Control of Mergers under the EU Competition Policy

The Introduction of the Trust Institution in Malta

The Food and Beverages Industry in Malta and Cyprus in the Light of European Union Membership

Training for Flexibility and Changing Technologies

A Bank of Valletta Publication
TRAINING FOR FLEXIBILITY AND CHANGING TECHNOLOGIES

Joe Azzopardi*

Introduction

Malta's quest to become a full member of the European Union, offers a challenge to the island's industrial base - a challenge that involves a shift from a labour intensive, highly protected manufacturing industry to a knowledge-based capital intensive industry, open to fierce global market competition. One major implication of this shift is that the attraction of more foreign and local investment will no longer be based on an abundant, hard working and cheap labour force but on a multi-skilled, polyvalent human resource that is capable of adapting itself to continuous rapid changes in product development and international market requirements.

This implication involves the provision of a different training system that caters for the development of a human resource that will be treated by operating organisations as a valuable asset to be continuously invested upon rather than as a factor of production whose cost should be kept at a minimum.

This article will therefore attempt to look into the changing training provision (a) from a macro perspective, that is, on a national level, attempting to identify the nature of the necessary changes that are required in the educational system in view of its crucial role in the development of the country's human resources; and (b) from a micro perspective, that is, on the organisation/industry level, identifying the major issues of concern with respect to investment in human resources.

* Mr. Joseph Azzopardi (BA Hons, MSc HRD Manch.) is Principal at the Gozo Branch of the Works Division of the Malta Government.
Training for Flexibility and Changing Technologies

and the changing role of the training function within the framework of 'learning to learn' and 'training for development'.

Flexible Manufacturing System

Organisational theory literature shows that the shift from mass production to flexibility was not an arbitrary choice determined by organisation theorists. It was instead a response to a reality that has challenged managers in their quest to keep their organisations alive in the face of rapid technological change and fierce global competition.

The reality is that global competition has thoroughly scrambled the manner in which managers traditionally thought about designing and developing their organisations. The more a company penetrates global markets, the more its success depends on the ability to quickly and effectively respond to a myriad of changes. (McGill et al 1992: 5)

The situation in which managers are working today is one which demands the abandonment of old practices and attitudes and the introduction of more effective and appropriate ways of managing people and resources. "A functional, bureaucratic and technocratic rationality must make way for a substantial, reflective, and communicative reality." (van der Zee 1992: 207)

A new style of management and new organisational forms are called for to address this situation: a management style and an organisational form that can cope with rapid technological changes and at the same time make sure that the required skills are readily available, in other words, a flexible manufacturing system. The main features of such systems include: a technology that is characterised by general purpose machinery rather than specialised machinery; a broadly trained labour force, that is multi-skilled and operates within broad job classifications; an informal structure reflected by a flat hierarchy, where communication is lateral rather than vertical; and a decentralised institutional framework.

Going into a detailed analysis of the advantages of flexibility or 'Ad-
Advanced Manufacturing Technology', as it is sometimes referred to, is beyond the scope of this article which is more concerned with the HRD/training implications, for governments and management, of the implementation of flexible manufacturing systems. It suffices to point out that flexible manufacturing has been widely acknowledged as being the key to Japanese success in achieving and maintaining a competitive edge in the international market (cf. e.g. Drucker 1993 and Clegg 1992) and that Walton and Susman (1987) conclude that:

We are convinced that managers who develop their human resources in conjunction with implementing AMT will achieve a competitive advantage. It takes many years to perfect and reinforce the practices we saw in these pioneering plants. But companies that are willing to take the time to lay this solid foundation will gain the edge in the long run. (ibid.: 106)

If the Maltese manufacturing sector is to honour its commitment (a) to become more outward-looking and export oriented (b) to take advantage of its geographical proximity to the European economic base, and (c) to act as a production platform in today's and tomorrow's world of increasing global competition, it has no other choice but to change its production base and start taking measures to implement flexible manufacturing.

