2. Good practices

How companies have successfully addressed their skills gaps

Companies should draw on the existing knowledge and experience of other companies that have faced similar skills-gap challenges, as they can gain much valuable guidance thereby in developing their own approach to bridging the gaps. This chapter presents generalized good practices and concrete good-practice examples from various companies that have addressed their skills gaps successfully. The good practices were identified in a bottom-up process from a collection of more than 200 measures implemented by these companies. The measures were drawn from a number of sources: notably, an analysis of DEG's project portfolio, based on internal reports and interviews with DEG staff; the comprehensive project experience of BCG in the field of HR and workforce development; a high-level screening of the portfolios of selected members of the Association of European Development Finance Institutions (EDFI); a review of existing literature; and interviews and desk research undertaken for the five in-depth case studies (Chapter 4). To show how the good practices are applied in a real-life context and to highlight their practical use, this chapter introduces nearly 70 practical examples. The largest number is taken from companies from, or operating in, developing or emerging economies. Some examples, however, are taken from more advanced economies (owing to a bias in the literature and to BCG's greater project experience in industrialized countries), but they have been carefully selected for their relevance and transferability to a developing- or emerging-country context.[1]

The good practices are clustered into three analytical frameworks, targeting three different levels: within the company's own current and prospective workforce; along the value chain for suppliers and clients; and in the broader community.

- The first analytical framework, "Good practices for workforce development", applies to the HR value chain, as developed by BCG, and presents good practices and good-practice examples related to closing the skills gaps in a company's own current and prospective workforce. Usually, the responsibility for addressing skills gaps in one's own company lies with the HR department (Section 2.1).
- The second analytical framework, "Good practices for skills development along the value chain", deals mainly with the typical process for developing and setting up a supplier-development program, and presents good practices and good-practice examples related to the value chain, including both clients and suppliers. The responsibility for training

them, or developing their skills, typically lies with the sales unit and the purchasing department respectively (Section 2.2).
- The final analytical framework, "Good practices for closing skills gaps in the broader community", is based on BCG's established Corporate Social Responsibility (CSR) approach, and presents good practices and good-practice examples related to community development. The activities tend to be part of a CSR program, and are often overseen by a dedicated sustainability unit (Section 2.3).

All three analytical frameworks take a comprehensive view of the topic, ranging from a wide strategic perspective to a specific operational focus. Bear in mind, however, that the good practices presented make no claim to being a "plug and play" solution to bridging the skills gaps. Their aim is to provide guidance and ideas for a company to develop its own skills-gap measures, and they need to be selected and adapted carefully to the company's distinctive context and combination of challenges.[2]

2.1 Good practices for workforce development

The good practices for closing skills gaps within the workforce occur along the HR value chain, as developed by BCG, which relates to the five typical steps in HR management plus the more holistic aspect of leadership and systems (Figure 3). So the reader is able to trace the good practices along the typical process from workforce planning to retention, but at the same time to concentrate on those areas where the most pressing challenges are known to be (such as recruiting, for instance).

The HR value chain consists of the following consecutive elements:

1. **Plan.** On the basis of the company's strategic business and people-management goals, which are in turn derived from the company strategy, the HR department needs to plan what types of skills are required, and where, and for how many employees, and by when.

2. **Recruit.** To fill vacancies, the company has to recruit the right people. This step has several components: devising a hiring strategy and an employer-branding strategy, attracting applications, and seeking and sorting applicants.

Figure 3: The HR value chain
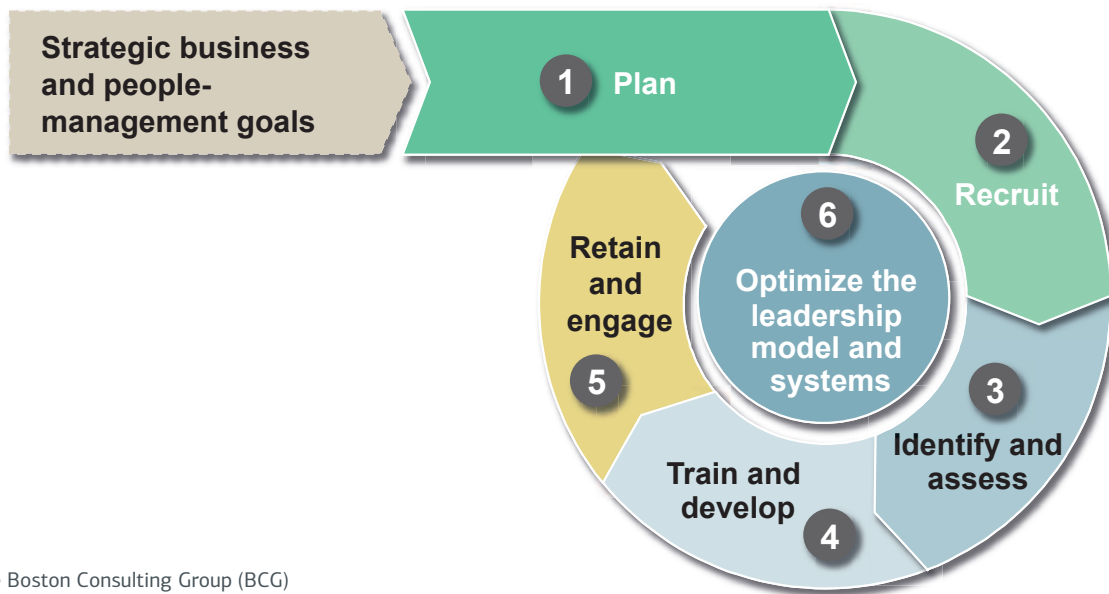
Source: The Boston Consulting Group (BCG)

3. **Identify and assess.** Performance measurement is the key to elucidating available skills and detecting talent in the workforce. This element involves the design and implementation of a performance-management system, including skills assessment and feedback collection.

4. **Train and develop.** Training and development ensure that the right skills are available in the company at the right time. This element involves skills development in the narrower sense, and includes the following components: defining career steps, developing training plans, planning and implementing the various training measures, and conducting talent management.

5. **Retain and engage.** Once the right skills have been developed, the company has to make sure that it can benefit from these skills by retaining qualified employees and maintaining their engagement so that they deliver the best value to the company. This step includes the following components: monitoring employee satisfaction, developing a retention strategy, and designing and implementing a good scheme of incentives and remuneration.

6. **Optimize the leadership model and system.** This is not a specific step, but rather the basis of HR management and hence the foundation of all the steps just listed. Good leadership starts with a company culture that values and respects the individual and encourages employees to bring their own ideas. Systems provide all the necessary HR data needed for making decisions related to people, whether for recruiting, training, promotion or remuneration.

The good-practice framework for workforce development (Figure 4) is based on a more detailed view on the HR value chain, which splits each of the six elements into two topics, into which the relevant good practices are grouped.

The following section covers all the individual good practices identified in the six elements. Each good practice is discussed briefly and is supported by practical examples from the business world.

