



Advisory • Investments • Research • Education

Finishing Schools as a Catalyst for Human Capital Development in Latin America's IT Services Sector

November 2011



Inter-American Development Bank

Abbreviations

Associations

1. UN	United Nations
2. WB	World Bank
3. IMF	International Monetary Fund
4. UNESCO	United Nations Educational, Scientific, and Cultural Organization
5. UNDP	United Nations Development Programme
6. OECD	Organization for Economic Co-operation and Development
7. ECLAC	Economic Commission for Latin America and the Caribbean
8. IADB	Inter-American Development Bank
9. WEF	World Economic Forum
10. EIU	Economist Intelligence Unit
11. IESALC	Instituto Internacional para la Educación Superior en América Latina y el Caribe
12. QS	Quacquarelli Symonds
13. AMCHAM	American Ecuadorian Chamber of Commerce
14. AESOFT	Asociación Ecuatoriana de Software
15. CompTIA	Computing Technology Industry Association
16. CINDE	Costa Rica Investment Promotion Agency
17. SLASSCOM	Sri Lanka Association of Software and Service Companies
18. TESDA	Technical Education and Skills Development Authority

Training Institutions

19. SNPP	Servicio Nacional de Promoción Profesional
20. SINAFOCAL	Sistema Nacional de Formación y Capacitación Laboral
21. SECAP	Servicio Ecuatoriano de Capacitación Profesional
22. SENATI	Servicio Nacional de Adiestramiento en Trabajo Industrial
23. IPCC	Centro de Capacitación de Call Center
24. INET	Instituto Nacional de Educación Tecnológica
25. ITU	Instituto Tecnológico Universitario
26. INA	Instituto Nacional de Aprendizaje
27. VTA	Vocational Training Authority

Programs

28. CTE	Career and Technology Education
29. PNI	Programa Nacional de Informática

Companies

30. IBM	International Business Machines
31. HSBC	Hong Kong and Shanghai Banking Corporation
32. ACS	Affiliated Computer Services
33. HP	Hewlett-Packard



Industry Specific Terms

34. BFSI	Banking, Financial Services, and Insurance
35. BPO	Business Process Outsourcing
36. CAD	Computer-Aided Design
37. CD	Capacity Development
38. ESO	Engineering Services Outsourcing
39. F&A	Finance and Accounting
40. FAO	Finance and Accounting Outsourcing
41. FGD	Focus Group Discussion
42. GER	Gross Enrollment Ratio
43. HIMO	Health Information Management Outsourcing
44. HRCD	Human Resource Capacity Development
45. IP	Intellectual Property
46. IT	Information Technology
47. ITeS	Information Technology Enabled Services
48. ITO	Information Technology Outsourcing
49. KPO	Knowledge Process Outsourcing
50. LPO	Legal Process Outsourcing
51. MNC	Multi-national Corporations
52. NGO	Non-Government Organization
53. PC	Personal Computer
54. PHP	Hypertext Preprocessor
55. PPP	Public-Private Partnerships
56. R&D	Research and Development
57. SQL	Structured Query Language
58. SWOT	Strengths, Weaknesses, Opportunities, and Threats
59. TVET	Technical and Vocational Education and Training



Table of Contents

Introduction	7
Report Structure	9
Methodology	11
Human Resource Capacity Development	13
The Role of Institutions	14
Education and Training for IT Services Industry	16
Finishing Schools as an HRCD Program	21
Definition of Finishing Schools	23
The Finishing Schools Framework	30
Stages in Finishing Schools Framework	30
Complete Process Flow for the Stages	43
The Importance of Pilot Programs	47
Assumptions on Finishing Schools	48
Trends in the Global Talent Pool	49
Skills Situation among Global Locations	49
Impact on the IT Services Industry	52
Latin America's Current IT Services Labor Pool	54
State of Tertiary Education in Latin America	54
Strengths of Latin America's Labor Pool	63
Weaknesses of Latin America's Labor Pool	66
Outlook of Latin America's Talent Pool	68
SWOT Analysis – Latin America's IT Services Industry	72
HRCD in Latin America's IT Services Industry	73
Country Perspectives	73
Regional Analysis	85
Recommendations for Finishing Schools Implementation	87
Establishing Public-Private Partnerships	87
Financing for Finishing Schools	93
Conducting Skills Assessment	95
Appropriate Finishing Schools Program Design	98



