

Guest Contributor

Where are all the skilled workers in Latin America?

By Jerry Haar and Krystal Rodriguez / April 17, 2017

The U.S. and Latin America and the Caribbean increasingly have many things in common—sluggish economic growth, declining faith in their political institutions, growing income inequality, and the inability of the private sector to find the workers they need. This last challenge is particularly troubling; having a qualified labor pool is a prerequisite for economic dynamism, social mobility, improved incomes, and political cohesion.

Similar to the U.S., voters in Latin America and the Caribbean want jobs and equitable growth in their country. Creating a stable labor market, though, is difficult if you lack human capital. According to Manpower Group, in 2015 50% of firms in Latin America and the Caribbean reported not being able to find a candidate with the skills they need to expand their business, compared to 36% of firms in OECD countries. Experts suggest the shortage of human capital in Latin America and the Caribbean is due to the lack of quality education and technical training.

Despite the growing hostility to globalization and free trade agreements in the U.S. and Western Europe, almost all nations in Latin America and the Caribbean have embraced neoliberal reforms including trade, investment and financial services liberalization. Regrettably, however, the region is falling behind its competitors in other emerging markets; and education and workforce are two of the areas of greatest deficiency. According to the World Economic Forum, the sectors with the biggest skills gap in the region are the ones that are most beneficial for development and modern industrialization—manufacturing and information technology. For example, IDC, a market intelligence firm, estimates a shortage of nearly 300,000 computer networking jobs in eight Latin American countries.

Improving human capital requires quality education and relevant vocational skills training. Today in Latin America and the Caribbean, developing those sorts of programs demands collaboration between the public and private sectors to advance workforce appropriateness and quality. Until now the traditional job-training model in Latin America and the Caribbean has been large national public training institutions that act both as providers and as policy leaders and regulators. But it is the industries themselves that know the type of skills needed to improve

their businesses and can best collaborate with school systems to implement formal technical training in the curriculum.

To illustrate, the Global Apprenticeship Network (GAN), a Swiss-based non-profit organization, is a prime example. GAN combines classroom with workplace training so young people acquire the relevant skills needed when entering the workforce. Over the past two years, GAN has launched its networks in Mexico, Argentina and Colombia. The Colombian government has made extra strides in this collaboration by working with the IDB and the World Bank to provide quality educational and vocational programming to tertiary level education, by launching Colombia Científica—a program to improve higher education through research and development.

Technology firms have been at the forefront of workforce development and youth employment in the Americas. Cisco, Microsoft, Hewlett-Packard, and SAP have all been actively involved for some time. Hewlett-Packard has an entrepreneurship and IT training program for young people in emerging markets in partnership with the United Nations. SAP has launched Latin Code Week, attracting more than 400 youth from Argentina, Brazil, Colombia and Mexico. And a number of major corporations—in alliance with civil society and the public sector—have launched New Employment Opportunities (NEO) to target over one million young people for employment training and job placement. Microsoft alone has committed over \$5 million toward this initiative.

The formula to strengthen the workforce in Latin America, especially for younger workers, is well-known: internships and apprenticeships; matching skills with existing and projected market demands; ensuring a foundation of basic skills—including communication; closer company-school collaboration; tax incentives for companies for worker training; improving vocational-technical education at the secondary school level, and adopting best practices from other countries—especially those in other emerging markets.

Global competition for both consumer and industrial markets is intensifying, despite the sluggish growth in the global economy. Latin America and the Caribbean cannot afford to fall behind in the global market. Now more than ever, the region must rapidly improve its workforce through relevant skills to increase production and economic growth. This daunting task will require cooperation and collaboration between the public and private sectors, non-profit organizations and education and training institutions.

Of all capital, human capital is the most precious, the most important. Addressing this need successfully will surely give Latin America and the Caribbean a competitive edge in the marketplace and improve the lives of workers and citizens at large in the region.

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