1. **Plan: Good practices and practical examples related to workforce planning and demand management**

1.1 **Align production and capacity planning.** Integration of production and capacity plans is key to creating insight into workforce requirements. The planning should be detailed enough to link production targets with the job profiles. A helpful example is that of Hospital Sírio Libanês (HSL), a Brazilian hospital operator, which undertook detailed operational-personnel planning – based on individual competency profiles, occupation rates, and complexity of patients – to reallocate medical staff between departments and thereby increase capacity utilization and reduce the need for recruitment.[3]

1.2 **Conduct strategic workforce planning.** Strategic workforce planning models the demand (based on business plans) and supply (based on recruiting, attrition and retention plans) of the workforce over a longer time horizon so as to identify potential gaps early on. By applying this good

Figure 4: Good-practice framework for workforce development

Phase	Subcategory			
Plan	Workforce planning	**1.1** Align production and capacity planning	**1.2** Conduct strategic workforce planning	**1.3** Establish succession planning for key positions
	Demand management	**1.4** Reduce critical-workforce demand through automation	**1.5** Offset short-term demand fluctuation to retain staff	**1.6** Outsource non-critical jobs in order to relieve specialists
Recruit	Hiring strategy	**2.1** Develop a positive employer-brand	**2.2** Shift the hiring criterion from "ready-to-use" to "potential"	**2.3** Identify and affiliate potential employees as soon as possible
	Seeking and sorting of applicants	**2.4** Leverage employee and alumni networks	**2.5** Tap into non-traditional workforce pools	**2.6** Use new technologies to enhance recruiting experience
Identify and assess	Talent identification	**3.1** Gain a clear understanding of available competencies	**3.2** Systematically identify development potential	**3.3** Identify and manage a top talent pool
	Performance assessment	**3.4** Define company-wide performance standards	**3.5** Collect structured and transparent feedback	**3.6** Provide probational leadership experiences to talented staff
Train and develop	Training environment	**4.1** Set up clearly defined career paths with aligned training plans	**4.2** Provide incentives for undergoing and approving training	**4.3** Collaborate with external partners
	Skills-development measures	**4.4** Tailor training to the needs of the company and the target group	**4.5** Foster internal knowledge transfer	**4.6** Develop fast-track programs for high-potential employees
Retain and engage	Retention strategy	**5.1** Align the interests of the company and the employees	**5.2** Set up a fair and transparent compensation scheme	**5.3** Monitor satisfaction and engagement
	Working-experience enrichment	**5.4** Invest in non-financial benefits and a good working environment	**5.5** Foster internal personal networks and integration	**5.6** Provide a forum for employees to engage more
Optimize leadership model and systems	Enhanced systems	**6.1** Integrate workforce data and financial data	**6.2** Incorporate HR KPIs into the company scorecard	**6.3** Develop systems to measure the benefit of training initiatives
	Cultural adjustments	**6.4** Establish a people-centered company culture	**6.5** Make HR a top management priority	**6.6** Recognize outstanding performance and new ideas

practice, a German car manufacturer was able to detect productivity risks due to demographic change, as a large proportion of employees were aged between 42 and 54. On the basis of this analysis, specific countermeasures could be implemented.

1.3 Establish succession-planning for key positions. Succession-planning is an important means of reducing risk. It is usually applied to positions in middle or top management or to highly specialized professionals. Ohorongo Cement (Pty) Ltd., a Namibian cement producer with around 300 employees, identified 11 management positions that are critical for business success, then identified potential contingency replacements and long-term successors within the company, and finally devised skills-development plans for them.[4] This significantly reduced the operational risk for the company.

1.4 Reduce critical-workforce demand through automation. Increased automation is a valuable lever for coping when qualified workers are scarce. But it often means that even higher-qualified employees are required for operating and maintaining the machines, though at least lower numbers of them are needed. Hape Holding AG, a Chinese producer of wooden toys, invested heavily in automating its production process in China, not only to bring down production costs but also to address the low availability of qualified wood-mechanics.[5] As a consequence, the need for qualified production workers decreased considerably, specifically in those workshops with higher automation.

1.5 Offset short-term demand fluctuation to retain staff. To avoid the costly training of new employees and to fully utilize the experience of workers, companies with seasonal fluctuations in production should find ways to level out the lows and peaks – for instance, by warehousing production or by switching between internal and external production. To take the example of Hape again: the company arranges its production of wooden toy spare parts in such a way as to employ its trained workforce the whole year round: during the low season, the wooden spare parts are produced in-house and put in storage, whereas they are sourced from suppliers during the high season. This allows Hape to employ its trained and highly experienced workers all year round.

1.6 Outsource non-critical tasks in order to relieve specialists. Specialists are often a scarce resource on the market. To reduce the demand for them, analyze the activities of the incumbent specialists carefully, and outsource (or transfer to other employees) any of the activities that don't require expert knowledge. For example, an American hospital provider that struggled to recruit registered nurses has started – after a thorough definition of core tasks for each job – to concentrate the highly skilled part of the work into fewer critical jobs, and to delegate minor tasks to licensed vocational nurses and certified nursing assistants.

2. Recruit: Good practices and practical examples for a hiring strategy and for seeking and sorting applicants

2.1 Develop a positive employer brand. Just as a favorable product brand provides a huge advantage in the goods and services markets, a positive employer brand can be invaluable in the recruiting market – particularly in a competitive environment where many employers are trying to attract skilled workers. A German transportation company – with a poor company image that affected its employer brand in a tightening recruiting market – after identifying target groups for recruitment, undertook an online survey to establish what these desirable workers look for in an employer, and developed an employer-branding strategy accordingly.

2.2 Shift the hiring criterion from "ready-to-use" to "potential". The traditional mindset of HR departments is to hire people with the specific qualifications and skill set needed for a given position. Switching to hiring on the basis of "potential" is a paradigm change – the assessment process is now to find out if a candidate has the potential to acquire the specific skill set, if appropriate training is provided by the company. The initial training program by Ohorongo is a case in point: faced with a lack of control-room operators (CROs) on the Namibian labor market, the company hired people who looked capable of becoming good operators, and sent them on a comprehensive training program in Germany.[6]

2.3 Identify and affiliate potential employees as soon as possible. In competitive recruiting markets, it is becoming increasingly important to build ties with potential employees early on – for instance, while they are still at university. To this end, a British telecommunications provider, which had trouble in identifying the most talented candidates, sponsors research projects at large universities to get in touch with prospective employees, and allows the best-performing candidates to skip the first-round interviews. Similarly, Hape invites engineering and architecture students from Europe to conduct a project at its bamboo research center in China, and on graduating some of them come to work with Hape for a while.

2.4 Leverage employee and alumni networks. The personal networks of current and former employees provide a valuable resource to attract new employees. This resource should be used in a structured and formalized way. A US consulting company, for example, very effectively introduced a "recruit-a-friend" system, whereby current employees can propose new candidates and receive a bonus if the candidate joins the company and stays for at least six months. The amount of bonus varies according to the current recruiting needs and the level of difficulty involved in finding the right candidates.

2.5 Tap into non-traditional workforce pools. Many companies have access to traditional talent pools, and tend to draw their recruits from them. Owing to competition in the recruiting markets, however, or to demographic shifts, these pools can run dry, and it becomes necessary to develop non-traditional pools. An Indian technology company, for example, used to focus on major cities to recruit its male engineers. After experiencing a severe shortage, the company expanded its recruiting efforts to female engineers in second- and third-tier cities. Another example: an Australian mining company, struggling to find workers for its remote mines, developed specific training programs for the local indigenous population, while also taking into account the social impact of the measures.

2.6 Use new technologies to enhance the recruiting experience. For young university graduates in particular, the recruiting experience can be a decisive factor for or against an employer. Companies should pay attention to the following key aspects: a professional and appealing website, a selection of channels through which candidates can apply, a quick application process, and innovative assessment concepts. A South African technology company, for instance, decided to provide an innovative and easy-to-access application channel. The company developed the "ImpressMe" mobile app, enabling the applicants to upload 60-second video pitches of themselves.