The Human Resource implications to achieve this are of vital importance since, as Schonberger (1986) argues, "world-class manufacturing' status is not achieved merely by purchasing the latest equipment, and .... the key roles of shop-floor operators in equipment set-up, maintenance and quality control need to be recombined." (Buchanan 1992: 141) Schonberger further states:

Do not put in equipment simply to displace labour. Equipment cannot think or solve problems; humans can. Our past failures to use shop floor people as problem-solvers have shaped the view that labour is a problem. The World competitive Manufacturing view is that equipment is a problem, and labour is an opportunity. (Schonberger 1986: 75)

The challenge being faced by the government, on a macro level, and by organisations and managers on a micro level, is, therefore, how to
Training for Flexibility and Changing Technologies

develop the human resource that can transform the Maltese manufacturing process from one that has been able to survive due to state protectionism to one that can 'think and solve problems', convert threats and problems into business opportunities, and be multi-skilled, flexible and committed.

The Macro Perspective

In a position paper prepared by the Economic and Financial Affairs Working Group of the Malta Federation of Industry (FOI) it was clearly recommended that:

There is the need for Government and industry to ensure that our education and training institutions produce workers of a higher calibre with a broader based education. This will enable industry to train them for the changing needs of industry, and provide a sound basis for increasing productivity and achieving the higher quality product standards which the international market demand. (Malta Federation of Industry 1994: 6)

In other parts of the same publication as well as in other FOI publications, it is acknowledged that up to now the state has failed to provide for the quality and level of skills that the industry needs in order to be able to shun protectionism completely and to move forward toward a production base that can perform up to the required standards dictated by an open competitive environment. Moreover:

One undesirable offshoot of the fairly rapid change in the industrial and employment policies over the past twenty years could be the inability of the education and training support systems to upgrade labour in time, in order to entice investment in goods and services on a scale large enough to absorb the replaced labour. (Delia 1994: 466)

The failure to provide the required human resource on a national level involves a re-thinking of the country's educational and training system's approach toward the development of the human resource that is needed to achieve and sustain the sector's competitive edge and profitability. The provision of the human resource required by a flexible, knowledge-
based manufacturing system does not involve an educational and training system that is merely concerned with imparting new skills and knowledge. It involves a system that is concerned with the formation and development of people that have a broad knowledge base that enables them to be continuously prepared to learn new skills and techniques, to keep on developing their potential and, therefore, to be continuously open to change and to 'learn how to learn'. (Azzopardi 1994)

A re-thinking of the country's educational and training system should involve a different approach towards the concept of Human Resource Development on a national basis that may be tackled by reassessing three different but highly interrelated areas: the present secondary and tertiary educational system; adult education; and public sector employment. It is important to point out at this stage that what follows is based on the present author's personal observations and that thorough research needs to be carried out to substantiate the conclusions of this paper. It is, therefore, acknowledged that the observations may be subjective and are open to debate and criticism and that there certainly is room for further empirical research and investigation in order to be able to identify the current strengths and weaknesses of the system and to recommend corrective measures and perhaps devise mechanisms for the effective implementation of changes in the system.

Secondary and Tertiary Education

A re-thinking of the educational system is required due to the fact that, unlike other resources, the development of human resources involves a much more complex and dynamic reality. The training of employees as well as management development cannot be conceived of as isolated interventions on inanimate subjects that are readily available and disposed to be worked upon and formed and transformed according to our needs and expectations. Apart from having their own needs and expectations, people carry within them the experiences and influences of their past situations and their present and future performance and attitudes are largely influenced accordingly.

People who are the product of institutions characterised by (a) rigidity; (b) authoritarian structures and processes; (c) evaluation techniques based on the ability to regurgitate transferred amounts of knowledge
rather than on performance and learning abilities; and (d) rewards directly related to their level of compliance rather than to their ability to challenge current rules and procedures and to be innovative; in other words, the product of bureaucratic structures and pedagogical processes, cannot be expected to automatically – perhaps miraculously – be transformed into a flexible, multi-skilled and innovative workforce.

The bureaucratic attributes listed above represent the basic characteristics of the present Maltese educational system and of the present Maltese labour force. The educational system, if seen as responsible for the formation of the worker's character and consequently of his/her attitude towards work and organisations apart from being responsible for the provision of knowledge and skills, has also to be acknowledged as a vital and critical precursor of any further training and development efforts on the part of state or industry. The first, major and fundamental change required on the national level is, therefore, in the educational system starting with secondary schools and progressing to University and other post-secondary institutions.

