**Chapter 3**

**Involvement of Social Partners in Life-Long Learning**

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**Introduction**

This study brings together a number of social partner perceptions to issues of lifelong learning and development within the context of a transitional economy such as that of Malta.

The first section provides a literature review on the changing nature of the world of work via the forces of globalisation through the borderless flow of capital, the intensive dependence on the knowledge economy and the primacy of competitiveness as a key business strategy for profitability based on excellence in human capital. This requires human resource management and industrial relations to adopt a strategic role in workplace and employment relations. In particular, the salience of lifelong learning and continuous training and skill development of the workforce are emphasised as being the only controllable factors in productivity growth.

The geo-political and socio-economic landscape of the Maltese Islands is taken up in the next section, enabling better understanding of the responses and views given by the social actors. An overview of the education and training systems and the industrial relations landscape is provided.

The research methodology is expounded on the choice of an eclectic approach to make up for the dearth of available research.
material on the subject. Reliability and validity are enhanced through collateral sources of information primarily based on qualitative semi-structured interviews and supplemented by secondary sources of data obtained from content analysis and quantitative surveys performed locally.

The views and voices of social partner exponents are finally captured and cross-tabulated along key activity areas, particularly in relation to social partners' administrative and institutional capacity to contribute to training and development as well as with respect to an assessment of government performance in this sector.

Finally this chapter attempts to put forward a critical analysis of the roles and responsibilities which each social partner in the social and economic arena in the Maltese Islands must adopt to synergise and increase interdependence through the effective management of complimentary disparity. Emphasis is placed on the need for each player to remain faithful to its mission and constituents, at the same time achieving increased relevance through cognition and adaptation to the new agenda being placed on workplace relations and national economies by globalisation and increased regional interdependence.

Knowledge & Globalisation

The significance of globalisation to questions of national educational and economic development can be summarised in terms of a change in the rules of eligibility, engagement and wealth creation (Brown, 1996). There has been a shift away from the closed or walled economies of the post-war period towards an open or global economy. As a result of this change, domestic economies have been exposed to greater foreign competition (Reich, 1991; ILO, 1995). The rapid improvement in economic efficiency, which accompanied the introduction of mass production techniques, necessitated the creation of mass markets for consumer durables. In order for economic growth to be maintained, national
governments had to regulate profits and wage levels to sustain the conditions upon which economic growth depended. Hence, the development of the welfare state was seen to reflect efforts on the part of national governments to maintain the Fordist compromise between employers and organised labour (Brown & Lauder, 1992). Finally, globalisation has entailed new rules of wealth creation. These have undermined the viability of building national prosperity on mass production of standardised goods. Mechanisation of work processes and automation of the processes of production have given way to increased control over the process of production. The creation of wealth therefore, is not any more dependent on crafts-based skills, but on the management of knowledge (Toffler, 1990). In these new rules of wealth creation, economic prosperity will depend on nations and companies being able to exploit the skills, knowledge and insights of workers in ways which can no longer be delivered according to Fordist principles. Enterprises which can deliver a living wage to workers now depend on the quality as much as the price of goods and services, and on finding new sources of productivity and investment (Brown, 1996).

Knowledge and skills, therefore, have become the most important determinants of investment, employment opportunities, productivity and quality and flexibility (De Silva, 1997; UNICE, 2001). The ‘knowledge triangle’, that is, innovation, education and technology, describes the close relationship between skills and educational levels on the one hand and employment on the other (Commission of the European Communities, 2000).

The knowledge-based economy requires not only workers educated to innovate, but a trained and skilled workforce able to adapt to a changing working environment. The initial acquisition of skills is only one aspect of the story. Lifelong learning to adapt skills and competencies to new needs is critical. So, for people who do not pursue lifelong learning, there will be very little work available. To remain employable, people need to continue developing their knowledge, skills and competencies constantly.
Continuing learning becomes essential for continuing earning! These requirements are placing considerable demands on employers and their enterprises to develop and implement new strategies, structures and processes. Human Resources Development is increasingly taking centre-stage in organisational strategy to obtain the best and highest productivity possible from the employee, through methods that provide the employee with both intrinsic and extrinsic rewards. On national levels, governments, employers and workers and their representatives, are increasingly becoming sensitised to the fact that HRD is the key to competitiveness and socio-economic development (De Silva, 1997).