3. Identify and assess: Good practices and practical examples for identifying talent and conducting performance assessment

3.1 Gain a clear understanding of available competencies. To set up a structured scheme for talent identification and assessment, the first step is to get a clear picture of the employees' skill profiles. For example, JMS Holdings Ltd., a Bangladeshi garment producer, during a comprehensive process-optimization program, used a series of standardized tests for all employees, from the workshop to the top management, to assess their skills and specify areas in need of development.[7]

3.2 Systematically identify development potential. Not all employees have the potential to become managers or specialists. To ensure that people work in the right job or get promoted to the job that best suits their interests and abilities, companies need a systematic process for assessing development potential. Hape, for example, classifies all its employees into three performance groups: A, B and C. Workers in A and B are evaluated by all managers to obtain a comprehensive view of their performance. At the same time, these employees are encouraged to get involved in cross-departmental projects in order to extend their personal network within the company. This broad and

standardized assessment enables Hape to identify talent in the company and to develop the appropriate training measures.

3.3 Identify and manage a top talent pool. Top-talent employees are a very valuable resource for any company – and a favored target for poaching activities by other companies. It is important to identify these employees and actively manage their career path so as to keep them in the company and help them make the most of their potential. To that end, a software company in the US introduced a set of quantitative indicators to measure the performance of its software engineers, and found that the top-talent employees performed three times better than the average. At a German chemical company, in the established review process, 95% of employees were rated as strong performers, which made it impossible to identify top talent. So the company introduced a forced statistical distribution of evaluation ratings to ensure proper differentiation.

3.4 Define company-wide performance standards. Large companies, especially those that have sites or sales representatives in more than one location, should harmonize their performance standards in order to identify talent across departments and locations. A German media company, struggling to assess the performance of its employees and to decide on development opportunities for them, introduced two helpful new tools to its personnel-management toolkit: a performance review based on five company-wide performance standards, and a goal-setting review to agree on personal targets.

3.5 Collect structured and transparent feedback. Feedback is the most valuable tool for talent assessment and identification. It should be carefully structured, so as to allow a comparison over time and across individuals. It should also contain specific recommendations for an employee to further his or her own development. A German chemical company noticed how its complicated performance-management system was making it difficult for employees to understand the results, so it introduced a simpler, three-scale performance system instead, with clear indicators to measure performance in relation to targets and peers.

3.6 Provide probational leadership experiences to talented staff. Not everyone who is performing very well in his or her current role has the potential to excel in a more senior role – and especially in a leadership role. After all, management requires very distinct skills, and it can be difficult to fully assess an employee's leadership abilities ex-ante. So companies should consider offering trial leadership experiences, such as a joint leadership position with an experienced manager or a leadership role within the employee's own peer group. A Chinese industrial goods company, which had struggled to identify talented management candidates among its workforce, offered one or other of those opportunities to selected employees in order to assess their leadership skills.

4. Train and develop: Good practices and practical examples related to the training environment and skills-development measures

4.1 Set up clearly defined career paths with aligned training plans. The main benefits of clearly defined career paths are twofold: first, they serve as an important source of motivation for employees, who now have a clear career-development route; second, they give employers a clear idea of potential successors for a specific position. Once the career paths are established, training plans should be made – well aligned with the career paths – in order to prepare employees for promotion and provide the right replacements in time. HSL, for example, has developed a comprehensive set of career paths – covering all positions from unskilled worker to CEO – and publishes them on its intranet. Employees are able to choose a technical, managerial or educational path, and can access the respective competency profiles and job profiles. This transparency provides employees with great motivation and fosters their retention.

4.2 Provide incentives for undergoing and approving training courses. Since training usually takes place during working hours, training time is not directly productive. And because the effects of training are often not immediately visible, and the costs are usually borne by the trainee's unit, both employee and manager are often hesitant to undergo or approve training programs. However, from a company's point of view, training is an essential contributor to the development of the workforce. A US travel company with a comprehensive training catalogue, noting that organizational units were unwilling to send employees on training courses, reassigned the training budgets and responsibilities to the HR department. The effect was that training requests rose immediately, since the training courses no longer represented a budgetary burden on the individual units themselves.

4.3 Collaborate with external partners. By collaborating with suitable external partners to conduct or finance training, companies usually manage to boost training quality and effectiveness: the external partners bring in new perspectives, established training concepts, and the latest knowledge. Of course, potential partners need to be assessed carefully and managed properly.[8] A vocational training center in the textile industry in Bangladesh shows how the right partners can be identified (Textbox 1). Among the many positive examples of successful collaboration with external partners is the case of Scania, a leading manufacturer of heavy trucks, buses and engines: in partnership with the United Nations Industrial Development Organization (UNIDO), Scania established The Swedish Academy for Training in Iraq, run in collaboration with the Swedish International Development Cooperation Agency (Sida), Education First (EF), and the Kurdistan Regional Government Ministry

Textbox 1: Mapping stakeholders for cooperation

Collaborating with established training institutions and integrating the most important stakeholders are key success factors for companies when setting up a program of technical vocational education and training (TVET). Potential partners should be identified and evaluated on the basis of their likely contribution and relevant expertise. One useful way of securing an overview of potential participants is by means of a stakeholder map: the stakeholders are clustered into groups such as education authorities or NGOs. For each group, its potential contribution is analyzed in several categories, ranging from project management to the certification and evaluation of the program.

This technique for a stakeholder map was used, for example, in setting up a TVET program for the Bangladeshi ready-made-garment (RMG) sector (Figure 5):

Under the auspices of the ILO TVET reform project, vocational education has advanced considerably in Bangladesh, mainly owing to the following factors: the implementation of the national skills-development policy; the development of national training and vocational qualification frameworks that detail the requirements for each qualification level; the introduction of competence-based learning; and the establishment of centers of excellence and registered training organizations. Accordingly, the ILO itself can provide valuable advice on developing a curriculum, on the accreditation of the training institution and program, and on financial assistance. Bangladesh's education authorities, notably the Ministry of Education and the Technical Education Board, oversee TVET and serve as a knowledge hub for curriculum development, but they also provide financing and certification, and can help to promote the training program. So it is worth consulting them early on in the conception phase of the program. Other important potential partners in setting up a TVET program are: the existing technical training institutes (more than 20 of them) that are consolidated under the Bureau of Manpower, Employment and Training; the newly established Centre of Excellence for Bangladesh Apparel Industries (CEBAI); and the Bangladesh University of Engineering and Technology. All of these institutions can provide training infrastructure, teachers, approved curricula and certified training concepts that could be used directly or adapted to the company's needs. For a joint training program, a company could seek cooperation partners via the Bangladesh Garment Manufacturers and Exporters Association. In return, the burden for program development and financing could then be shared, and the program could be promoted through the Association's channels.

Figure 5: Stakeholder map and contribution for TVET in Bangladesh's RMG sector

	Sample of organizations in Bangladesh	Project management	Financing	Infrastructure	Curriculum	Teachers	Marketing	Certification/ evaluation
Education authorities		✗	✓	✗	✓	✗	✓	✓
Educational institutions	Centre of Excellence for the Bangladesh Apparel Industries (CEBAI)	✗	✗	✓	✓	✓	✗	✓
Industry partners		✗	✓	✗	✓	✗	✓	✗
NGOs		✓	✗	✗	✓	✓	✗	✓
DFIs, development agencies		✓	✓	✗	✓	✗	✗	✓

of Labour and Social Affairs (MoLSA).[9] The academy aims to train 300 students as heavy-equipment mechanical maintenance personnel. Thanks to the collaboration, industrial investment should no longer be hampered by a lack of skills, and the Iraqi people should derive maximum benefit from the region's developing industries. UNIDO is able to leverage Scania's industry expertise and technology to enhance the program's effectiveness, while Scania's technical input in developing the curriculum ensures the practical relevance of the skills being taught.

4.4 **Tailor training to the needs of the company and the target group.** To maximize the value of the training for the company and the trainees, the training program and curriculum should be tailored to their specific needs, which have to be identified first.[10] A few examples: HSL introduced dedicated training and development teams in each department to foster skills development specific to that department's needs; JMS introduced a training production line to train seamstresses on the specific type of machines the company is using; and a US industrial goods company founded a corporate university with courses for new employees upon joining, as well as dedicated leadership training for management. The courses are often taught by top-level executives of the company. Private-sector companies can utilize different types of training and qualification measures to bridge skills gaps (Textbox 2).