A shift is needed to be made from the present, traditional teacher-centred approach towards learning to a more learner-centred approach that liberates the learners' minds and gives them the opportunity to start developing their own potential from an early age. Such development can only occur in an atmosphere that is free of threats and that is not conducive to compliance, but rather an atmosphere in which "people can breathe freely, pursue lines of inquiry of their choice, and controvert established ideas if only to help generate fresh ideas." (Nandy 1992: 235)

A promising step in this direction is the following statement:

We associate ourselves rather more with the need to re-conceptualise schooling from the point of view of the student as learner. This means that we necessarily have to question the form in which the state educational system is conceived, and to make a fundamental shift from focusing on what is delivered to a focus on what is actually learnt. (Consultative Committee on Education 1995: 7)

Although a learner-centred approach towards learning has to start as early as possible during the individual's schooling years, it becomes even more important as the individual approaches adulthood. On a tertiary
and post-secondary level of education "developing graduates to respond positively to changing conditions is a final concern.... Many share the view that the [traditional British] higher education system restricts creativity, competence, capability and the ability to relate to others." (Bonsu 1992: 149)

Adult Education

Since the Second World War, training institutes have proliferated, particularly in the underdeveloped and developing countries, and huge sums of money have been spent on training. Yet, forty years later, training institutions are being referred to as disaster areas. (Bhattacharyya 1992: 122).

Although the success (or 'disaster') of training/learning institutions depends on a large number of variables it is today widely accepted that the approach towards the learning process itself, especially in situations where adults are involved, is of vital importance. It is believed that "instead of the standard pedagogic approach, it is an andragogic approach that is called for, placing heavy emphasis on experiential learning methods." (ibid.: 136)

The main assumptions underlying the andragogic approach towards adult education, as put forward by Knowles (1990), may be summarised as follows:
- the adult's self-concept, which demands initiative and self-directedness;
- experience, which leads adults to make choices about what should be taught and in what format;
- readiness to learn, which implies that adults can identify what they wish to learn and the sequence of learning; and
- the time perspective, implying the immediacy of application relevant to their most pressing needs and therefore, a problem-centred approach to learning.

This approach toward training does not only provide for more effective training but whilst addressing the transfer of learning problem, it prepares the trainees for a more challenging approach toward work situations and increases their ability to be more flexible and creative, to
be more open to change and to keep developing their inherent potentials.

The Maltese educational system, however, including the University and all technical institutes, is based on a didactic approach to education and training and a pedagogical approach is adopted throughout the system. Preparing the country's human resource for the challenges of the present and future constantly changing economic and business environment, characterised by rapidly shifting markets, non-stop technological evolution and organisational innovation, involves a radical shift towards a system that acknowledges that whilst a pedagogic approach towards training might be relevant in specific situations, the general direction should embrace an andragogic approach.

Employment in the Public Sector

A discussion of employment in the public sector in Malta, within this context, is relevant for two main reasons. First, almost half of the working population in Malta is presently employed by the public sector and it is the Government's intention to reduce its employment substantially, especially in view of the fact that,

The absorption of labour in the public sector and Government-owned industry has created an artificial economic structure which has to be dismantled relatively rapidly if Malta is to join the European Union.... (Delia, 1994: 466)

Secondly, work ethics and employee productivity in the public sector have a direct influence on work ethics and productivity in the private sector.

Apart from other economic and political reasons, including the government's intention to reduce its level of intervention in the productive market and the eventual privatisation of state-owned enterprises, it is believed, especially by the Federation of Industry that:

In the prevailing tight labour market situation the overmanned public sector causes labour shortages, or at least restricts the field of choice of the private sector. It also raises wages because of the artificial scarcity it creates. (Malta Federation of Industry 1994: 5)
Financial incentives which were offered by Government during the past few years to encourage public sector employees to join the private sector had meagre results and were eventually withdrawn during 1993. Other measures need to be taken. Thus, for instance, the Government's present attempt to reform the public sector and the training provision in this respect have a crucial role to play. In joint consultation with private sector and union leaders, this is an opportunity for the Government to devise training programmes for its employees that are not limited to the future needs of the public sector, but that match the future needs and expectations of the private sector.

