

“Round Table” Breakfast Meeting of Leading Executives

Wednesday October 24, 2007 from 8:00 – 10:30 a.m.

Hilton Kingston Hotel, 18th Floor

Mr. Christopher Zacca, President

Chairman Michael Lee Chin, Hon. Bruce Golding, Your Excellencies, business leaders, PSOJ members, ladies and gentlemen, Good morning. Let me thank the National Commercial Bank for inviting me this morning. I am delighted to be a part of this important dialogue which seeks to emphasize the importance of the development of human capital for the 21st century workplace.

For a number of years now, NCB has prioritized community development and education as a part of its corporate social responsibility and nation building efforts and I wish to sincerely commend the NCB Foundation for its focus and contribution to the betterment of Jamaica. In particular, through the Jamaica Education Initiative, NCB has made significant contributions towards the development of our nation’s people

It is good to know that there is such congruence between the thinking of the private sector and the Government and the Prime Minister, in his remarks, has

touched on many of the points that I will make in my presentation.

There is no question that, in order for Jamaica to successfully compete in this new competitive global market, we must move quickly to address the inadequacies in our education and training systems, learning from the considerable successes that have been achieved by developed economies throughout the world. The vision of a successful and competitive economy will only be possible in an environment that encourages the development of the people of Jamaica and with the relevant investment in their education and training. Both the Government of Jamaica and the private sector must play their respective roles.

As I listened to Prime Minister Golding's vision this morning, I was excited to hear his plans for the development of Jamaica's human capital. We, at the PSOJ, consider education and training to be pivotal to Jamaica's growth and development. That is why we have identified this area among seven key topics for discussion at a National Summit that is being hosted in collaboration with the Government of Jamaica.

I am hopeful that under the leadership of our new Prime Minister, that education

and training will be given the status it deserves as it relates to building economic development and social stability. The challenge for you, Mr. Prime Minister, and frankly all of us, is to distill the considerable knowledge we have available on best practices in education and training in successful economies.

Just last week, the Caribbean Policy Research Institute (CAPRI) at the University of the West Indies provided some key recommendations for educational reform, based on the experiences of Ireland, Finland and Singapore. The report supports the well accepted fact that Jamaica's comparative advantages must be further shifted from traditional labour and resource intensive industries and that the comparative advantage that is likely to survive external changes in the world is in the area of knowledge-generation.

But how do we get there? Clearly it will not be possible in this short presentation to adequately explore the complexities of our education and training systems and what is needed to reform them. There has been a plethora of studies and recommendations that have sought to point the way for policy makers, educators and administrators alike to address the many issues that face this sector.

So I will confine my comments to some key concerns shared by the private sector

in general and the PSOJ, in particular, and suggest approaches that might help us along as we grapple with these challenges.

First and foremost, we believe, we must align our education and training systems with our economic development strategies to ensure that we produce 21st century citizen-workers - capable of seizing the economic opportunities which the global environment is presenting. Sadly they are currently misaligned and the private sector, in particular, has to do more to make its plans and needs known.

I must commend the HEART Trust/NTA, represented today by its Executive Director, Mr. Donald Foster, for the pivotal role it is playing in preparing Jamaica's human capital to support the work of the private and public sectors. HEART has been a leader in the Caribbean region in facilitating training and certification of the work force to global standards and in doing so, has brought credibility to training delivery by collaborating with trade unions, employers' organizations, and professional and community organizations. HEART has promoted a vigorous programme of competency-based vocational qualifications, first the National Vocational Qualifications – the NVQ's and just last Friday, launched the Caribbean Vocational Qualifications – the CVQ.