4.5 **Foster internal knowledge transfer.** One key lever for closing skills gaps is to foster the internal exchange of knowledge by providing the requisite platform, resources and incentives to employees. Ohorongo introduced a mentoring system between experts at the mother company in Germany and employees at the local production facility in Namibia. One mentoring pair, for instance, consists of the manager of a quarry in Germany and the manager of the Namibian quarry. They interact on a regular basis to exchange ideas and know-how. Another example is that of Serena Hotels, an East African hotel chain, which successfully offers an employee-rotation program that allows selected members of staff to spend some time at a different Serena Hotel. The program not only serves as an incentive for high-performing employees, but has fostered the exchange of experiences and good practices within the company. A special kind of knowledge transfer occurs if DFI employees assume a board mandate in one of the companies that the DFI invests in (Textbox 3).

Textbox 2: Training and qualification measures for private-sector companies in developing countries

The most direct measures for addressing the skills gaps in your own current or prospective workforce are training initiatives, which are widely applied in companies across countries and sectors. To build technical, mechanical or artisan skills, companies can establish vocational training centers in which current and prospective employees can be trained. Companies like Hape have established a structured training program, which usually runs over 2-3 years and has a detailed curriculum combining theoretical lessons in the school with practical training sessions in the company (dual TVET). These training programs could be tailored to the needs of specific target groups such as women or young people. Another common form of training involves internal or external classroom courses to develop the theoretical skills of the workforce. Less structured, but widely applied and often very effective, is on-the-job training, where supervisors, foremen or experienced colleagues support new hires and less experienced workers to build and enhance the skills required for specific tasks in production and administration. For management positions in particular, a further option is that of mentoring schemes, often applied in order to foster knowledge exchange between senior and junior management and to help prospective leaders to grow into their new roles.

Based on DEG's experience with skills-development projects, a number of key success factors have been identified for the set-up, implementation and sustainable operation (see Chapter 5 for a comprehensive list of success factors). With regard to project set-up, it is demonstrably important to ensure top-management support for training measures, to establish clear responsibilities for and commit resources to the various measures, and to cooperate with carefully selected external partners, such as training institutes, consultants or universities, to leverage external knowledge. During implementation, the integration of training and work is a promising way to enhance a measure's effectiveness: it not only ensures that the specific skills needed for a job are developed, but also allows the trainee to adapt the new techniques and knowledge in practice. In addition, companies should actively facilitate the exchange of know-how across departments – for example, by introducing job-rotation programs. To ensure sustainable operation of the training measures and a lasting impact, you should consider applying a train-the-trainer-system, particularly if you collaborate with external consultants. This ensures that the knowledge is kept in-house and that the training program is scalable at reasonable costs. Finally, to increase the effect of training measures, they should be embedded into a broader optimization program, since having a motivated workforce with the right skills – together with lean processes and a cutting-edge production technology – can greatly boost productivity and quality.

4.6 Develop fast-track programs for high-potential employees. To affiliate and motivate very promising employees, companies should develop fast-track programs with specific training courses, mentoring, global placements, and fast promotion cycles. For instance, a multinational conglomerate, struggling to find qualified staff for its international growth strategy, devised and implemented a fast-track program combining intensive training with work placements on high-responsibility projects. Another example: a global manufacturing company had problems securing a strong foothold in Africa, so it created a global and continental rotation program to bring its top performers to Africa and also to enable promising African employees to gain experience abroad.

5. Retain and engage: Good practices and practical examples regarding retention strategy and working-environment enrichment

5.1 Align the interests of the company and the employees. Providing incentives for employees to act in the company's interests is an important lever for addressing topics such as attrition and productivity. There are numerous possibilities. Hape, for example, provides free company shares to all its employees who remain employed there for more than ten years – thereby incentivizing people to stay with the company, and boosting the motivation of those who now own shares. Ohorongo makes financial support for training conditional on employee retention to ensure that the benefits fall at least partly to the company itself. The company has also developed a comprehensive retention strategy, which identifies key employees and provides

short-, medium- and long-term measures to retain them. Even though it was introduced only recently, its success has already become apparent.

5.2 Set up a fair and transparent compensation scheme. In developing countries especially, compensation is the key motivator for employees: there is seldom a strong sense of loyalty towards an employer; many workers are willing to leave the company if the salary prospects are better somewhere else. So companies should make sure to design a fair and transparent compensation scheme. In that spirit, when JMS boosted its productivity by introducing new processes and machinery, it gave its employees a share of the benefits by awarding higher bonuses.

5.3 Monitor satisfaction and engagement. It is crucial for companies to gain a clear picture of the satisfaction and engagement levels among employees in order to detect declining levels early and to develop appropriate countermeasures. One common and effective way of gaining this understanding is by conducting a regular survey of employees. Ideally, the survey not only records key performance indicators (KPIs) but also analyzes the root causes of lower satisfaction and engagement levels. HSL conducts such an employee survey every two years: the survey covers more than 75% of the employees, and is evaluated by an independent third party. Results are incorporated into the company's strategic-management agenda.

5.4 Invest in non-financial benefits and a good working environment. Although compensation is certainly the main source of motivation, non-financial benefits and a good working environment also have a role to play: they can significantly improve employees' satisfaction and even

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Textbox 3: Skills transfer through board mandates

If a DFI provides equity funding to a private-sector company, DFI staff members often assume a board role in that company. Even though DFI board members act in their personal capacity, their training and experience represent an opportunity to increase the professionalism of the whole board. Their influence might even extend to the governance structure of the company as a whole. Highly qualified board members can make a big difference to small and family-owned businesses in particular, by professionalizing the decision-making processes and board meetings, and by refining the governance structures. For example, in an Egyptian agriculture business, DEG's investment and support through nominees on the board fostered the development of more efficient structures within the group, boosted the professionalism of the board, and thus contributed to growing the business into a multifaceted agro-industrial group of companies and NGOs.

In addition to having staff on a client company's board, some DFIs provide help by assessing the qualifications of prospective board members and matching them with the company's needs in order to equip the board with an appropriately diverse set of soft and hard skills. DFIs can often draw on their networks to find candidates with sector-specific expertise, and can provide specialized advice on strategic decision-making. A case in point is a port operator in Columbia, which planned to build a dedicated oil and gas terminal: thanks to the DFI involved, the ideal candidate was appointed to the board – a former senior manager with deep experience in the oil and gas sector and in large-project management.

productivity – often without involving huge costs. JMS, for example, introduced a bundle of measures of this kind: for its seamstresses, the company provides ergonomic chairs and height-adjustable working tables; for the employees' children, there is a day-care center close to the factory premises; and for their female workers, JMS provides free sanitary napkins – a simple measure that has had the effect of reducing absenteeism considerably.

5.5 Foster internal personal networks and integration.
Personal networks and a feeling of belonging constitute important feel-good factors for employees. The company can actively foster these personal networks by providing platforms for employees to interact, and by supplying the required resources and incentives. Consider the example of Granules, an Indian pharmaceutical company. It introduced a mentoring system, involving even top management, to foster personal networks: from a pool of highly qualified employees, the CEO and Chief Financial Officer (CFO) each picked one mentee to support personally. This model not only served as an additional motivation for Granules' workforce, but also set an example for other senior managers to participate in the mentoring program. Mentoring programs could also work across companies within a holding group: At Engro Corporation Ltd., all managers at tier two and above participate in a centrally managed mentoring system. Group HR matches mentors and mentees across companies in the holding group in order to reduce silo thinking and to broaden the managers' personal networks.[11]

5.6 Provide a forum for employees to engage more.
If workers have the opportunity to make an impact within the company and if they have the feeling that they are being heard, that can greatly enhance their satisfaction, and can foster their motivation and engagement. Two examples: a US travel and tourism company was facing a high degree of dissatisfaction and disengagement among its employees, so it established regular employee roundtables to discuss problems and generate ideas for improvement. And a US electronics company with similarly disaffected employees set up a series of live and online events worldwide, at which the employees could get to understand and appreciate senior management's strategic vision, and had a chance to propose and discuss ideas of their own.

