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TRAINING FOR THE FUTURE

by

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## TRAINING FOR THE FUTURE

These are very difficult days for Irish industry. 1973 was a good year with output increasing by 11%, employment up by 3%, and industrial exports up 45% on the previous year. Ireland, at last, seemed to be growing faster than many of the other European economies. Since October maintenance of this growth rate has been challenged, firstly, by the oil shortage, which resulted in supplies of fuel for processing and transport being restricted by 10%; secondly, by the British 3-day week, which both curtailed supplies of raw materials from their traditional sources, and also threatened to reduce consumer expenditure in our major market; thirdly, the high price rise for commodities brought the possibility of a reduction in the overall volume of demand; and finally, the rejection of the National Wage Agreement on 29 January increased the risk of industrial unrest.

This, then, is the environment against which industry must now look at training for the future.

### The Efficiency of Irish Industry

The output per capita in industry is one indicator of efficiency. It can be affected by different levels of capital investment, the quality of product, the price obtained, and the skill of both management and workers.

The output per head of industry in Ireland during 1971 was roughly equivalent to that in Britain and Italy, but 30 to 40% below the level achieved in Germany, France, Denmark and the Benelux Countries. These figures, when combined with the lowering of tariff barriers, indicate that Irish industry is, at least, competitive with that in Britain and Italy. However, these countries share with us the lowest standards of living in the Community. To pull ourselves away from this position requires a more rapid rate of development.

That Ireland needs greater industrial growth is evident from our population statistics - a natural growth in population in excess of 30,000 people, net immigration of about 2,000 per year, about 6,000 people per year leaving agriculture, and 70,000 people unemployed. Given the normal relationship between male and female, people at work and dependants, industry and services, it is estimated that 14,000 net new jobs must be created in industry each year until 1980 to provide work for the available labour force, a figure which takes little or no account of the 150,000 people who have left Ireland in the last decade, many of whom may wish to return if provided with the opportunity.

An annual growth of 14,000 net new jobs on a labour force in industry, including utilities, requires a 5% increase in output to which must be added another 8% for improvements in productivity. Our overall objective must, therefore, be to increase industrial output by 13% per annum. This rate was achieved during the first half of 1973. Our aim must be to make it the norm, and to take

the necessary investment, fiscal and managerial decisions to convert the wish into reality.

#### WHAT DOES INDUSTRY WANT ?

Industry wants innovative and skilled management and workers. The growth, efficiency and profitability of Irish industry is determined by the people who work in it. The greater the skills, motivation and innovative ability of the people in Irish industry, the greater will be our competitive advantage compared to other countries. For geographical and historical reasons Irish industry has disadvantages which must be compensated for by above average personal qualities.

The leadership ability and skills of a top class manager can often double the rate of growth of a firm. The knowledge and skill of a machine operator can often double the output of his equipment.

#### HOW CAN THIS BE ACHIEVED ?

Firstly, by relevant education which provides knowledge, and orients attitudes, then by pre-job training, and finally, by continuing education and training.

Education can suppress or encourage innovative ideas. It can relate abstract knowledge to reality. It can mould attitudes. For too long, work in industry has been regarded as second class, rather

than desirable. A basic understanding of how and why industry operates and its basic economics is essential in the modern economy, as almost 40% of young people end up working there. Since this is the major wealth creating sector of the economy it should attract the best brains. A positive promotional campaign is required by schools, colleges and university. Work in industry is also a vocation - not a second best occupation.

Education should be followed by pre-industrial training which is related to particular trades, and professions. The object should be to provide the maximum amount of pre-industrial training in modern controlled conditions outside the firm. This has two advantages - (a) uniform high quality standards can be developed; and (b) the trainee can make a contribution more quickly to the firm when employed.

When the trainee has been recruited by industry he requires further training within the firm related to a specific job. It is again necessary to have facilities provided whereby managers and workers can supplement their incompany training externally in order to update knowledge and develop new skills. This is required both for those in continuing employment and those who need to be retrained for new jobs.

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THE AMOUNT OF TRAINING REQUIRED

During 1973 about 12,000 new industrial jobs were created, and about 6,000 people were made redundant. AnCO had 3,000 training places in its direct training centres. It is hoped to build up to 20,000 new jobs per year in industry. This will clearly require a much higher degree of training by industry itself and by its service agencies.

The Confederation, therefore, welcomes the 1974/1978 Expansion Programme recently announced by AnCO in which it is proposed to quadruple the number of people trained in direct training centres annually i.e. from 3,000 to 11,500. This will represent 1% of the labour force, and will bring the quantity of training provided into line with international standards.

Industry for its part will liaise closely with AnCO so that the skills provided are in close line with those required.

This will require that a manpower forecast be made for all the main skills for a period of five years ahead, classified by trade and region, and updated annually. This is not an insuperable task, but can be achieved by the National Manpower Service with the help of the training managers in industry, and the IDA for new industry.

Thus we must be able to attempt to answer questions such as the number of lathe operatives, loom timers, knitting machine mechanics,

electronic technicians required annually - if costly skill shortages on the one hand, or people fully trained but unemployed on the other hand, are to be avoided.