Conducting Pilot Programs	107
Industry-Specific Linkages and Endorsement	109
Marketing and Promotions for Finishing Schools	111
Using Program Evaluation Methods	113
Implementation Roadmap for Finishing Schools	116
Conclusion	120

Table of Figures

Figures

Figure 1: Tholons Location Assessment	11
Figure 2: Entry Points for HRCD	13
Figure 3: Comparison of Education Systems	17
Figure 4: Two levels of Considerations in developing HRCD programs	22
Figure 5: Four Stages of the Finishing Schools Framework	30
Figure 6: Needs Analysis.....	31
Figure 7: Stakeholder Analysis.....	32
Figure 8: First Level of Skills Analysis	33
Figure 9: Second Level of Skills Analysis.....	34
Figure 10: Stage 2 Process Flow	38
Figure 11: Formulate Finishing Schools Program	39
Figure 12: Stage 3 Process Flow	41
Figure 13: Stage 4 Process Flow	42

Tables

Table 1: Classification of Technical/Vocational Skills and Core Skills	23
Table 2: Comparative Summary of General Education, TVET and Finishing Schools	25
Table 3: Precursors of Finishing Schools – Procedures and Output	27
Table 4: Summary of Needs Analysis	31
Table 5: Sample Skills Assessment Mapping	35
Table 6: Summary of Program Conceptualization.....	37
Table 7: Summary of the Implementation Stage	41
Table 8: Summary of Evaluation Stage.....	42
Table 9: Balanced Scorecard Sample	43
Table 10: Global Talent Index 2011	50
Table 11: Comparison of Population of Outsourcing Destinations.....	64
Table 12: Distribution of Major Delivery Centers (Select Providers)	65
Table 13: Scalability Comparison Among Established Outsourcing Destinations and Latin America.....	67



Table 14: Potential IT-BPO Service Lines as per Academic Discipline	70
Table 15: Country Service Line Specialization	71
Table 16: SWOT Analysis Latin America	72
Table 17: SENCE Programs per Training Method	84
Table 18: SENCE Job Placement Programs.....	84
Table 19: PPP Models with Accompanied Roles	89
Table 20: Academic Discipline Matched to Segment and Service Line	96
Table 21: Industry Identification of Skills to Develop	99
Table 22: Excerpt of TESDA Modules for Contact Center Services	100
Table 23: Sample of Performance Indicators	114
Table 24: Short Term Development Track	116
Table 25: Medium Term Development Track	118
Table 26: Long Term Development Track.....	119

Charts

Chart 1: Regional Talent Index Ranking	52
Chart 2: Tertiary Enrollment Ratio Comparison	55
Chart 3: Gross Enrollment Ratio Comparison	56
Chart 4: Public and Private University Growth in Argentina	57
Chart 5: Public and Private Enrollment in Argentina	57
Chart 6: Public and Private University Growth in Colombia	58
Chart 7: Public and Private University Enrollment in Colombia	59
Chart 8: Percentage of Public and Private Universities in Select Latin American Countries	60
Chart 9: Percentage of Public and Private Universities in Select OECD Countries.....	60
Chart 10: Categorization of Tertiary Graduates in Argentina	68
Chart 11: Categorization of Tertiary Graduates in Brazil.....	69

Case Study

Case Study 1: Singapore's Ministry of Education	15
Case Study 2: Philippines Ladderized Education Program.....	19
Case Study 3: India's Finishing Schools Program	24
Case Study 4: Skills Certifications.....	40
Case Study 5: F&A Outsourcing in the Philippines	69
Case Study 6: Example of an Institutional PPP	91
Case Study 7: MIT and Accenture Collaboration	103
Case Study 8: Finishing Schools' Pilot Program in India	109
Case Study 9: Industry Linkages in Sri Lanka.....	110
Case Study 10: Promotion through Partnership with Academic Institutions in the Philippines...	112
Case Study 11: Anecdotal Experience of Finishing School in the Philippines	113



Introduction

People are a nation's primary asset. Across the Agriculture, Industry, and Services sectors of an economy, there is a perpetual reliance on human resources – both on their number and the range of their skills and abilities. As countries around the world have been experiencing the transition towards developing a stronger Services sector, human capital has been pressured to adapt to the changing global economic landscape. However, while being the critical building block for pursuing a location's economic progress, skills development still has considerable implementation challenges especially in keeping pace with emerging global trends and conditions.