In this way it would be contributing to the supply of the required human resource on a national level and at the same time facilitating its efforts to reduce its labour force by providing its employees with an opportunity to participate in training and learning events that do not only enhance their knowledge and skill base but also enable them to change their attitude towards work and to start thinking of a career in the private sector.

This leads to the second concern of the private sector, namely, that "the low level of efficiency in the [public] sector induces a resistance to efficiency improvement in the work ethic of the 'productive' sector of the economy." (Ibid. :5) Moreover:

We must make an effort, industry, education authorities, unions, Government, to change the attitudes of the public to industry as a career.... [I]ndustry is seen as a second class career or a last resort.... The idea of a 'job for life with the Government' may still be there, but the same goes for industry if the right person is in the right job. (Ellul 1993: 28)

The implications of this concern for the training/education function within the framework of the above argument are clear. They imply that the educational system as well as the training institutions in Malta are still reinforcing the idea that a job with the Government should be given priority, with the result that very often only second best people who do not succeed in finding a job with the public sector will opt for a job in the private sector. Moreover, training and apprenticeship schemes run by the Government (e.g. The Technician Apprenticeship Scheme and the
Extended Skills Training Scheme) are mainly geared towards the provision of skilled employees to the Public Sector.

Once again, these are facts that imply that the whole system needs to be changed and re-thought. The artificial labour supply shortages coupled with the direct effects of low productivity of public sector employees (estimated at below 20%) on private sector performance are serious problems that cannot be overcome unless a fresh view of the educational system and the training institutions is earnestly adopted. Such a view would seriously address the problem of the formation of new attitudes towards work, careers and work organisations, not only at the institutional level but also at the corporate level and especially in training initiatives for public sector employees.

This, however, does not mean that the whole responsibility for the provision of the right human resource lies with the government. Industry itself is also an integral part of the activity. The more so when it is accepted that "industry is, by and large, failing to invest in sufficient training and development of its current human resources." (ibid. 1993: 29)

The Micro Perspective

The final part of this study is concerned with what industry itself is doing and what it might need to change or perhaps start doing, on an organisational basis, in order to "have the home-grown technicians who not only have a strong basis within their field, but are prepared and trained to perform using logical, analytical and unique approaches to different situations", and indeed to have the people "who are capable of continually adapting different assignments, and to changing technology. People with a strong sense of professional attitude, both in their work and their work environment." (ibid. :29)

The Federation of Industry admits that the manufacturing sector has to start looking inwards and to seriously start to plan with people in mind in order to be able to look at the human resource as an asset that can be invested upon in view of the present and future needs of the industry. The more so when it is acknowledged that:
Skill shortages are considered the single most important obstacle in the transition of Malta's economy in general—and industry in particular—towards higher productivity levels and local wealth generation. (Delia 1994: 475)

However, once again, empirical research is needed to decide on the level and effectiveness of the current HRD practices in the Maltese manufacturing sector and to decide on the changes and shifts required vis-a-vis the training/HRD function within the respective organisations that will enable them to implement the necessary organisational changes in order to be able to keep constantly adapting to, and even make them proactive to, the rapid changes in the national and international environment.

Basing on observations and comments made by the Federation of Industry and by other observers and on relevant literature on current HRD issues, an attempt will be made to draw some conclusions and perhaps put forward some recommendations for change. This will be achieved by discussing issues concerned with: investment in Human Resources and the changing role of the training/HRD function within organisations.

