

Enhancing Employability through Training and Development: A case study of FMCGs and Service Providers in Mauritius

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ABSTRACT

Global cut throat competition led organisations to downsize, restructure and outsource. With such changes, new responsibilities were drawn for both employees and employers. Consequently there was a new deal established between these two parties. While employees had to make sure that they remained in employment, at the same time, employers became responsible for providing the tools and environment necessary for employees to enhance their skills and thus remain employable both internally and externally. This paper discusses to what extent are organisations with a known history of downsizing, restructurisation, and outsourcing in Mauritius fulfilling this responsibility of theirs.

KEYWORDS

Restructurisation, Downsizing, Outsourcing, Training, Employability

INTRODUCTION

For a number of years now, training has been a very effective tool used by management to enhance performance on the job. Employers would assess training needs and provide training and development so that employees are able to perform better on the job and thus achieve the desired objectives of the organisation, that is, that of being effective and efficient. In fact, the goal of training has been to enable employees to master the knowledge, skills and behaviours emphasised in training programs and to apply them to their day to day activities (Noe, 2005:17). On the other hand, the provision of training contributed to be a great motivating factor for employees. Moreover, it contributed immensely towards the balanced psychological contract that existed between employer and employee. In turn, the psychological contract involved not only transactional factors that employees could expect to receive in exchange to their work done such as wages and career development, but also relational obligations involving job security and loyalty (Rousseau , 1999:670).

However, with changing business conditions, of late, business concerns have had to achieve their required objectives within more stringent conditions. High labour turnover, increasing costs and concerns

for quality are some of the factors that characterise present business conditions. To cope with such considerable changes, many business concerns found themselves undergoing restructuring, downsizing. Such management decisions gave rise to a new organisation which defines new responsibilities for both employees and employers with respect to a number of functions, including training. With this new organisation also came a 'new deal' (Byrne, 2001:326) between the employer and the employee. With the advent of restructurisation, downsizing and even outsourcing, the once implicit psychological contract was henceforth termed as the 'transactional psychological contract' (Mc. Lean Parks et al, 2003:44) which placed less emphasis on the socio emotional rewards and related to a shorter period of time. At the same time, through this contract, the level of commitment that employees had shown at one point in time, no longer remained the same. That is, rather than being retained in employment by one and the same employer life long, employees thought differently. Life long employment remained no longer the sacred mantra for employees within the new organisation and the new deal. Rather, they started thinking of ways wherein they could still be employed either within the same employer or elsewhere. That is, career patterns started changing. And with this, there has been an expected follow through in organisational training and development (Kelly et al., 2003:160). Moreover, since these employees were aware that redundancy could happen any time, it became their own responsibility to equip themselves with the know how and expertise required in order to remain employed.

However, it is also agreed that "employers have to provide the tools, open environment and the opportunities for assessing and developing skills" (Korac- Kakabadse et al., 1995:87). In line with this, it becomes imperative for organisations indulged in outsourcing and downsizing to engage in training for employability where employability would involve "determining , attaining and maintaining the skills needed to work , marketing oneself in order to obtain work , and working competently in order to retain work"(K Romaniuk et al., 2003: 319). Such initiative will also help to reinstate the trust and confidence in employees. Failing in same will aggravate the 'survivor's guilt ' condition (Appelbaum, 1997:278).More so, it applies to organisations planning to undergo such processes as well so that employees are not only prepared to face new challenges, but make them still feel valued assets because after all, it is still widely acclaimed that the success of organisations lies in people. And continually developing an organisation's employees is therefore key to keeping them motivated and to perform to desired standards (Taylor, 1998:196).

Till now, no research has been carried out as such in Mauritius with respect to organisations with the above criteria, as to what employers are doing in terms of training to enhance employability. The aim of this research is to identify to what extent are employers providing training to foster employability in

organisations with a known history of downsizing, restructuring and outsourcing or who are planning to do so in Mauritius, since the governance and management of an organisation have primary responsibility for their people whose jobs will leave the organisation and perhaps the country (Beaumont, 2005:343). And also, 'new generation of first time employees would not be encumbered by earlier expectations of the employer-employee contract , but would nevertheless have expectations of some implicit psychological contract being in place'(Sparrow, 2001:328).