Development, whether from the social, economic or institutional perspectives is the primary aim of all nations. It is most often the mission across the different schools of thought and key institutions worldwide, as development cuts through various facets in the economic, social, and political realms of a location. Developmental approaches are always being reviewed and refined, accounting the changes in the country, as well as the prevailing global trends.

By itself, development is an encompassing principle. It can vaguely refer to a location's infrastructure, key institutions or stakeholders, labor or human resources, health and social well-being, among others. Nevertheless, the concept of *development* is closely and more commonly associated in the context of human capital, as this is the crux and the most significant indicator of a location's overall progress.

Human capital of a location is highly dynamic – it is ever-changing in both quantity and capability. It is the key asset of a location in growing its various economic sectors. In fact, the 'strength' of human capital is commonly associated with a country's 'overall development.' All other things being equal, higher population growth rates and larger, more skilled labor force ratios most often lead to higher production levels - which in turn contributes to economic gains, translating to improved social development, cycling back to further human capital development.

This ideal situation is not immediately reflected in the present reality. Given increasing population and labor force growth rates across the world, poverty, unemployment, underemployment, and educational challenges have been perennial challenges in most countries. It can be concurred that simply relying on numerical growth may not be enough to combat such problems. What can be done is to better develop the *quality* of the human capital – *the inherent skills of the population*.

Pursuing the development of human capital entails a detailed and comprehensive plan of action. Various organizations such as the United Nations (UN), the World Bank (WB) and the International Monetary Fund (IMF) have introduced the concept of Capacity Building or Capacity Development (CD) to target this paramount concern. In general, CD programs aim to discover and enhance the inherent capabilities of an individual, a group, an organization, a government, or a nation to accomplish a specific task for increasing welfare and achieving economic and social progress.

Tholons believes that such programs can be directed towards human capital of a location. Further, it should be considered that human resource capacity development (HRCDD) concept



should be more focused on the development of each individual, as this is the basic unit of human resources in a given location. Each individual will form the foundation required to increase productivity across key sectors and industries in a location. As such, the skills of the human resources will be the key determinant in the success of a location's economic or social development.

The last decade has seen the emergence of a new global industry now commonly referred to as Information Technology (IT) Services, which encompasses Services Outsourcing. Outsourcing is most often characterized as a cost-efficiency tool and business or operational strategy model that aims to better utilized human resources – regardless of physical location. As managing cost remains the prerogative for global companies, pursuing cost-reducing strategies and business models such as services outsourcing will often better augment revenues and profits. Nevertheless, a considerable and complementing reason with this is the talent pool of the outsourcing location. Skills will determine what processes can be delivered from a location. With this, it can be seen that the very nature of outsourcing lies in one objective – ***finding the most appropriate location where an operation or a process can be best carried out from the best skilled people at the lowest possible cost.***

With increasing IT adoption and expanding trade activity and globalization, the IT Services industry has oscillated from proponent countries such as India, the Philippines, and Canada to emerging locations like Colombia, Argentina, Mexico in Latin America, Vietnam, Malaysia in Asia, and Poland, Czech Republic in Eastern Europe. This also highlights the propensity of a location to leverage specific and inherent skills. For example, the Philippines has a large English-speaking population which is deemed as a key leverage for tapping English markets for voice-based services. India has particular expertise in high value IT work due to large IT and Engineering labor pool. The underlying reason for this is seen in India's educational system which is geared toward technical subjects such as Science and Mathematics beginning at early educational levels.

In fact, the global IT Services industry will find its growth continuity through the skills of the people. Greater opportunities are being seen in the outsourcing industry, but they are still underexplored. The demand side, coming largely from MNCs (multinational corporations) and service buyer geographies such as North America and Western Europe has been requiring higher value services, yet the supply side (service provider locations) has been relatively tepid in responding to these increasing needs. Although most provider locations have sizeable labor pools, the employability of the people continue to be a determining factor in meeting - or failing to meet - prevailing services outsourcing demands.