**A Paradigm Shift in Industrial Relations?**

Against the globalisation backdrop, collective organisations of both labour (trade unions) and capital (employer organisations) have experienced significant changes both on the level of content as well as on the process level of industrial relations. A number of challenges have arisen which entail new forms of co-operation between the social actors. The analysis of impact of globalisation on social partner interaction is quite complex since it represents a spiral of cause-effect relationships. These are, in turn, mediated by peripheral issues (Macdonald, 1997).

It is generally considered that industrial relations have undergone a transformation during the 1970s (Sisson *et al.*, 1999). To put it schematically, the contrast between the two periods (pre- and post-1970s) resulted in a transition from distributive bargaining, in which there are ‘winners and losers’, to negotiations based on competitiveness. During the quarter century following the Second World War, negotiations originated from union demands for better pay, social protection and working conditions. Depending on the economic position of companies and power relations existing within them, employers granted extra benefits or extra rights to employees. Negotiations essentially revolved around the distribution of gains
resulting from increased productivity (Taylor, 1994).

A recent review published by the European Trade Union Institute outlines the challenges being faced by trade unionism. Although these challenges have forced employers and enterprises to restructure, the ETUI comparative study concludes that unions in most Western European countries are failing to modernise and to restructure sufficiently to survive in the face of increasing international economic competition, technological change, the growth of flexible employment and the rise of private sector services (Waddington & Hoffman, 2000).

If traditional trade unionism is in decline, then it could be argued that employer organisations will decline with them since they are being affected by the same forces (Crowe, 1997). Employer organisations face a difficult situation in assisting their constituents in the face of new demands being placed on them by globalisation. Not only do they face the need to become more representative and better able to provide services to their members; like unions, they confront very different situations from one country to another, and differ in their capacities to fulfil their functions effectively (Macdonald, 1997).

This new agenda is spurring trade unions and employer organisations to reform their structures and operations. Such a transformation from the traditional pluralist and conflictual industrial relations paradigm to a strategic, proactive employment relations partnership is by no means an easy shift (Regalia, 1997; Baccaro et al., 2003). In addition, it is still unclear how much of this transformation has been imposed and how much realised. The general decrease in union membership density, the marginalisation of trade union influence by some governments, sectoral shifts in the labour market away from union membership strongholds, and lack of adequate representation at the workplace together with the emergence of direct participation might have spurred unions and employer organisations to either change or risk obsolescence (Skiold, 2000; Waddington & Hoffmann, 2000).
From Fortress Colony to Open Market Economy

Malta can best be described as being an economy in transition. For the past years, governments have been pursuing a policy of gradual liberalisation of trade and commerce, dismantling protective barriers in the form of trade levies as well as rolling back the role of the State, allowing the market to function in a more unfettered manner. This has been done through the privatisation of state-owned entities, which were previously heavily subsidised or managed by the State, the liberalisation of exchange control and fiscal policy, and the deregulation of certain sectors of the economy, particularly the telecommunications sector. The process is still unfolding and government has made known its plans for the privatisation programme in the White Paper: 'Privatisation – A Strategy for the Future', issued by the Ministry of Finance in 1999. The proposals put forward by the Ministry of Finance were:

- To move forward with the privatisation programme;
- In parallel build an effective regulatory capacity to control monopoly abuses;
- To enter into strategic partnership with the intent of transferring technology and of adding value to the local entities by regionalising their scope;
- Enhance competition in the Maltese economy;
- To encourage as wide a participation as possible in the shareholding of the privatised enterprises taking into account the level of absorption in the country, and
- To commit to entering into constructive dialogue with the labour unions to ensure a work ethic of international standards.

(Ministry of Finance, 1999:2).

A hallmark statement on Government’s vision for economic development came in 1999, through the publication of a White Paper named Prosperity in Change. Its aim is to transform Malta into a “tiger economy at the southern end of Europe” (Ministry for
Economic Services, 1999: 11)
In the absence of any known natural mineral resources, the Maltese labour market assumes an even more crucial importance in the formulation of economic policy and in the management of economic performance.