6. Optimize leadership model and systems: Good practices and practical examples with regard to enhanced systems and cultural adjustments

6.1 Integrate workforce data and financial data. By integrating these two types of data, companies are able to align skills-development investments with business results, and thereby develop data-driven insights into crucial questions, such as: "Why do some employees outperform their peers?" and "How does the productivity of new employees increase over time?" Ameriprise Financial, a diversified financial services company in the US, was keen to find a way of allocating HR resources to its highest-potential employees; by using integrated data, it was able to accurately predict staff turnover, reduce new-hire failure rates, and manage persistently poor performers.[12]

6.2 Incorporate HR KPIs into the company scorecard.
By giving HR-related KPIs due prominence, a company can achieve closer alignment of HR with the company's strategic goals. HR goals are also more likely to be implemented when they are included in the company's target and incentive system. Neglecting HR goals often leads to dissatisfaction among employees, and could reinforce their perception that the company's sole concern is to maximize profits Aware of such dangers, Hape introduced a dedicated Balanced Scorecard for its HR department, with specific KPIs aligned with those of the overall company scorecard.

6.3 Develop systems to measure the benefit of training initiatives. As discussed in Chapter 3, a cost-benefit appraisal will help to identify those skills-development initiatives with the best cost-benefit ratio. A key challenge in conducting such an appraisal is that of measuring the benefits of any training program. Very helpful in this regard is a set of defined KPIs to be applied to different groups of employees over time: the information obtained will help analysts to evaluate any given training measure and identify potential improvements.

6.4 Establish a people-centered company culture.
A company's corporate culture can be a decisive factor in an employee's decision to stay at the company or to leave it. Culture is part of a company's DNA, and cannot be changed easily, so introducing an HR-centered culture is a long-term process, requiring careful and comprehensive change-management processes and a clear commitment by top management. In the case of a British financial institution, the employees showed a clear lack of trust in senior management, following a major organizational transformation. The company duly implemented an ambitious internal communication strategy – including intranet TV-style programs and employee-generated content – to re-engage the staff and reconcile them to the changes.

6.5 Make HR a top management priority. Traditionally, the main impediment to growth has been financial constraints, but in many industries and regions, a more serious factor now is the lack of talent.[13] Accordingly, HR topics have become a priority for top management. Scarcity of talent also often leads to silo behavior in companies, with department managers hoarding their top-performing people. An American industrial-goods company shifted responsibility for top-talent management to a dedicated executive, who now leads an HR taskforce devoted solely to nurturing group-wide high-potential employees.

6.6 Recognize outstanding performance and new ideas.
A key source of motivation is to have one's own work properly appreciated. That holds true for most employees across all levels – from production workers to top management. By receiving recognition for excellent performance and new ideas, employees are encouraged to think about potential improvements to processes, and to strive for top results. A textile company from Bangladesh introduced three "employee of the month" awards, which are presented by the CEO during workforce assemblies, together with a financial bonus.

2.2 Good practices for skills development along the value chain

In an increasingly specialized economic world, nearly all companies rely on the timely input of high-quality raw material, spare parts or components. Particularly in developing and emerging economies, the quality of local supplies is a major challenge for companies that export to international markets. Skills gaps at the suppliers constitute a leading cause of delays and inadequate quality. Production and service companies often have the appropriate knowledge to support their suppliers in closing these gaps – and have an incentive to do so as they benefit from better input quality and timeliness of supplies. What's more, the development of local supply structures in developing countries not only helps the company and its suppliers, but also has significant benefits for the local communities by providing better and more diversified jobs. This is particularly true for large development programs such as qualification measures in agriculture, which often train several hundred small-scale farmers in each case.

Another aspect of skills development along the value chain is the training of clients. Such training can benefit a company when it enters a new market or introduces a new generation of products, as the sales and maintenance teams on the ground need to have a thorough understanding of the products. Typical measures to bridge skills gaps along the value chain are: training courses conducted or sponsored by the company; and know-how transfer, either through internal experts who visit and work with the company's suppliers and clients, or through company internships for employees of suppliers and clients. Good practices in skills development along the value chain can be classified according to the four steps in Figure 6, ranging from strategy development to the implementation of training measures.

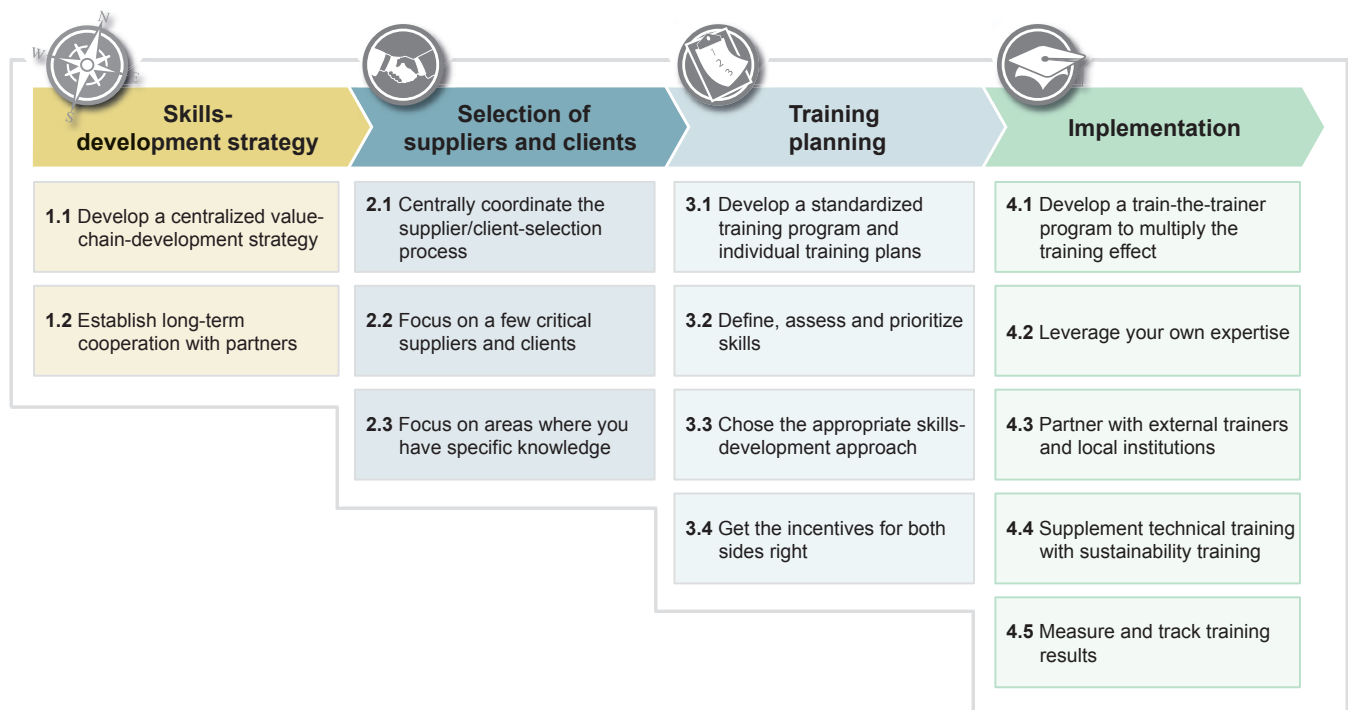**1. Good practices and practical examples regarding a skills-development strategy**

1.1 Develop a centralized strategy for skills development along the value chain. The development of suppliers should follow a well-defined strategy rather than consisting merely of ad-hoc measures. The strategy should define the focus areas for engagement, the prioritization of suppliers to work with and the selection process, and the objectives for the collaboration. An important issue is that of the training programs for clients. An example: Hape's strategy is to focus its development efforts on a small number of key suppliers, and the company has duly built up an integrated supply-chain management system, including dedicated training plans for the suppliers. This strategy has helped enormously to improve the overall quality and timeliness of supplies.