Given these, this report will focus on the human resources of emerging outsourcing locations and the strategies that can be utilized to enhance the skills sets and employability for the IT Services industry. As capacity development programs, talent development initiatives are directed to enhance the people. In particular, the concept of HRCD seen in the Finishing Schools model will be investigated in the context of Latin American region, which has real world potential and capabilities in meeting specific demands of the global outsourcing industry. The report will likewise meet the following objectives:



- Identification of the origin and function of the Finishing School as a Human Resource Capacity Development instrument
- Assessment of other Human Resource Capacity Development programs in relation to Finishing Schools
- Selection of the best practices in the implementation of a Finishing School program
- Implementation of Finishing Schools model through Public-Private Partnerships (PPP)
- Key success points and main challenges in implementing Finishing Schools

Report Structure

This report will have eight inter-related sections. These sections will investigate the various facets of Finishing Schools as an instrument for Human Resource Capacity Development in the context of Latin America. The specific sections are the following.

- **Section 1: Human Resource Capacity Development**

This section reviews key academic literatures in Capacity Development for human resources. This establishes the rationale and importance of capacity development, especially among developing countries in forming competitiveness in various sectors and industries. Specifically, this will provide a comprehensive overview of the importance of enhancing capabilities in the individual and institutional levels in order to achieve an enabling environment for IT Services industry.

- **Section 2: Finishing Schools as an HRCD Platform**

This section establishes the Finishing Schools as an HRCD platform. Similar to academic institutions, Finishing Schools are avenues to conduct skills training and development for a given labor pool. However, Finishing Schools differ from its purpose, scope, and implementation – as these can be considered as a Technical and Vocational Education and Training for the IT Services industry. These three aspects are the key differentiating factors of Finishing School. This section provides key insights into the best practices and likely challenges in adopting and implementing Finishing Schools as and HRCD platform.

- **Section 3: The Finishing Schools Framework**

This section itemizes the stages that are needed to implement Finishing Schools as an HRCD tool in Latin America. The four-stage framework will have a cyclical approach – which seeks sustainability through continuous program improvement and customization to growing skills needs of the labor pool.



- **Section 4: Trends in the Global Talent Pool**

This section identifies the current talent pool trends across key countries in the world. It highlights the current strengths in the labor pool of these countries, as well as the short- and medium-term challenges these locations are seen to experience. As such, this will verify the similarities and prevailing disparities among various talent pools in the global industry. Lastly, this section identifies the effect of the global trends in the growth of the IT Services industry.

- **Section 5: Latin America's IT Services Labor Pool Condition**

Section 5 focuses on the Latin America's current labor pool conditions. The section analyzes the tertiary education of the countries in the region, and tackles the strengths and weaknesses of its talent pool. Lastly, this section purposely investigates the correlation of the condition of the labor pool to IT Services industry competitiveness.

- **Section 6: Outlook of Latin America's Talent Pool**

This section will identify the opportunities that the region's talent pool can explore. Given the analyses of the scale and skills sets of the region, particular IT Services opportunities are identified. Likewise, key threats are enumerated, if the region will not be able to effectively address the mentioned labor pool challenges.

- **Section 7: SWOT Analysis – Latin America's IT Services Industry**

The section will fuse insights from Sections 5 and 6. The dynamics of the internal factors (strengths and weaknesses) will highlight the labor pool situation of Latin America against prevailing industry trends. Moreover, external factors (opportunities and threats) will verify the industry-related direction for the talent pool in the region.

- **Section 8: HRCD in Latin America's IT Services Industry**

This section features various HRCD programs implemented in Latin America, with focus on the key countries. This aims to throw light in the success points of the current skills training and development programs, as well as the hindrances for effective implementation. This section will also include the effects of HRCD programs in the region's IT Services industry.

- **Section 9: Recommendations for Finishing Schools**

This section aims to provide a guide for the implementation of Finishing Schools in Latin America. This provides the context of the implementation framework for a Finishing Schools program. In addition, the section serves as a guide in adopting Finishing Schools as a key training and development tool especially for the IT Services industry. In this section, important requisites and possible challenges will also be highlighted.



- **Section 10: Implementation Roadmap for Finishing Schools**

Section 10 will provide developmental tracks as a guide in implementing Finishing Schools in Latin America.