British colonialism left an indelible mark on the system of industrial relations which developed up to the present day (Zammit, 1984). According to Baldacchino (2001; 2003), the British legacy pervades major aspects of the labour-capital landscape in Malta.

Contrary to global trends in union membership and density, the Maltese trade union sector still enjoys gradual yet steady growth and density even though the density growth rate appears to have reached a plateau:

<table>
<thead>
<tr>
<th>Year</th>
<th>Union Membership</th>
<th>Density (%)</th>
</tr>
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<tbody>
<tr>
<td>1975</td>
<td>39,132</td>
<td>36.1</td>
</tr>
<tr>
<td>1980</td>
<td>42,415</td>
<td>37.5</td>
</tr>
<tr>
<td>1985</td>
<td>53,008</td>
<td>46.0</td>
</tr>
<tr>
<td>1990</td>
<td>65,620</td>
<td>51.6</td>
</tr>
<tr>
<td>1995</td>
<td>77,998</td>
<td>54.4</td>
</tr>
<tr>
<td>2000</td>
<td>86,047</td>
<td>55.4</td>
</tr>
</tbody>
</table>

Trade Union activism is therefore both active and vibrant in the Maltese scenario. This notwithstanding, the reliability of union membership statistics is questionable due to a number of reasons, namely: a disguised element of dual union membership, a sizeable number of registered members which are not part of the labour supply (e.g. 6,600 pensioners are members of GWU and UHM), and a pervasive shroud of mystery which surrounds the compilation
of membership returns to the Registrar of Trade Unions (Baldacchino, 1991). In addition, there is no local standardised way of computing membership density. Three main exponents in the Maltese field of industrial relations - Attard (1984), Baldacchino (1991) and Zammit (1996) - have all computed membership density along different variables.

The structure of the Maltese educational system is, in essence, comparable to that of continental Europe. During the past decade, there existed a broad consensus between government, social partners and educational institutions on the dearth of vocational training and education. In 1999, a report on the state of vocational education and training in Malta was drawn up by Olaf MacDaniel on behalf of the European Training Foundation. It highlighted the need for a systemic overhaul to upgrade the vocational sector as a viable alternative to University education. The MacDaniel report revealed that vocational education in Malta is accorded low public status, is heavily centralised, grossly under-funded and scattered. Participation in apprenticeship schemes managed by the state's public employment service, do not enjoy satisfactory participation rates, and bridges between education institutions and commercial enterprises are weak (ETF, 1999).

**Social Partner Responses to Workforce Training & Development**

The objectives of this paper are to investigate the role of social partners (i.e. employer representatives, worker representatives and constituted bodies) in the provision of continuing education and training of the Maltese workforce. The perspective, advocated by von Bertalanffy (1968) in his General Systems Theory, assists in the understanding of the complex interactions, which occur at different levels, and is also applicable to the field of continuing education and training. A thorough understanding of the variety of factors at play in social dialogue and collective bargaining, as
well as the diversity of contexts within which employment relations occur and the ever-changing role of social partners, benefits from a systemic analysis of the relationships such factors have with one another. Such a theoretical framework shifts the emphasis from operationalisation to harmonisation, attempting to establish a sense of equilibrium, or rather to strive towards achieving the homeostatic function, which may be necessary for effective development to take place.

An eclectic approach towards data collection and analysis was chosen to ring-fence the possible sources of contamination of results and eliminate skewed interpretations which might arise from the use of a single data gathering methodology owing to the limitations of that same methodology (Yin, 1994).

It is for the above reasons that an eclectic mix of primary and secondary data sources was identified as constructing the basis for this research. The primary method of data collection consisted of direct elicitation methods, using multiple case-studies through semi-structured interviews and open-ended questionnaires. The secondary data source was obtained through indirect elicitation methods targeting content analysis (reported speeches and/or interviews) as well as related quantitative studies on the subject.