METHODOLOGY

FMCGs and service providers with a known history of downsizing, restructuring and outsourcing or who are planning to do so in the next few years have been earmarked. These were chosen from the list of TOP 100 companies in Mauritius , with respect to annual profits. This ensured that finance was not a real constraint vis a vis providing training in the organisation. The hotel and banking sectors were excluded since they are presently doing well and have a good track record for training.

Data was collected through an unstructured interview of the Heads of Human Resource Departments for 10 organisations having the criteria mentioned above. This type of data collection enabled gathering of rich details pertaining to the study and allowed for flexibility as well. Moreover, further exploration of issues raised by participants was also possible.

Questions asked enabled to find out the following issues about training :

Firstly, to what extent were the organisations involved in downsizing, restructuring and outsourcing. The more involved the organisations were, the more they were likely to be indulged in training for employability.

Secondly, what type of a process was training regarded as in the organisation: planned, on going or ad hoc, the various methods of training on which the organisation relied and whether there was a separate department looking after training or it was under the Human Resource function itself. This ensured to what extent was training regarded as an important process in the organisation with respect to achieving organisational or employee objectives.

Thirdly, whether there was a separate budget allocated for training every financial year or same was catered for under a different budget. This helped in gauging the extent to which training was

financially monitored in the organisation and whether there was track of how money set aside to invest in training was being used.

Fourth, the reasons why training was offered in the organisation. Traditionally, as per Mamoria (1999:309) the basic reasons why organisations provide training are as follows :

- (i) Increase productivity
- (ii) Improve Quality
- (iii) Catering for future personnel needs
- (iv) Improving organisational climate
- (v) Reduce accidents
- (vi) Personal Growth

However, as seen in the literature review, with the new deal and the new organisation, the reasons behind providing training had to change with changing organisational and employee needs. Organisations that responded with the above reasons only were classified as still being the traditional organisations although being indulged in restructuring, downsizing and outsourcing. They were thus not fulfilling the promises of the 'transactional psychological contract' (Clarke, 2003: 45), that is, the new deal between employer and employee that usually exists in organisations undergoing the processes as mentioned above.

Fifth, the types of support that organisations gave to their employees with respect to training and under which circumstances were these given. Also, whether the training aspect figured in the vision and mission statements of the organisation. This helped to analyse management philosophy and belief in providing training to and promoting training among employees.

Sixth, the constraints that organisations faced vis a vis providing training to be able to know what are the barriers preventing or hampering the training process within the organisations concerned.

LIMITATIONS

The paper looks at the employability aspect employer point of view. There has been no employee involvement. Further research could focus on the effectiveness of training for employability employees' point of view.

FINDINGS

Reasons Behind Restructuring, Downsizing And Outsourcing

The major reasons put forward by the organisations concerned for indulging in restructuring, downsizing or outsourcing was mostly to remain competitive on the market. With the advent of globalisation, other cheaper markets and rapid technological changes it had become imperative for both service providers and FMCGs to cut down on costs without compromising on quality.

The next reason put forward was the aspect of efficiency. These organisations were called upon to deliver their goods or services in a “smarter” way which would imply fewer resources used to produce better outputs. Resources encompassed all those needed for the production or delivery of goods or services and invariably, the human factor as well.

Training Budget

All organisations concerned had a separate budget that catered for training of employees. Most organisations had an amount of money earmarked to be spent on training being allotted in the annual corporate budget. In the advent of having many units, each unit had its training sum earmarked to be spent in a given time period. At the end of the financial year, all units were accountable to the Head Office.

Others made sure that they made maximum use of their levy grant allotted to them by the Industrial And Vocational Training Board. The policy of this board is to refund a maximum of 75% of the amount spent on training depending on the tax rate paid by the organisation. However, over the past 5 years, while the textile and sugar units surveyed experienced a decrease in their training budgets, others, specially service providers claimed an increase in their training budgets.