1.2 Establish long-term cooperation with partners. Starting a cooperative relationship or a collaboration with a new partner can be a cumbersome process, as objectives need to be aligned, trust has to be built, and positive results have to be achieved to show the mutual benefits of the partnership. So the company and its partners – whether suppliers, clients or training institutions – should take a long-term approach. One instructive example is that of Heinz International, the global food producer: it formed the Agribusiness Linkages Global Development Alliance with USAID (the United States Agency for International Development) and ACDI/VOCA (Agricultural Cooperative Development International / Volunteers in Overseas Cooperative Assistance), an economic-development organization, on the basis of a five-and-a-half-year Public-Private Partnership (PPP) agreement to upscale the production of local tomato farmers and processing companies in Egypt by means of extensive training.[14]

2. Good practices and practical examples for selecting suppliers and clients for training

2.1 Centrally coordinate the supplier/client-selection process. Decisions on supplier/client selection should be taken centrally, so as to ensure consistency and gain alignment. Other centralized decisions include: the type of development program, the training approach, and the tools to be used. However, decisions on tactical execution should be decentralized, so that local branches can take ownership of the development program and adjust it as needed to the local differences.[15]

Figure 6: Good-practice framework for skills development along the value chain

Skills-development strategy	Selection of suppliers and clients	Training planning	Implementation
1.1 Develop a centralized value-chain-development strategy	**2.1** Centrally coordinate the supplier/client-selection process	**3.1** Develop a standardized training program and individual training plans	**4.1** Develop a train-the-trainer program to multiply the training effect
1.2 Establish long-term cooperation with partners	**2.2** Focus on a few critical suppliers and clients	**3.2** Define, assess and prioritize skills	**4.2** Leverage your own expertise
	2.3 Focus on areas where you have specific knowledge	**3.3** Chose the appropriate skills-development approach	**4.3** Partner with external trainers and local institutions
		3.4 Get the incentives for both sides right	**4.4** Supplement technical training with sustainability training
			4.5 Measure and track training results

2.2 Focus on a few critical suppliers and clients. It is not possible or practical to offer skills-development to every supplier and client, so it is important to choose the right ones, using well-established criteria to do so. The best candidates among suppliers are the following: those whose inputs are critical to the quality of the finished product; those that provide a large volume of inputs; those that have a serious need for development; and those that have a limited ability to help themselves.[16] As for clients, the focus should be the following: those with the biggest sales potential, and those with the most pressing need for development. Hape for example, sources a broad variety of products from more than 300 local suppliers, but it has provided training programs to just 45 companies in the wood sector instead of working with all 300, and has now established very strong cooperative ties with seven selected suppliers of spare parts and whole products. This selectivity allows Hape to develop focused programs for its suppliers to tackle the skills gaps most in need of bridging.

2.3 Focus on areas where you have specific knowledge. To exploit its own specific knowledge, a company should focus its efforts on suppliers that produce core inputs (client development programmes do not necessitate such a focus). Ohorongo, for example, sources all of its inputs locally in Namibia; however, the company focuses its skills-development activities on a gypsum mine, as this is where Ohorongo has most experience (it operates its own quarry). The support that it offers to other suppliers – of packing equipment and personal-safety equipment, for instance – is financial support only, not skills-development support.

To take another example: the ready-made garment manufacturer JMS focuses its skills-development policy for suppliers on the local producers of fabric, which have significant potential for quality improvement.

3. Good practices and practical examples with regard to planning the training program

3.1 Develop a standardized training program and individual training plans. By standardizing a training program for all suppliers or clients of a specific type, a company can ensure the consistency of the training, and bring down its costs. However, since the various suppliers or clients will usually differ in terms of their skills gaps, the company should adapt the standard program each time, and create individual training plans suited to the recipient's specific needs. Hape, for example, with the support of DEG, developed a standardized training program for its wood-suppliers that contains a number of separate training modules – ranging from material science, through machine operation, to health and safety topics.

3.2 Define, assess and prioritize skills. Companies should not attempt to fix every problem that they detect in a supplier or client, but should focus on what matters most in terms of quality, costs and timeliness. One essential first step is a structured skills assessment. It should not require external experts, since the company's own personnel – from the quality, research and development (R&D), and purchasing

functions – will usually have the necessary capabilities. At Hape, a supply-chain-management team is based in close proximity to a cluster of suppliers to conduct the supplier analysis and to design and implement the specific support needed.

3.3 Choose the appropriate skills-development approach. There are three broad skills-development approaches, each needing different resources. First, the "check in" approach: representatives of the company drop in on target suppliers every 6-12 months for two-three days, to evaluate processes and products, to make recommendations, and to provide training. Second, the "SWAT team" approach[17]: suppliers with specific issues will receive a visit every 3-6 months for one or two weeks at a time, and will develop jointly with the team an improvement plan, timeline and audit schedule, and receive support from the team in implementing the improvement plan through know-how exchange. Third, the "dedicated team" approach: the company assigns full-time staff members to the sites of selected suppliers to analyze the root causes of key problems and provide hands-on support and training to solve them.[18] For example, Hape chose the "dedicated team" approach by setting up a supply-chain-management unit in the town where all suppliers are located, thereby providing continuous support for a small number of key suppliers. In contrast, for skills development with clients, a more focused approach would usually be appropriate, as the emphasis would now be not on solving problems but rather on providing specific training courses.

3.4 Get the incentives for both sides right. For clients, the mutual benefits of training programs are obvious, but for suppliers, things are not so straightforward: some suppliers are worried that the purchaser company, by providing the training, will reap all the benefits by acquiring better-quality products at the same or lower prices. Many companies have therefore adopted a policy of gain-sharing – by apportioning the cost savings, for instance, or by paying a higher price for better quality – and have found it to be an effective motivational tool. Many suppliers also appreciate the opportunity to develop new skills: they find it to be a positive experience, and it provides a powerful incentive to excel.[19] However, some suppliers – especially low-skilled suppliers such as small-scale farmers – are less easily persuaded of the benefits. Consider one interesting case study from Tanzania: the Mkombozi Biharamulo Savings and Credit Cooperative Society encourages its members, mainly local farmers, to become micro-entrepreneurs, through training. But many of the farmers still struggle to visualize the new schemes as commercially viable: the market remains elusive because the new schemes have been under-publicized, and their productivity remains low owing to rudimentary technologies. Through participatory training for transformation, peasants are organized in small informal learning groups, through which they analyze their potentials, problems and needs, prioritize them, and develop viable business plans. Acting as entrepreneurs, they have an incentive to participate in the training and to apply the acquired knowledge.[20]

4. Good practices and practical examples for implementing the training programs

4.1 Develop a train-the-trainer program to multiply the training effect. If a client or supplier has a great number of employees in need of training, or if training is being targeted for a large group of small-scale suppliers such as farmers, then it makes sense to take a train-the-trainer approach – for several reasons. The approach makes it possible to train larger numbers of people; it is very economical; and it helps to sustain the effect of the training, as the trainers typically remain on-site or nearby, and so are available to offer ongoing advice or provide follow-up training sessions. Kencom SACCO, a credit union in Kenya, trains its members in critical business skills and entrepreneurship to help them avoid loan defaults due to unplanned personal consumption; and because so many members are eligible for the training courses, the credit union has adopted a train-the-trainer approach.[21]

4.2 Leverage your own expertise. As mentioned, the suppliers best suited to skills-development initiatives are those involved in matters where the company has experience of its own. In such cases, the company should leverage its own know-how in order to support the suppliers, and should actively engage in knowledge exchange – in both directions. Hape, for example, sends its own technical staff to the suppliers to provide on-the-job-training to machine operators; and conversely, it invites workers from selected suppliers to its own production facility to conduct workshops, to demonstrate their ways of using machines, and to explain lean working processes.

