian one was

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attempted. Second, the book asks specific research questions of the countries individually and as a whole.

- What are the forms of training and skill development in various Asian economies?
- How does training take place, and who provides it?
- How does training differ across groups, such as managers, professionals, technical staff, white-collar workers, and production workers?
- How does such training and skill development contribute to the economic success of companies and economies?

Third, presenting the findings in a shared structure in each chapter eases identification of ‘similarities and differences in their approach to workforce development and skill formation’ (p. 10). Each chapter has a brief introduction, an outline of the main relevant characteristic of each economy, an overview of the broad national political, economic and social contexts and an outline of the education and VET systems, and detailed discussion of how the training affects different groups – managers, professional and technical staff, production and white collar workers.

The book’s second chapter by Howard Gospel is a very useful overview of the ‘theory and practice’ of comparative training, and sets the tone for the rest of the book. It discusses the difficulties and pitfalls of comparative methods, and surveys approaches to the field. This survey is comprehensive, starting with human capital theory, and moving through ‘left’ and ‘right’ perspectives on the dimensions of skill development and forms of learning. It identifies the ‘locales’ where skill development can take place – families, markets, organisations, and associations. The ‘varieties of capitalism’ literature provides a backdrop and practices in the ‘model’ economies of the US, Germany, France, and Japan are briefly sketched. ‘Stylised facts’ illustrate how diverse training practices affect different groups of workers. The chapter then identifies trends in workforce development and skill formation. Governments see skills as instruments for national competitiveness and moving up the value chain to the ‘knowledge economy’. Employers’ needs for skills and training are changing – they both make and buy skills, and seek higher levels of qualifications. This in part reflects ‘skill biased’ technological change; a better supply of skills; and in part credentialism. Employers look for higher levels of ‘hard’, technical skills, as well as ‘soft’ skills. Individuals

expect more out of their training, as indeed do employers now expect more from individuals – especially in the so-called ‘soft skills’ department. This crucial chapter also tracks some major trends on the supply side. First, the supply of people with higher qualifications will increase. But, second, there will still be skills shortages in the external labour market, particularly in ‘middle vocational’ levels, and skills ‘gaps’ in terms of filling key appointments within internal labour markets. Young people will still stay on at school, while the numbers of older people are growing – indicating the importance of ‘lifelong learning’. Overall, there is a trend towards ‘upskilling’, and a polarization of skills. What could have been discussed here is the work which finds that while the demands of work in terms of competence have increased, levels of autonomy have decreased. Autonomy, after all, is a dimension of skill – as the foundational work of Spenner insists. The chapter concludes with a discussion of the outcomes of skill formation – there are returns for individuals and employers from vocational training, but these are mediated by the way ‘skill’ is inserted in ‘bundles’ of workplace practices.

Japan is the most economically developed of the economies, and training has played a key role – but why this does not show up in educational expenditure? Training is predominantly enterprise-based in a context of lifetime employment, and its cost is met by firms and individuals. The advantages of the Japanese system are well known – workers become broadly trained within one firm, and ‘flexibility’ aids technological change and work reorganisation, while the firm retains skills as an asset. Yet the ‘stylised’ Japanese model has changed (partly as a result of a long period of slow growth), and is now characterized by increasing employment insecurity in the ‘secondary’ labour market – evident in the increasing numbers of ‘freeters’, or young people who seek to avoid the salaryman’s permanent attachment to a workplace. Partly in consequence government has to take a more active role in the provision of training and education, and this has seen a growth of training opportunities outside the firm. Benson argues this enterprise-based system with an ‘abstentionist’ state has inhibited the overall capacity for innovation by limiting inter-firm mobility and transfer of skills, and the denying access to training to those in the secondary labour market.

Training and education has played a key role in the development of South Korea’s quest to become a technologically advanced nation. With few natural resources, the government has emphasized vocational training, while education has strong roots in Korean culture and is highly valued. The State in South Korea has also been more ‘interventionist’ than in Japan (with which South Korea is often compared), for example by

implementing various levies to support education and training. Vocational high schools play a greater role in the training of production workers than in Japan. The government has also made broad competence development a condition for the receipt of unemployment insurance, but has taken a more market-oriented approach to training since democratization in 1987. However, Rowley and Yoo point to an imbalance in the system, in that large companies tend to benefit from it more than small ones. In addition, there are other challenges – the role of Universities is becoming increasingly important, to some extent at the expense of vocational training. There is a comparatively low investment in lifelong learning as opposed to ‘front end’ training, and there needs to be closer links between the management of unemployment and workforce development. These are minor matters: Rowley and Yoo conclude that a well-designed workforce development strategy is combined with an enthusiasm for education and this has contributed greatly to South Korean economic development.

Chris Leggett’s chapter describes how workforce development has also played a strong role in the City State of Singapore, and in a highly coordinated fashion. The distinguishing political economic feature of Singapore is its ‘corporatist’ nature, which Leggett dubs ‘corporatist paternalism’ (as an alternative to the commonly used concept of ‘authoritarian corporatism’). Strong informal linkages exist across well-integrated and ‘complementary’ institutions of training, skill formation and economic development, all beneath a tripartite framework. The chapter sketches the features of Singaporean economic development – commencing with its emergence as a sovereign city state in 1965, and moving through successive ‘industrial revolutions, and up the value chain, to the ‘knowledge economy’. Distinctive challenges include the need to manage employer commitment to training when many significant employers are MNCs. Payroll levies and training grants administered centrally aided in this task – employers had to pay into a central fund, and make a case to receive a grant for training which had to be well specified in terms of training objectives, and the assessment of their attainment. A stronger contrast with Australia’s approach to a training ‘market’ could hardly be imagined – indeed, a watered down version of such a scheme was tried in Australia, but dropped due to ineffectiveness in the early 1990s. A complicating feature of Singaporean development is the reliance on low skilled immigrant labour, and the need to manage tensions with the local community. The distinctive feature of the role of skills development in Singapore is its highly planned and coordinated nature –



even down to including within 'skills' training the development of specified attributes, such as motivation and attitudes.