Training Processes And Methods

All organisations acknowledged perceiving training as being an on going process. While the textile units claimed to have had Training Needs Analysis done, most of the other organisations identified the skills gap during yearly performance appraisals. For other organisations, although there might not be any well defined ways of identifying training needs, managers were aware of the shortcomings of their staff and made it a point to provide training for the needy. The training techniques used were both on the job and off the job with a slight preference for on the job training. Off the job training was mainly used

across all organisations for training in soft skills such as quality training, leadership skills, communication, and negotiation. The interesting fact to be noted is that around 20% of the organisations surveyed built their own in house training centre / area during the past 5 years. The good part is that the textile units started building up their pool of trainers. Such trainers were not only given trainer's courses but were registered as per the requirements of the Industrial And Vocational Training Board as well.

Tools, Environment And Support

Apart from the textile sector, all organisations surveyed had a structure in place to foster learning and development. Organisations financially supported employees for any further studies/ university courses, provided these were relevant to their jobs and was in line with both the organisational objectives and also tallied with the career progression of the individual. Such financial support was given in 2 basic ways: either the organisation paid the fees required directly to the institution concerned as and when required or a system of refund was in place where, upon presentation of their successful results, individuals would be refunded their respective amounts paid. Courses financed included ACCA, MBAs and undergraduate courses offered by recognised universities. Yet, one interesting factor that was noted is that a few organisations surveyed had a wide range of books and gave ICT facilities for the employees to promote learning and development.

Reasons For Promoting Or Not Promoting Training

Most of the organisations surveyed provided both on the job and off the job training for the following principal reasons:

Improve performance on the job

With fierce cut throat competition, arising because of trade liberalisation and globalisation, it had become imperative for organisations concerned to produce more with fewer resources. To remain competitive, organisations had to be cost effective. Apart from restructurisation, downsizing and outsourcing, nearly all organisations had to enhance productivity to achieve the desired cost efficiency thus securing their survival on the market. Moreover, employees that were leaving the organisation because of retirement and resignations were, most of the time, not being replaced. On the contrary, employees were given proper training to perform the jobs of those that were leaving. Also, the concept of 'working smarter', as mentioned earlier, required employees to be multi skilled. In turn multi skill or

multi tasking involved a great deal of training to be given to employees that had to shoulder broader responsibilities.

Concerns for quality

Trade liberalisation had opened new markets which required good quality products. Mauritius had thus become vulnerable to competition. Organisations surveyed had to keep pace with such quality expectations. In turn, a well trained workforce was needed to maintain such required standards.

Coping With Technological Changes

This factor affected mostly those organisations in the service sector. With rapid technological changes, these organisations had to build their positions, since with the advent of globalisation, they were exposed to new, more competitive markets. Therefore, excellent and prompt service had to be provided to retain existing clients , thus remain profitable. Most of the organisations concerned acknowledged that they were compelled to give training in ICT with regards to this aspect.

People aspect

Some, but not all organisations, claimed that they also provided training so that their employees would feel special or valued. They believed in the aspect that employees should be grown and nurtured as far as they are within the organisation. Some units even mentioned that employees would feel motivated and have high morale after training sessions. Training gave their employees a sense of belongingness to the organisation.

Constraints Vis A Vis Providing Training

Time, age and educational background

Apart from one organisation surveyed, none of the other organisations had financial constraints (as expected). However, constraints that were an impediment to the provision of training were time factor, age and educational background. Time factor and educational background proved to be the biggest constraints for the textile unit wherein minimum educational background is required for most of its employees. Moreover, the nature of business of the textile sector in Mauritius makes planning very difficult. Bulk production adds to this impediment. Age was a constraint that figured in nearly all

organisations surveyed. This mostly reflects the culture of Mauritian workers who do not tend to change jobs often – at least for the previous generation. Moreover, the island being a small one, opportunities are also less. However, the constraint of age was very apparent in the sugar sector. This is explained by the fact that, at one point in time, the sugar industry was one which offered security of employment and interesting benefits. This resulted in very low turnover. The financial constraints expressed by one organisation can be justified by the fact that this unit has to indulge in mandatory training as specified by law. Such mandatory training have very high costs and causes quite a heavy burden on the existing training budget allowing less financial resources available for non mandatory training.