4.3 Partner with external trainers and local institutions. Just as a company might collaborate with external partners in pursuing skills-development measures for its own workforce, so it should consider doing so when pursuing skills development of its suppliers and clients. External partners contribute specific knowledge, and reduce resource requirements on the part of the company.[22] In India, a DEG-supported German producer of welding machines collaborates with the Don Bosco Centre in Pune, an experienced provider of technical vocational courses, to train workers to qualify as service technicians for welding machines. The availability of well-trained service technicians is recognized as a key success factor for market entry in India.

4.4 Supplement technical training with sustainability training. In many companies in developing and emerging economies, the safety and labor conditions do not comply with international standards as set by the International Labour Organization (ILO). Responsible companies will offer support to their clients and suppliers not only by resolving technical issues but also by providing training programs on sustainability issues such as health and safety, labor law, and resource protection. A German producer of leather goods developed, with the support of DEG, a comprehensive training program in Bangladesh that provides technical training not only for its own production facility but also for two local tanneries. Since more than 90% of the suppliers' employees suffer from occupational diseases, a key element of the training program is occupational health and safety. Another core topic is improving the approach to resources – using them more efficiently and sustainably. In a similar vein, Hape regularly provides its suppliers with training modules in safety, health and environment (SHE).

4.5 Measure and track training results. Lack of follow-up is a major obstacle to success. Development teams must take responsibility for achieving specific improvements in quality, costs, volume or delivery time, and benefits should be tracked with clearly defined KPIs over time to truly measure the effect of development efforts. At one company, the main reason for the failure of several development programs was that the company's own personnel had neglected to track measures and milestones closely enough, and had failed to take corrective action the moment that suppliers fell short of the commitment outlined in the agreement.[23]
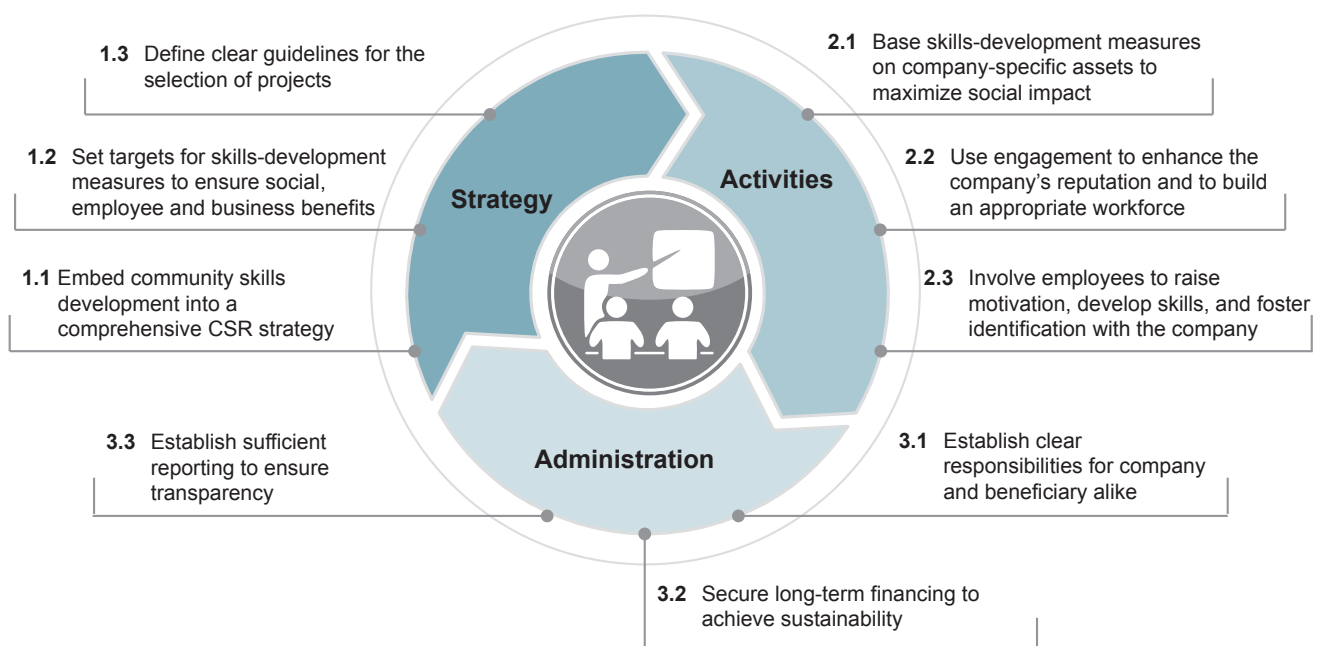
2.3 Good practices for closing skills gaps in the broader community

Closing skills gaps in the broader community is critical for economic and social development. And even though it will seldom make much direct contribution to closing a skills gap in a company, many private-sector enterprises still make a point of investing in local education, from kindergarten to tertiary level, as part of their CSR activities. The companies typically provide the funding without expecting any financial return, yet they should still experience some favorable impact, such as enhanced reputation or the closer affiliation of their own employees. In fact, if a company's engagement is selected carefully and structured adequately, there might even be a positive business case. For minimizing the skills gaps in the community – i.e. maximizing the social impact – they should plan, implement and monitor the measures just as carefully as they do with skills-development measures within the company and the supply chain. The various good practices can be grouped into three categories: strategy, activities and administration (Figure 7).[24]

1. **Good practices and practical examples for developing a community skills-development strategy**

1.1 **Embed community skills development into a comprehensive CSR strategy.** Many companies – and particularly those that are family-owned – pursue their CSR activities out of purely altruistic motives. This approach runs the risk

Figure 7: Good-practice framework for closing skills gaps in the broader community

1.3 Define clear guidelines for the selection of projects

1.2 Set targets for skills-development measures to ensure social, employee and business benefits

Strategy

1.1 Embed community skills development into a comprehensive CSR strategy

3.3 Establish sufficient reporting to ensure transparency

Administration

3.2 Secure long-term financing to achieve sustainability

2.1 Base skills-development measures on company-specific assets to maximize social impact

Activities

2.2 Use engagement to enhance the company's reputation and to build an appropriate workforce

2.3 Involve employees to raise motivation, develop skills, and foster identification with the company

3.1 Establish clear responsibilities for company and beneficiary alike

of failing to maximize the social impact, i.e. of failing to develop skills in the most efficient way: it often involves spontaneous responses to requests and uncoordinated activities that neglect the company's core competences. It would be better if companies based their CSR activities on a clearly defined strategy. The strategy should identify target sectors and individuals eligible for support, define the objective of potential projects and the approach to selecting them, and estimate the financial resources to be committed. An interesting example of a clear strategy is that of the Ohorongo Community Trust: it focuses its activities sharply on infrastructure, education and health, and all its projects in the local community fall within one of these three sectors.