The sample of the semi-structured interviews consisted of representatives of workers and employers installed as permanent members in the Malta Council for Economic and Social Development (MCESD). It was thought that this is the most representative sample possible, since it consists of the largest and most influential players in the local context. Moreover, the choice of all the permanent members resolves any potential conflicting situations that might arise through arbitrary choice. Perceptions were also collected from select expert individuals in the fields of industrial relations, worker participation, training and development and social dialogue (Annex 1). In addition, the only two studies performed nationally on employers training and development uptake-by the Foundation for Human Resource
Development (2000) and the Malta Tourism Authority (2000), together with the data from the Labour Force Surveys published by the National Statistics Office have been sourced to add statistical validity to qualitative inferences.

*Quo Vadis?: The State of Play*

From the interviews, it emerged that employers' and trade unions' concerns in Malta seem to be very distinct and different. Employers seem to be highly concerned about their business performance and the optimisation of profitability. Trade union concerns on the other hand revolve around the need for increased worker protection and job security. These concerns are compounded by union membership issues with inter-union competitive tactics being mingled with enterprise-bargaining issues.

A particular theme which emerged was the need for government to be firm and challenge trade unions to adapt themselves to change by embracing and reflecting the need for increased competitiveness and productivity within their bargaining mechanisms. Both employers and experts in the field of industrial relations shared this view. It is also a commonly held perception that public service reform as well as privatisation and liberalisation programmes are too dependent on the stand taken by trade unions. Both government and the business community informally lament that progress could be achieved faster if unions are more co-operative.

*Training & Development as National Priority*

The interviews educed a number of issues pertaining to the importance of Training and Development both at a national and sectoral level. Employers highlighted the absence of co-ordination amongst a set of rightly taken strategic choices by government; while trade unions complained about either an absence of, or blurred vision, of any cogent strategy. Many of the social partners, however, either attributed this lack of strategy to government's failure to take some incisive decisions or government's fear of
hurting its constituents. Employers specifically complained about an unnecessary level of political interference which, had it not been there, would have allowed decisions to be taken with more resolve. In addition, employers consistently complained about government's inability to harness and manage the difficulties of a bloated public sector.

The majority of those interviewed reported that they are not aware of any long-term national human resources strategy for Malta, even though employers feel that government has a sense of direction for industry.

The social partners all showed a positive level of enthusiasm for the changes which are taking place to this national forum for social dialogue, the MCESD. In their views, this is the most legitimate and relevant forum wherein issues of national priority need to be discussed and acted upon. There is therefore, a certain consensual understanding that issues of continuing education and training are to be accorded a national priority and should be given suitable consideration by the MCESD.

*The Role of Social Partners*

Employer organisations and lobby groups, with the exception of the Chamber of Commerce, reported no hands-on proactive approach towards training and development. All these associations admitted that they do not have a training budget. They have not performed any significant training and development activities for the previous twelve months. Moreover, they do not have a designated training and development officer within their ranks. They also perceive the organisation of annual conferences as an educational initiative. This view is confirmed from quantitative studies performed in 2000 by the MTA, FHRD and the LFS which all highlighted the low-levels of training being deployed within diverse industry sectors (*The Malta Business Weekly*, 24-30 May 2001: 19).

On the other hand, both major trade unions report that they
have long been focussing on training and development of their members and members' families. Both organisations have a Deputy Secretary General who is directly tasked with issues of education and training. Both report having a training budget which has increased substantially over the past years. Moreover, both seem to have vibrant training programmes within their core trade union activities. At the collective bargaining level, both unions seem to factor training and development during their negotiations. When prompted whether they feel that their organisation has the internal competence to contribute to and execute training and development activities, both major unions said that they have a good 'basis for willingness and competence'. However, outside consultants are sourced whenever the unions require additional professional input.

All interviewees with the exception of the GWU stated that, in their opinion, employers are closer to the needs of the labour market. The GWU showed scepticism at employer's take-up of such issues because they fear that employers will not take responsibility for any misdirected forecasting.

**Roles of Government, Employers and Trade Unions**

The results obtained in this research point out to differences in the views of employer and worker representatives and their preferred method of contribution to workforce skill development. Such a diversity of views, arising from the traditionally opposing interests which such organisations harbour, do not necessarily pose a threat to labour-management relations or to social concertation *per se*.