Middle management attitude

A very alarming constraint that emerged in more than half of the organisations surveyed is management attitude towards training. These organisations claimed that middle managers had to be convinced and repeatedly urged to release their employees. This gives a clear indication that training is not catered for during planning sessions.

DISCUSSIONS AND CONCLUSION

The existence of key words as mentioned previously in the mission and vision statements of the organisations concerned is a clear indication that such organisations believe in training. The setting up of training centres, allocation of budgets, use of grants and proper procedures to track down training needs also support this idea. Although the textile units might be lagging behind, the organisations contacted are showing good signs of getting involved in the training process. However, all the factors mentioned above indicate that training is still being provided with the aim of increasing performance on the job in nearly all organisations surveyed, except the sugar producing unit. To add to this argument, it has been noted that employees would be sent on training as and when there were changes in technology used at the workplace. This again confirms the fact that employees were given training to be able to perform on the job with a new tool. In other words, employees were being made to perform better on the job and to provide quality goods and services. The fact that managers interviewed evoked the aspect of giving training to work ‘smarter’ clearly reconfirms this aspect. Moreover, using yearly performance appraisals for the identification of skills gap confirms this idea in the sense that it is only when employees are found not to be performing up to the level, then only they are provided with training. No organisation surveyed indicated whether they encouraged or supported those already doing well to get trained to perform even

better or broaden their scope of work. This again indicates that the concerned employers use training as a tool to improve performance but not to empower employees, thus making them employable.

Also, it is true that some employers surveyed are providing the required tools in the form of financial support, ICT facilities and books for continuous learning and development which might contribute to a large extent in enhancing employability. However, one important factor that was very prominent in all organisations surveyed is the fact that employees were given the required financial support only when the training / university course to be undertaken was relevant to the job or the career path of the employees! It is true that multi-tasking or multiple careers lead to better chances of employability. But the organisations surveyed showed no incentive towards such practice. If the course followed by the employee was not relevant to his or her job, no support in whichever way was given to the employee. This again confirms the fact that employers surveyed still used training solely to enhance performance on the job.

Moreover, a very surprising factor that emerged was that not all individuals were given the required support needed even though the course / training to be followed was relevant to the job/ career path. One trait on which sponsorship and support for training for employability largely depended in all organisations surveyed was employee's attitude towards work. Competencies, years of experience, performance on the job did not matter much as compared to the right attitude towards work in getting the required support from employers. This, in fact, is confirmed through evidence from the sugar producing unit surveyed. Downsizing had become invariable for this unit because of falling prices of sugar on the world market. This was achieved as per the regulations of the government and generous sums of money were allocated to training of employees for employability. And from the survey it was clear that only those with the right attitude benefited from this type of training and consequently remained in employment even after massive downsizing. Yet another service unit revealed that after downsizing, some employees were given the required tools and support and even advice to start their own businesses. And these employees were those who always had a positive attitude towards work. They might not have been very experienced, nor were they the best performers, but it was their correct attitude that counted and hence made them employable!

From the survey carried out there are clear indications that the organisations concerned are using training only as a tool to enhance performance on the job, that is, productivity. At present, through this survey, it can be clearly seen that employability is not really the motive behind training in these organisations. Although these organisations acknowledge having been indulged in outsourcing,

downsizing and restructuring and moreover, some even claiming that they value their employees, practically nothing is being done to keep them in employment, rather they are being used to achieve organisational goals. Though it might not be totally right to say that these organisations are not providing the required tools and environment for training and development, it will be perfectly right to say that the onus of being employable still remains solely on the employees.....through their attitudes!

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