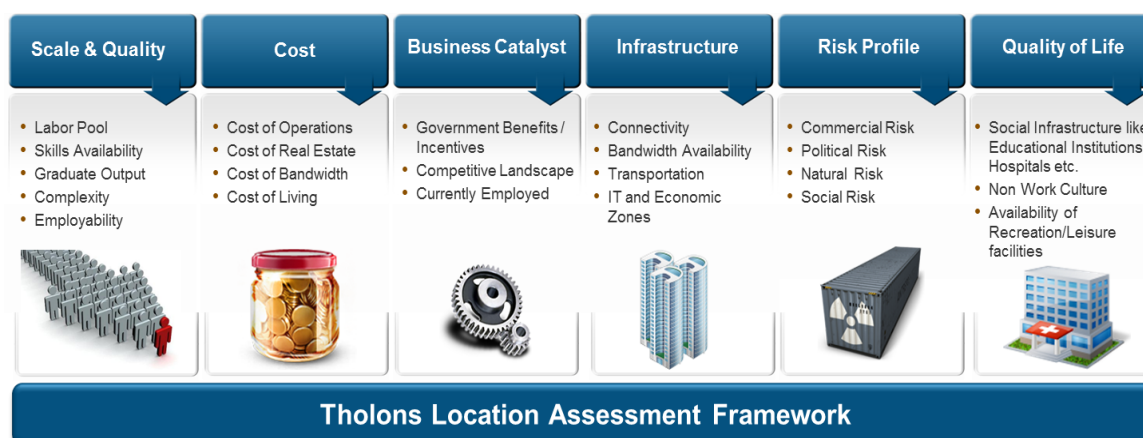
- **Section 11: Conclusions**

This section will provide summary analyses and insights of the study. This will also lead to important points to consider in implementing Finishing Schools in Latin America.

Methodology

In completing this report, Tholons will leverage on its Location Assessment Framework, focusing on the Scale and Quality component. This component assesses the current tertiary education profile (both students and graduates) of a location. It will identify the top academic discipline as a significant indicator of the desired skills sets of the location's labor pool. In addition, it considers the effects of other components in the general trends and dynamics of the labor pool. For instance, government and institutional support will play a crucial part in the analyses.

Figure 1: Tholons Location Assessment



In the course of applying the proprietary Location Assessment Framework, Tholons will also use credible and industry-accepted data sources. This will be composed of both secondary and primary sources. A detailed section of the data gathering methodology is mentioned below.

- **Secondary Data Sources**

This includes relevant literature related to HRCD and Finishing Schools. Data pertaining to youth and tertiary education indicators will also be considered. These data sets will be obtained through reliable and industry-recognized sources such as the World Bank, United Nations and its affiliated organizations (such as UNESCO and UNDP),



Organization for Economic Co-operation and Development (OECD), Economic Commission for Latin America and Caribbean (ECLAC), and the Inter-American Development Bank (IADB).

In relation to IT Services related data, Tholons will use its extensive research databases across global outsourcing locations from previous intellectual property (IP) oriented projects and studies.

- **Primary Data Sources**

Tholons has also conducted primary data gathering among subject-matter-experts in India and the Philippines – the leading example countries in implementing HRCD and Finishing Schools framework models. Through these primary interviews, Tholons has compiled significant information and analytical insights that were used to support the various analyses and recommendations in this study.

In the completion of this report, Tholons has probed deep into the interplay of all collected data and analyses in assessing Latin America's talent pool, the potential role and benefits of Finishing Schools, and overall capacity of the region in delivering outsourced services.