The formula for effective social dialogue cannot exclude government and politics. Together with employer and worker representatives, a homeostatic equilibrium needs to be achieved to spur change through industrial stability and social cohesion. A macro-level analysis seems to suggest that government is pursuing the right policies and strategies but seems to be scoring low on co-ordination and communication. Employers, though aware that industry and business need to find adequately skilled labour, seem
to lament more than act on their members to invest in human capital. Trade unions, on the other hand, seem to be good advocates of workforce skill development but need to enhance their competence and level of involvement for enterprise-level bargaining and social dialogue for better and more effective unionism.

All of this suggests that the strengths and weaknesses of each part of the system of industrial relations can derive benefit through increased interdependence, cancelling out weaknesses and resolving apparent deficiencies though the common search for solutions and actions. This obviously gives rise to specific roles and responsibilities, which each party to the industrial relations system might capture and pursue in the national interest and in the interest of its rank and file as explained below.

**Government as Prime Mover**
The research evidence indicates the strikingly high, possibly unrealistic, expectations which worker and employer representatives attribute to Government with respect to its role in lifelong learning and continuing development of the workforce. The respondents unequivocally suggested that Government seriously lacks co-ordination and communication. The former weakness relates to the diverse activities arising from individual ministries and/or public government entities and the latter relating to the penetration of its strategy to key publics – social partners – and to the public at large. The latter weakness might, in a sense, be viewed as consequent to the former. In addition, Government seems to be suffering from a human resources problem, heavily taxing the resources of the same individuals (including social partner representatives) who are frequently found sitting on an appreciable number of forums. Whether this is a matter of choice or due to a sheer lack of expertise, it is an issue that needs to be investigated in greater depth.

There is little doubt left that social partners and Government have great hopes and aspirations for the transformation taking place
at the MCESD which is widening its scope and has become institutionalised through legislation, becoming the key, national forum for social dialogue. This presents Government with a challenge and an opportunity. MCESD should prioritise debate about the future of the Maltese economy and subsequently, identify the training and development needs of the workforce, bringing together economic, education and social policies. In this sense, the Council might take over the much needed co-ordination role of the various bodies and entities which different ministries have set up and which involve social partner representation.

**A National Agency for Life-long Learning**

Social partners seem to agree that significant work is being done by the state's public employment service, albeit largely focused on the 'rehabilitation' of the unemployed. Social partners have demonstrated the need for a shift to be made from unemployment to employability with greater emphasis being given to lifelong learning and continuous knowledge-acquisition and skill-upgrade.

The core business activities for the ETC emanate from its legislative framework, which largely focuses on un/employment registration, enforcement and work placement of the unemployed or those seeking employment. Admittedly, the ETC runs an appreciable number of training activities for those currently in employment and has also declared itself on lifelong learning and its commitment to increase the nation's human capital capabilities.

This dual function, might not be optimised within the current set-up and government might consider the idea of splitting up the two services. Employment services could be semi-privatised as an agency under the auspices of the Department for Industrial and Employment Relations. An employer-led National Agency for Lifelong Learning could then bring together the initiatives being undertaken by the Ministries of Education, Economic Services and Social Policy to provide a strategic portfolio of services which bridge formal with vocational and tertiary education.
together with ongoing skill development and business exigencies.

**Employers – Walking the Talk**

The research indicated that, while the majority of employers are highly aware of the importance of finding a skilled pool of labour for the needs of business and the industry, little is being done by way of concrete action to secure such a human resource pool. Their contributions are more hands-off in nature and there seems to be little forecasting to anticipate future skill needs while development in education-business links is still germinal.

Employer organisations, therefore, need to establish a more significant and decisive stance by leading and sharing responsibility for a national strategy for lifelong development and learning. The SME sector, particularly that related to micro-enterprise, will greatly benefit from such a commitment owing to their limited human and financial capacity to invest in training and life-long learning initiatives. Internally, employer organisations might derive great benefit through the setting up of a training function within their administration both to provide leadership at a national level as well as to assist their members individually to secure the provision and retention of skills-bases.