I spoke earlier about the recommendations for educational reform made by CAPRI. Among their recommendations are four which I consider to be of critical importance and which I would urge the private sector to support wholeheartedly:

1. Jamaica needs to expand vocational training at all levels of the educational process. This means that not only should HEART's programmes be significantly expanded but we should remove those reported stumbling blocks that have got in the way of preparing students in secondary schools for the world of work by complementing their general education with work-based NVQs. I would like to propose a major private sector initiative to partner with education and training institutions to undertake a massive new apprenticeship scheme in which youngsters could be mentored in firms and gain valuable work experience.
2. More resources should be put into primary education and the quality of teaching at primary and secondary levels augmented. We need to address our minds to how we can attract and retain more people with the right skills and attitudes to teach in our schools and we should support the notion of performance-based remuneration for our teachers.
3. There should be greater choice and flexibility in the curriculum to produce graduates that are more creative, innovative and adaptable

4. Attendance at school should be made compulsory and we should put more resources into national campaigns to help our people to understand the importance of receiving a good education. The campaign should target parents so that they see themselves as real stakeholders in the process of preparing their offspring to succeed in the future.

I close by sharing with you a quote, which was brought to my attention in a September 2007 article by Ronald Bailey which says: “Rich countries are largely rich because of the skills of their populations and the quality of the institutions supporting economic activity”. In the article, the *Secrets of Intangible Wealth*, the author points to the fact that a Mexican migrant to the U.S. is five times more productive than one who stays home. Ronald Bailey then proceeds to construct his point using some remarkable research conducted by the World Bank. The Mexican migrant’s productivity is not linked to the USA having more machinery or tools or natural resources, but, according to the World Bank research, is because the average American resident has access to over US\$418,000 in intangible wealth. The stay-at-home Mexican’s intangible wealth is just \$34,000, very similar to Jamaica’s, at \$35,000.

The World Bank study set out to assess the contributions of capital to economic development and first considered the factors of production - land, natural resources and produced capital. Once these values were added, it was realized that the vast majority of the world's wealth was missing. Simply adding the current value of a country's natural resources and produced or built capital, did not account for an individual country's levels of income. The missing factors relate to what are termed intangible factors, and include such areas as:

- trust among people in a society
- an efficient and effective judicial system
- clear property rights and
- effective government.

The study also considers that, and I quote: "*Human capital and the value of institutions (as measured by rule of law) constitute the largest share of wealth in virtually all countries.*" It notes that eighty percent of the wealth of rich countries and sixty percent of the wealth of poor countries result from these intangible factors. It is of interest to note that, according to the analyses, the rule of law explains 56% of countries' intangible capital, with education accounting for 36%. Switzerland, considered one of the safest and most civilized nations in

the world, scores 99.6 out of 100 on the rule of law index, with the US rated at 91.8. The countries of Ethiopia, Nigeria and Burundi score pitifully at 16.4, 5.8 and 4.3, respectively. With high levels of corruption and a failing education system, Nigeria is said to be destroying its intangible capital, thus ensuring that their human capital will remain poorer in the future.

As I noted before, when a Mexican, or any other nationality for that matter, whether African, or Jamaican, becomes resident in North America, they gain access to the US intangible capital valued at \$418,000 per person. This could explain why so many Jamaicans achieve such strides when they migrate to the developed world.

Chair, ladies and gentlemen, I have sought this morning to outline only some of the foundations for success in developing Jamaica's human capital. The Government and the private sector must work together to ensure that:

- the legal framework, infrastructure and required training are put in place to support the development of human capital;
- the private sector must define and demand the skills required to move the business sector to higher productivity levels and we must play a bigger role

in apprenticeship programmes;

- we acknowledge the importance of changes in the world and make the transformation towards a knowledge-intensive economy
- we acknowledge the importance of intangible wealth and the rule of law.

It is clear that other small economies have successfully managed to transform their educational systems to meet the needs of the twenty-first century world. We too must ensure that the Jamaican workforce is safe, skilled and competitive with the world. With the resolve of all stakeholders, such a transformation can also be achieved in our country.

I look forward to us all, working together to build and develop our human capital truly seeking to fulfill NCB's mission of building a better Jamaica and the PSOJ's vision of a lawful, ordered, just and values-driven society and a first world economy.