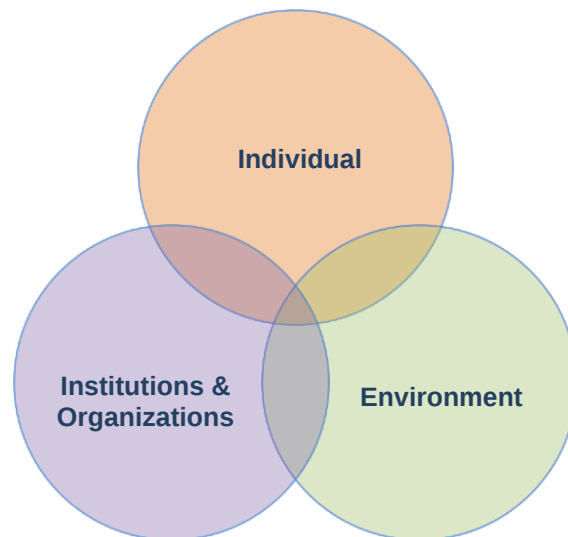
Human Resource Capacity Development

As Services Outsourcing expands across global locations, competition has subsequently increased. A software developer in Sao Paolo, Brazil competes not only against other local providers in the city, but also with those in neighboring Chile or distant India and China. In this light, greater weight is given not only to the quantity of software developers in a location, but more so to the skills of the labor pool in deciding where to allocate certain IT Services work. Basically, the question does not revolve exclusively around how many software developers there are in the locations, but more so today, on *how well* the software development process can be done in a particular location. In fact, *scale and employability* of the labor pool is fast becoming the definitive aspect of *competitive advantage* for many emerging service locations. Employability and the quality of skill sets of a location for example, are the very reasons why smaller scale countries like Costa Rica and Chile in Latin America and the Czech Republic and Hungary in Easter Europe are able to attract large MNC service providers to their respective locations.

Continuous transformation by service provider locations including their human resource component is imperative to meet global market trends and demands. Such trends push individuals to gain the basic skills sets or to desire higher levels of capacities that will become the determinant to *process* and accomplish specific work. This implied requirement is becoming another avenue to reach higher levels of human development. Such advances could not take place unknowingly – conscious efforts have to take place to attain higher levels of skills sets.

Figure 2: Entry Points for HRCD

Specifically for the human resources of a location, this mandate can be done through Capacity Development. The United National Development Program defines Capacity Development as *the process by which individuals, organizations, institutions and societies develop abilities (individually and collectively) to perform functions, solve problems, and set and achieve objectives*. The UNDP considers this as the interplay of three aspects – education, training, and learning – through three specific *entry points* such as the individual, institutions and environment.



Targeting an entry point for CD will result to an oscillation of effects to other entry points. To a certain extent, these entry points are interconnected to each other, with *the individual as the basic unit or smallest building block*. Further, the growth in one entry point will directly result to the growth of the other. For instance, higher levels of individual capacities will necessitate better institutions (such as the government, private sector, etc.) to govern them and meet their demands. Likewise, such institutions will create an enabling environment for higher skilled



individuals to excel. This example is only one scenario where CD programs can contribute to overall growth and improvement of a location.

The following sections will shed light into the relationship of these entry points, as well as highlight the importance of directing CD programs to the individual human resources of a country.

The Role of Institutions

One entry point is inseparable from another. In conceptualizing CD programs, it is important to recognize *what* entry point has to be further developed and *how* other entry points will have a significant part in oscillating this development to all entry points. Isolating one from the other will become an inefficient strategy for implementing CD programs. In one way, a vital link between the individuals and the enabling environment is needed – *the institution*.

Institutions are governing bodies that establish the mandate for targeting the concerns of the individuals and translate this to the creation and sustainability of an enabling environment. These institutions are composed of the public sector, private sector (associations and organizations), and non-government organizations (NGOs). The act of governance among these institutions is not limited to oversight role in the activities of the locations, but also to direct the activities to achieve the goals and to ensure each activity is related and beneficial to the others.

The World Economic Forum (WEF) in its annual Global Competitiveness Report identifies the institution as the *first pillar of competitiveness*. Institutions are also considered as one of the *basic requirements* in enhancing a country's competitiveness. The WEF also recognizes, "*the quality of institutions has strong bearing on competitiveness and growth.*" As such, institutions create effect to other pillars in the report, such as Infrastructure, Macroeconomic Stability, and Higher Education and Training.



Case Study 1: Singapore's Ministry of Education

Institution-Driven Competitiveness

Singapore's Key Advantages

Singapore becomes the leading Asian country among the Top 10 in the Global Competitiveness Report 2011-2012. The country overtakes Japan (9th) in the Top 10. The country progressed into second place this year in the overall rank, behind only Switzerland. This continual ranking improvement has been contributed to its strong institutions, even being *assessed as the best in the world*.

Singapore's government agencies put strong emphasis on the quality of its education. The Ministry of Education (MOE) upholds the School Excellence Method framework in gauging the educational institutions through two categories – the academic processes and the results that Singaporean schools achieve. This framework acknowledges that the quality of the labor pool (students) is also dependent on the quality of schools honing their skills. The MOE's adoption of this framework proves its strength in devising monitoring platforms among knowledge institutions.