Much has been said about the impact of technology in business and its effect on work, organisational and production processes. The results of the interviews indicate that social partners have focused IT-related training to IT-related skills. The challenge is now to combine IT for skill-development particularly for the acquisition of job-related skills and for business education. E-learning — particularly so called asynchronous or self-paced learning — offers enterprise a new way of delivering training in a very flexible way. In addition, e-Learning helps companies and small enterprises to rethink the best way to assess, source, deliver, evaluate and manage the development of their staff at all levels, making the process easier, faster and more effective. E-Learning does not necessarily substitute other forms of lifelong learning. Training in
soft skills and the engendering of corporate values might still be better delivered through face-to-face interaction, while training in finance, management, employee orientation and product information might all be delivered through a net-based e-learning portal. This is another area where employer organisations and federations can gain competence and influence members as well as provide both consultancy and training. Such has been the case for the setting up of corporate intranets in a number of reputable financial and entertainment businesses in Malta.

**Trade Unions: Spurring High Performance Work Practices**

The research interviews elicited the perception from among employers that the two major trade unions are often seen competing amongst each other. The research also suggests that trade unions need to step up their bargaining efforts to shift from securing employment to increase employability. Although they have demonstrated awareness of the changes taking place in the workplace, Maltese trade unions need to be drawn out of the traditional collective distributive bargaining mentality. This can be done in two ways: firstly, through their embracing of Human Resource Management principles; and secondly, by re-scoping enterprise level bargaining to promote and support high performance work practices.

The conclusions derived from the interviews corroborate the conclusions of the ETUI 2001 Report referred to earlier: the individualisation of the employment relationship still needs to be embraced by trade unions. Their formula for collective standardisation of working conditions is increasingly proving to be ineffective and a hindrance to business strategy, especially in public sector entities. Moreover, the interests of both major trade unions and employers seem to converge if their focus is shifted onto employability and productivity issues.

In addition, by embracing HRM principles, trade unions seal their commitment to workplace learning and skill acquisition by
teaming up with management to identify training needs, assess performance related pay, and design career development programmes on an individual level. This means that worker representatives transform themselves from 'trouble-shooters' in perceived breaches of contracts and conditions, to proactive agents for employee development. Such an approach might also be 'sealed' through the formulation of collective agreements on training and development, distinct from the enterprise-level collective agreements related to pay and working conditions.

Studies suggest that lifelong learning linked to organisational performance can be engendered through the implementation of high performance work practices which include a wide-range of workplace initiatives put together to improve business strategy and individual performance (CIPD, 2001). Direct participation, multi-skilling, flexibility, knowledge and information management, performance management, team-working and devolution of responsibility all represent work practices which, when grouped in different combinations to enhance productivity and performance, constitute a high-performance work organisation (Kling, 1995; Ashton, 2000a, 2000b). By assisting management to implement changes to work organisation, trade unions re-scope the notion of collective bargaining to the setting up of strategic alliances and partnerships. This improves relevance, efficiency, effectiveness, equity and sustainability of training policies, systems and programmes while enhancing the employability for their members.

**Conclusion**
Tripartism for securing lifelong learning and continuing development is essential should Malta strive to maintain its competitiveness and increase its workforce productivity. Government, trade unions and employers need to take their training and development obligations more seriously, not only by
the multiplication of their efforts but by striving to achieve complimentarity through the effective use of their diverse interests and constituents. MCESD is a crucial and indispensable environment to promote, lead and manage a national strategy for life-long learning and development.

Annex 1 - List of Participants:

Godfrey Baldacchino – WPDC, University of Malta
Felix Borg – Employment & Training Corporation
Charles Busuttil – Association of General Retailers & Traders (GRTU)
André J. Camilleri – Federation of Industry
Antoinette Caruana – National Professional & Vocational Qualifications Award Council
Joe Delia – Malta Employers Association
James Pearsall – General Workers’ Union
Edward J. Scicluna – Malta Council for Economic & Social Development
John E. Sullivan – Chamber of Commerce
Robert Tufigno – Employment & Training Corporation
Gaetano Vella – Union Haddiema Maghqudin
Edward L. Zammit – WPDC, University of Malta
Joe Zammit Tabona – Federation of Industry
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