*Investment in Human Resources*

It has already been emphasised that a flexible, multi-skilled workforce, sustained by effective training, is the basis of the flexible manufacturing system. It has also been mentioned that effective training cannot be conceived of and planned merely as an isolated event that acts as a corrective measure to fill in gaps that have arisen within the organisation between what workers know and can do now and what they should know and be able to do. Such an approach toward training may lead to the adoption of "The 'deficiency model' of training, which implies that training is only about putting right the things that have gone wrong." (Armstrong 1992: 156) Training on the contrary has to be perceived within a philosophy of continuing development. According to Armstrong:

....a philosophy of continuing development states that training is not just something which is provided for people by the organisation at the start of their employment or at occasional points in their career. It should instead be regarded as a continuing process, with less emphasis on formal instruction and an increased requirement for trainees to be
responsible for their own learning, with help and guidance from their managers. (ibid.: 155)

Armstrong, drawing on the Institute of Personnel Management’s 1987 code of practice, further insists that top management should regard investment in continuous development as important as investment in research, new product development or capital equipment. Training should never be considered as a luxury to be afforded only in good times but as an investment that yields its benefits during difficult times when problems have to be solved and new ways of performance have to be found.

However, not all spending on training necessarily involves investment. An interesting research carried out by Gooderham and Lund (1992) among a sample of the Norwegian manufacturing and services sectors, concludes that:

....it appears that much of training as it is currently practised can hardly be regarded as a source of development for either the individual company or the nation.... Furthermore, our findings warn us to be wary of the value of the kind of raw statistics so often used in international comparisons that express training investment in terms of days or dollars. Statistics of this kind tell us nothing about the proportion of training that is actually developmental. (Gooderham and Lund 1992: 57)

Special attention has, therefore, to be paid with respect to investment in Human Resources. In critical situations, like the one in which the Maltese manufacturing sector is presently experiencing, where environmental forces are continuously increasing the pressure on organisations to invest in training, the temptation to train for the sake of training itself might lead to the provision of the wrong kind of training and therefore to the wrong investment.

It can be argued that spending on training activities that do not lead to development cannot be called investment – on the contrary, such spending may very often end up in unnecessary costs that may even impede renewal and development. Gooderham and Lund identify four types of training activity, whose characteristics are being summarised in the
It is useful to assess the type of training activities that are currently being implemented in the Maltese manufacturing sector. According to Coopers and Lybrand Europe, "many Maltese employers do not regard training as an investment" (Coopers and Lybrand Europe 1991: 96). Moreover, judging from the contents of the 1994 annual conference of the Malta Federation of Industry report, it is unlikely that current HRD practice in the sector is geared toward training for development, the more so when one considers the fact that even in more industrialised countries, like for instance, Norway, it has been found that only in a limited number of cases is the function of training for development achieved. (Gooderham and Lund, 1992)

However, given the need for organisations – that have been sheltering themselves from the threats of foreign competition under the cover of

<table>
<thead>
<tr>
<th>Training Activity</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Random activity training</td>
<td>undirected, incidental, without strategic significance.</td>
</tr>
<tr>
<td>Training for survival</td>
<td>helping to solve acute problems; no constructive educational policy.</td>
</tr>
<tr>
<td>Training for improvement</td>
<td>helping people produce better work; a standard company activity.</td>
</tr>
<tr>
<td>Training for development</td>
<td>future oriented; an instrument for the promotion of vitality and flexibility, playing a formative part in strategic policy and the capacity of an organisation to monitor its own quality critically and to adjust accordingly.</td>
</tr>
</tbody>
</table>
state protectionism and import substitution – to become innovative, flexible, future oriented and proactive to the forces of their environment, in order to achieve a competitive edge, they should start considering investing in human resources by training for development. This, however, involves a change in the role of the Training/HRD function within organisations and indeed a change in management philosophy.

The Role of the Training Function

According to most recent literature on current issues in HRD and published case studies on training/learning experiences in industry (e.g. Megginson et al 1993, Howard 1993, Knowles 1990, Jones and Mann 1992) training for development involves an upward as well as a downward shift in the role of the training/HRD function within organisations. The time of the compartmentalised training department involved with the provision of training designed on the systematic model seems to be over. Training for development involves an HRD function that is an integral part of strategic decision-making and planning, hence the upward shift, as well as an HRD function that is an integral part of line management’s responsibility and indeed the responsibility of every individual employee, hence the downward shift.