By contrast, Hong Kong's approach to workforce development is more decentralized and voluntaristic, reflecting its history, first as a British colony, and second, as a Special Administrative Region of China from 1997. Thus, as Ng and Ip argue, Hong Kong has derived its stock of human capital assets 'not by design but more by default' – in response to a history of politico-social crises and responses to them. The British influenced higher education institutions and, to a limited extent, apprenticeships. State intervention was limited, reflecting the 'voluntarist' heritage. Indeed, attempts by the state to regulate apprenticeships engendered low take up, and the development of production workers' skills was haphazard, while the British tradition of professional education served the development of technicians and professions well. The waves of immigrants from China bore their own entrepreneurialism and familial networks, and the limited resources small businesses could allocate to training ensured that workforce development would be haphazard. Ng and Ip argue that the country is now at a crossroads, as it seeks to reposition itself in the global economy particularly in relation to the Pearl River Delta. A more purposeful approach is needed than that of the current market-oriented liberalism which pervades the society, and this chapter suggests that there may be a movement towards a more corporatist arrangement, like that of Singapore.

The first of the developing countries to be studied is China, which has had an 'uneven' and 'patchy' history of skill development. Education is traditionally highly valued, according to Confucian precepts, and there is a long tradition of craft skills and learning 'from which the apprenticeship system is most likely derived' (p. 142). The Chinese system has been influenced by colonialists from a number of countries, and the Soviet Russian approach was influential up to and beyond modernization. Accordingly the State is highly influential, and the new system spans higher education and shop-floor skills development, where master craftsmen train apprentices. Management training in US-style business schools has become dominant and quite successful, while skills training on the shop floor is 'less than satisfactory', with severe shortages emerging of skilled workers and technicians. The country is seeking to learn from a number of overseas sources, but this chapter's overall assessment of the Chinese system is not favourable – generally much more remains to be done and 'inputs are not really sufficient'.

India is similar in that the sheer size of the country makes coordination difficult; there is a legacy of colonialism, and a history of, shall we say, 'trade restrictive' government intervention in all aspects of the economy, including training. The country has emphasized elite education, but the education system produces a shortage of high-school educated labour with basic literacy and numeracy skills. The Constitutional obligation to provide free and compulsory education to all children is simply unable to be fulfilled, and poverty moves education down the list of priorities. There are signs of serious government action to fix the skills shortages, including setting up a National Vocational Framework with competence-based training, one presumes modeled on the British system. This chapter comes complete with a set of policy prescriptions to fix the problem of skills 'shortage amidst surplus'.

By contrast, Taiwan is perhaps the standout success story, having reached an advanced stage of development on its path to the 'knowledge economy' in large measure due to having harnessed education and training to this end. Like China, Taiwan followed the Japanese enterprise training model and lately the US business school model in the training of managers. But unlike both China and Hong Kong, the government is very active in promoting and funding training, including within enterprises. It is notable how the government is actively involved in both long term planning of labour power needs, as well as the management of overall quality and standards of training programs. This level and kind of government involvement to ensure quality of training is something of a lesson for Australia.

Similarly, government intervention is playing a key role in Malaysia's transition to the 'knowledge economy'. There is a tradition of apprenticeship training since British colonization, but skills training is being seen as increasingly important, if the government is to attain its goal of moving into the ranks of developed countries by 2020. To this end, the government has set up a grant/levy system, and in the mid 2000s it legislated a national skills certification system, and moved towards 'dual' training on the German model. 'K-workers' are expected to have technical competence, 'human and social' competence, as well as 'learning competence' – or learning how to learn. In Malaysia, surveys found deficiencies in 'soft' skills, 'related to the management of people and self, such as presentation, communication and languages, etiquette and ethics skills' (p. 221) as well as oral and written communication skills. Also, employers urge universities to do more to develop 'key', 'core', 'transferable', 'soft', 'employable' and 'generic' skills and complain that graduates do not meet the needs of business, not only in terms of

technical know-how but also in ‘generic’ skills’ (p. 222). This difficulty in defining skills is common in the training literature. Ramasamy and Rowley argue that Malaysia needs more and better partnership between the private sector and government – this is probably true of most training systems.

The book argues that skills policy in Asia can best be described as ‘state led’. Although this is what one would expect, this book is an important step forward in tracing the details of the skills policy environment in Asia in general, and in the case study economies in particular. The systematic approach to comparison makes it a useful corrective to much of what passes for comparative scholarship in training policy. In their final chapter, Zhu, Benson and Gospel affirm that there are clear benefits for the individuals, economies and firms in the development of skills, and that this is why most of the case study countries (particularly Taiwan and South Korea) make this a priority – although there is further to go in some cases than others. This book should be of interest, not just to scholars of Asian economic development, or comparative training policy specialists, but also to Australian policymakers and academics looking for policy ideas from overseas to enliven their discussions beyond market fetishism.



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