1.2 Set targets for skills-development measures to ensure social, employee and business benefits. Companies often think that CSR activities should benefit the community alone. A modern CSR strategy, however, views the benefits as threefold: for the community, via social impact such as skills development and increased employability of students; for the employees, as a source of motivation and of identification with the company, and as a chance to develop new skills; and for the company, via an enhanced reputation, better government relations, or a better employer brand. The CSR strategy should set clear targets for each of the three benefits.

1.3 Define clear guidelines for the selection of projects. Project selection should be done on the basis of the pre-defined CSR strategy, and should ideally run through seven filters. (The first four are essential filters, the final three are "nice-to-have" filters.) The first filter is the set of three types of benefit (for society, for the employees, and for the business) as outlined above. The second filter is scalability: a measure should be implemented only if it is large enough to have a meaningful impact. For a skills-development initiative, this could mean, for instance, that the school supported has a sufficiently large capacity. The third filter is the use of the company's core assets: the measure should leverage such assets and the company's core competences. Ideally, a company supports skills-development measures in a way that relates them to its core competences; for instance, by encouraging its employees to teach their skills to local residents. The fourth filter is complexity: the measure should not be too complex, but neither should it be so simple that other companies can easily copy it. For skills development, this could mean that a company forms a partnership with an existing school rather than building and operating its own (primary or secondary) school. Fifth is quantifiability: the social, employee and business impact should be measurable. For instance, the social impact of a skills-development initiative could be measured by the number of students covered, the employee benefit by the hours of employee engagement in a year, and the business impact by the number of positive press articles on the initiative. Sixth is amenability to collaboration: value-

adding partners like non-governmental organizations (NGOs) should be available for cooperative efforts. For skills-development initiatives, collaborating with existing schools and public authorities is crucial. Seventh and last is concreteness: the tasks, responsibilities and goals of the proposed project should be clearly defined – for a skills-development initiative just as for any other engagement.

2. Good practices and practical examples with regard to structuring skills-development activities

2.1 Base skills-development measures on company-specific assets to maximize social impact. Skills-development measures should try to make use of a company's core competences and assets, as those strengths will help to close skills gaps in the community and maximize the social impact. The cement producer Ohorongo, for example, donates cement to the local community for use in building schools. Hape deployed its specific bamboo expertise to build and operate a bamboo kindergarten, and leverages its own products to run a Hape Experience Center which offers the full collection of Hape toys for children to play with as well as a number of different classes.

2.2 Use engagement to enhance the company's reputation and to build an appropriate workforce. "Do something good and talk about it!" – a company is perfectly entitled to use its investment in community skills development as a way of enhancing its reputation and to improve relations with the local government. Hape's Experience Center not only gives Chinese children and parents the chance to engage with an uncommon education concept – i.e. that playing helps to build creativity and fosters an independent spirit – but also serves as a marketing instrument for its own products. And suppose a company was facing a shortage of properly educated workers: in investing generously in local secondary education, the company could reasonably hope to recruit from these schools in due course. One motivational factor for Engro's investing in local education, for example, was the spin-off benefit of enhancing the company's relationship with the local communities, and the likelihood of gaining the social license to operate safely there and reducing the risk of strikes and protests.

2.3 Involve employees to raise motivation, develop skills and foster identification with the company. Ideally, employees should get closely involved in skills-development measures in the community; for instance, by teaching classes, organizing events, or helping to build new infrastructure facilities. In the best case, such involvement will not only increase their motivation but also make them proud of the company (and thereby increase the likelihood of their retention) and give them the chance to develop new skills (again, to the benefit of the company). So, if employees

teach classes in local schools, they can develop presentation skills; and if they organize local events, they can improve their project-management skills. A very good example is provided by Hape, which allows its design-department employees to devote one day per week to designing special toys for handicapped children attending the local school. The simultaneous effects are that the core competences of Hape are harnessed, the employees can develop their skills by dealing with the special needs of these children, and the company stands to benefit through the possible emergence of new products.

3. Good practices and practical examples for administering the initiatives

3.1 Establish clear responsibilities for company and beneficiary alike. If cooperative ventures are to run smoothly and make optimal use of a company's input, it is important to define responsibilities clearly, and to have a dedicated contact person on both sides – the company and the beneficiary. In the collaboration between Hape and the National Technical Vocational School, an individual from each side was nominated to deal with all issues relating to the partnership, such as forwarding scholarship applications to the company, or requesting donations for tools and materials.

3.2 Secure long-term financing to achieve sustainability. Most skills-development measures in the community are long-term oriented, such as investments in kindergartens, schools and universities. To safeguard the success of an initiative, long-term financing should be secured early on, specifically in the planning phase. The financing does not have to come from the company itself, but could come from international organizations or the public sector. Hape's investment in different schools in Xingren has focused on renovating the school buildings and providing modern teaching equipment, while the actual running costs are covered by the public sector.

3.3 Establish sufficient reporting to ensure transparency. By defining targets clearly, and by reporting regularly on the skills-development initiative's performance in fulfilling its objectives, a company can optimize the use of resources and maximize the initiative's social impact. Ideally, KPIs are defined and goals agreed very early on in the cooperation agreement. To provide the right incentives to the beneficiary, these indicators should relate to output – for instance, to the number of graduates scheduled to gain a specific qualification.

Notes

[1] Since companies from industrialized countries often have more sophisticated HR standards, processes and systems, practitioners in less developed regions can benefit considerably by adapting those to the local context.

[2] Refer to Chapter 5 for a discussion of the applicability of the work-force-development good practices to different types of company and different skill categories.

[3] See page 76 for a detailed case study on Hospital Sírio Libanês.

[4] See page 99 for a detailed case study on Ohorongo Cement (Pty) Ltd.

[5] See page 60 for a detailed case study on Hape Holding AG.

[6] See page 103 for details on this initiative.

[7] See page 87 for a detailed case study of JMS Holdings Ltd.

[8] See step 6 of Chapter 5 (page 121) for some key success factors relating to external partners.

[9] UNIDO & Scania (2013), Partnering for Employment and Economic Revival of Iraq's Industrial Manufacturing Sector.

[10] See Chapter 5 for a quick self-assessment tool to identify gaps in hard and soft skills.

[11] See page 44 for a detailed case study on Engro Corporation Ltd.

[12] Collins, M. (2013), Change Your Company with Better HR Analytics.

[13] Barber, F., Strack, R. (2005), The Surprising Economics of a "People Business", Harvard Business Review.

[14] For more details of the initiative, see ACTIVOCA (2013), Value Chain Project Increases Egyptian Farmer Yields, Income and Trust.

[15] Boston Consulting Group (2011), Supplier development. Bonanza or bust?

[16] Ibid.

[17] SWAT Team = Special Weapons And Tactics Team. The term was originally used to describe well-equipped and specialized police or army teams trained for rescuing hostages from buildings in a quick, precise and effective action. In the context of skills development for suppliers, the term is used to describe teams from original equipment manufacturers (OEMs) trained for making a quick analysis of issues and drafting quality-improvement plans during visits to suppliers. In keeping with the original use of the term, the visits are well-planned, compliant with master processes, and very short.

[18] Boston Consulting Group (2011), Supplier development. Bonanza or bust?

[19] Ibid.

[20] For more information, see International Labour Organization (2011), COOP Africa, Tanzania (11.10.2011).

[21] For more details, refer to International Labour Organization (2011), COOP Africa, Kenya (11.10.2011).

[22] Again, the collaboration partners need to be carefully selected. See page 20 for a stakeholder-mapping approach, and page 121 for some key success factors for setting up and implementing training measures with external partners.

[23] Boston Consulting Group (2011), Supplier development. Bonanza or bust?.

[24] This framework is based on BCG's extensive experience in CSR projects, and was not developed bottom-up as the good-practice frameworks on workforce development and skills development along the value chain were. So not all the good practices listed here are accompanied by an illustrative practical example.