#### EUROPEAN SOCIAL FUND

The combination of the annual drift from agriculture, redundancies in declining industries, movement of workers between the different sectors of industry, training new entrants to the labour market, and returned emigrants, all add up to a major task which must be borne jointly by the State and industry.

Ireland has the resources of people. We must press on as fast as possible with helping those people to adapt to new jobs, and new technologies. This requires a major financial investment.

The European Economic Communities has recognised this in establishing the European Social Fund.

The European Social Fund was set up under Articles 123-127 of the Treaty of Rome. The aim of the Fund is to provide financial assistance to member states to achieve a more efficient and socially just use of manpower resources throughout the Community. The Fund is intended to improve the mobility of labour from declining into growing industries, and to correct employment problems arising in less developed regions. It has a positive upgrading of skills and job creation, orientation, rather than a welfare orientation.

Recently changes were made in the administration of the Fund to enable it to become a more positive instrument for forward planning in manpower policy. Fundamentally, the Fund now provides two avenues of financial assistance :

Article 4 can part-finance schemes which are introduced by member states to cope with training and manpower deployment problems resulting from the implementation of decisions by the Council of Ministers. At present agriculture and textile workers come within the scope of Article 4. Thus, if industry recruits people who have previously worked in agriculture, and trains them in new skills, it can obtain assistance from the Fund.

The Commission insists that EEC aided training should be according to a definite programme. It, therefore, welcomes schemes sponsored directly by industry. It wants to stimulate innovation, and not provide help merely for training which would have taken place anyway. It also insists that the member state also contributes to any scheme which the EEC is asked to assist, thus ensuring that the project is monitored carefully by the member state.

Article 5 is intended to help projects aimed at dealing with unsatisfactory employment situations not specifically related to Council decisions. Article 5 is intended to help solve employment problems arising in less developed regions, or in firms subjected to changes in technology or market conditions. The whole of Ireland is considered as a less developed region.

Overall, the Fund is intended to help eliminate long term structural unemployment and under-employment and to train a highly skilled flexible labour force. Particular attention is given to schemes which are likely to absorb disabled workers, older workers, women and young workers, into active and well paid employment.

The Fund is not intended to replace expenditure by member states on training. Its aim is to encourage states to expand training activities by providing additional contributions over and above those of member states. The Social Fund can give assistance, both to State sponsored bodies and directly to private firms, either singly or collectively.

During 1973 the Fund had a budget of almost £80 million. Particular priority has been given to the problems of less developed regions by reserving at least 50% of the Fund for the purposes of Article 5. At least 60% of this sum is then used to support regional training problems. In all, about £4 million was passed for Irish projects.

During 1973 twelve Irish industrial firms applied for, and obtained assistance for training schemes from the ESF. During 1974 the Confederation intends to assist its members in submitting 50 well documented applications. In this way it is hoped to accelerate further the rate of training within industry.

However, the European Social Fund can also be the catalyst to help industry re-examine its relationships with the Vocational Education system, and the Regional Technical colleges. Whereas, the normal continuing courses of these colleges cannot obtain Fund assistance - a very different view would be taken if courses were designed on request for a group of industries.

How should firms apply for aid from ESF? Applications should be submitted, either directly by firms, or through the Confederation, to the Industrial Development Authority, which decides whether the State will support the training project. Applications supported by IDA are then submitted to the Commission through the Department of Labour.

Eligibility for assistance from the Fund is conditional on approval being obtained before the training project is carried out. From 1 May 1974 the EEC must be advised three months before the project starts. This time interval and the various screening processes carried out in Brussels and Dublin suggest that training proposals should be well planned in advance.

What type of training expenses does the Fund cover? Direct and indirect training expenses may be claimed - income of trainees and trainers during the instruction period, subsistence and travel, removal and re-settlement costs, placement and guidance services,

rental and depreciation of buildings and equipment.

Firms in the textile and timber industries, State sponsored bodies and Government departments have all made successful claims. However, we feel this is only the beginning. We know that the administrators in Brussels are sympathetic to carefully worked out Irish claims. I would strongly urge that training plans be prepared by every firm, clearly related to its overall commercial objectives. It is quite likely that many projects which your companies are considering will have a training content which can be claimed against the Social Fund.

I have dwelt for a considerable time on the EEC Social Fund, mainly because in doing so we have to rethink against a new framework how training is carried out at present. The criteria for assistance from Europe are strict, but if met, can make a major contribution to our overall training approach.

#### CONCLUSION

Irish industry needs a continuing supply of skilled management and workers. Manpower forecasts must be made by trade, profession and region. Adequate facilities must be provided to meet forecast demand for education, training and retraining. The forecasts must be up-dated regularly. The European Social Fund can supplement Irish financial resources in developing the present inadequate facilities. Projects must be submitted based on the best information

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available. The members of your Institute have a major role to play. With or without help from Europe, the matching of demand for training and the resources available must be approached with greater urgency than ever before, if industry is to make its full contribution to the economy. Highly trained and adaptable staff at all levels in Irish industry can ensure that, by the end of this decade, Irish industry will remain amongst the fast growing and most efficient in Europe.

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