According to Schein (1978) the integration of HRD with strategic decision-making and planning involves the acceptance at top management level of addressing the following question: Do we have the right people to manage and run the kind of organisation we envision in the next one to five years, if not how do we get them? If there is no explicit answer to this question the implication for the strategic decision-maker involves the rethinking of the decision. Integrating HRD with the organisation’s strategic position, therefore, involves a two way process. On the one hand the organisation’s strategic objectives depend on its people and their capabilities, whilst, on the other hand, the training/learning process “depends on the needs for learning that emerge from considering the strategic direction and goals of the organisation.” (Megginson et al 1993: 35)

One further finding which although not directly linked with organisational strategic decision-making, but which is of direct relevance to top and senior management refers to the importance of the latter’s involve-
The Responsibility Map

Senior Managers  To establish a broad policy framework, linking HRD with other aspects of human resource management in ways which clearly support current and future organisational requirements.

Training Specialists  To work with senior managers in establishing the policy framework, and to design and implement detailed proposals for learning against specified objectives.

Line Managers  To ensure that the policy framework and detailed proposals reflect operational requirements, and actively to support subordinate learning with particular emphasis given to its application and utilisation.

Employees  To commit themselves to their own continuing development, and to support management’s attempts to relate this to enhanced organisational effectiveness.


ment in the training function and the learning activities of the organisation. Wiggenhorn (1993), Motorola’s vice-president for training and education, shows how training activities were not being productive and effective at Motorola due to a misconception that “senior managers needed only a briefing to understand the new quality systems.” (ibid. 1993: 239) Results showed that, due to senior managers’ lack of involvement, carefully designed courses were not bringing about any of the expected changes. And this leads to the second issue under consideration, namely the required downward (and indeed lateral and widespread) shift of the training responsibility, shown in the figure above. Basing on the observations made by the Maltese industrialists themselves and their representatives during the 1994 annual conference, it
does not seem that much of the current HRD practice in the Maltese manufacturing sector is geared in this direction. This implies that changes are required not only in the training system but major, fundamental, perhaps transformational, organisational changes need to be earnestly and urgently considered if this sector is expected to perform up to the standards dictated by the current environmental realities of the highly competitive, international market.

Conclusion

The way ahead is certainly not easy for the Maltese manufacturing sector. The future holds problems and uncertainties and offers challenges which, however, given strong commitment on the part of the government and of all individual organisations do not seem insurmountable. This article has attempted to identify some of the potential major changes and to raise some fundamental questions that may help in the addressing of the human resource issues involved within the framework of the present changing environmental circumstances: economic, political, industrial, market and organisational.

On a macro level it was discussed how a shift from mass production to flexible manufacturing involves the development of a flexible, multi-skilled human resource with a different knowledge and skill base and a different attitude toward work and work organisations. It was argued that the formation of the right people for a knowledge-based and innovative industry involves the re-thinking of the whole educational system both at secondary as well as, perhaps more importantly, at tertiary level. Authorities should, thus start considering the possibility of: moving away from teacher-centred approaches to learning and teaching and to move closer toward a learner-centred approach; and adopting an andragogical process of learning rather than a didactic, pedagogical process.

A further issue of major concern on the macro level that was identified was public sector employment, which besides consuming around 50% of the country's human resource and thus creating an artificial labour supply shortage is also considered as having negative effects on the productivity and efficiency in private sector activities mainly due to
wrong work ethics. It was pointed out that training and development efforts within the framework of public sector reform might have a significant effect on changing work attitudes and on contributing to the quality and quantity of private sector employment.

On a micro level, emphasising the concept of training for development, the discussion focused on investment in human resources and on the changing role of the training function within organisations. It was argued that given the present circumstances of the Maltese manufacturing sector careful attention has to be paid to matters regarding training activities in order to achieve the expected changes in worker behaviour and the required organisational performance results.

It was finally pointed out that current research findings show that the flexible manufacturing system the Maltese industry is aiming for involves a shift in the role of the training function. Training and HRD practices have to become integral parts of strategic decision-making and planning and the responsibility of their provision has to be widespread and shifted across all the levels of the organisation from senior management down to every individual employee.

It is accepted that more empirical research is required in this area and that this study has only attempted to identify the areas of major concern with the hope that some initiative be taken in the right direction to address the issue of changing training systems that cater for the changing systems of 'flexible' manufacturing, new technologies and skills.

References