Such initiatives from the MOE will become Singapore's key in increasing its competitiveness. The commitment of MOE in setting and monitoring standards among the country's academic institutions will promote compliance, which secures the output of skilled talent pool. Thus, MOE realizes that its proper program implementation will create repercussions to other academic institutions in Singapore – emphasizing their importance in the skilling process of the country's labor pool.

Sources: Global Competitiveness Report 2011-2012, Singapore Ministry of Education

As much as the individual capacities have to be improved, institutional capacities also have to be refined. These capacities encompass planning, implementation and evaluation capabilities across institutions. The case study on Singapore identifies that the institutional capacity of its Ministry of Education is transferred to the schools, as they will do internal evaluation before the MOE assesses their institutional performance. The guidelines and standards set by the MOE will become the minimum criteria, which will push these schools to increase their capacities in providing quality education.

In many developing economies where gaps and inefficiencies among institutions are recognized, the assessment of the complementing characteristics among them is needed. Private industry bodies may help in alleviating operational bottlenecks of government agencies for example. Given this, partnerships within the institutional or organizational level are necessary to achieve the goal of CD.

In essence, *partnership* becomes the building block of strong institutions. This fosters transparency and effective communication, since each institution or stakeholder is aware of the goal of an activity, and takes respective ownership of the overall mandate. Further, partnership strengthens the related activities done in each entry point, thereby fostering the creation of an *enabling environment*.

The established relationship and interrelated activities among the entry points will address short term goals as well their long term sustainability. The achievement of short term activities are stepping stones to realize sustainable development. Individuals will have greater capacities, and institutions will have improving governance skills and approaches.



Thus, it is imperative to maintain a concordant relationship among the three entry points – more importantly amongst the stakeholders at the institutional level. The improved capacities in one level will be eventually translate to development in higher levels. This aspect in CD is greater emphasized especially in setting competitiveness among key growth industries of a location. This includes the IT Services industry, a knowledge-based and skills-specific industry, where partnerships between industry and government institutions are critical – as the latter would typically be pressed to keep pace with the fast-moving demands of the industry.

In tapping into the IT Services industry, institutions have to be keen in identifying the skills needs of the individual level, specifically the required labor pool segment required to process IT Services. Since the industry is rapidly growing, wider industry knowledge is needed to effectively adapt to the quick changing landscapes. Moreover, key stakeholders have to acknowledge the importance of education and training to form adequate and effective tools for addressing the skills needs.

Education and Training for IT Services Industry

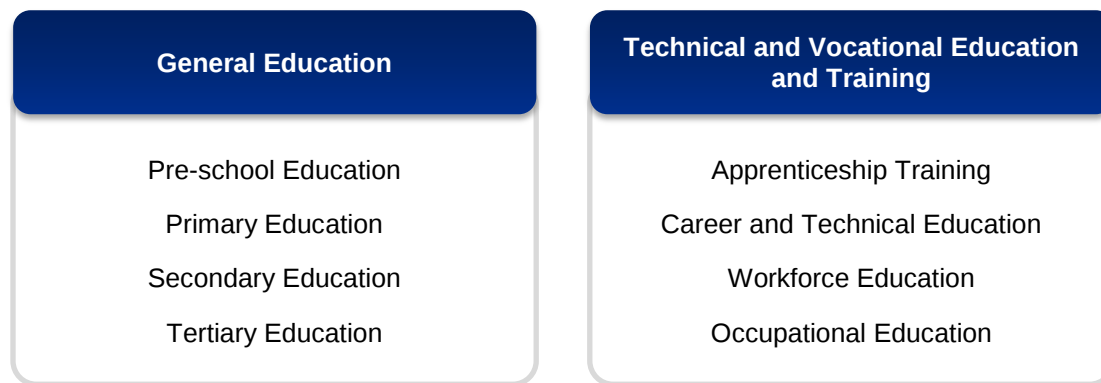
The individual unit or the people are the primary assets of any location, as more and more locations are pursuing steeper development in the Services sector, particularly in the IT Services space. They should have the capacity to respond the shifting landscapes of both the local and global IT environments. As individuals develop, countries can expect for increasing rates of progress, through attracting more economic investments from both domestic and foreign investors. Only through sufficient education and training can individuals foster higher and more complex skills to adapt to the changing industry trends.

At this point, it is important to differentiate *education* and *training*. Although often used interchangeably, these two concepts have distinct roles in the human resource development. Education is defined as the deliberate and systematic activities designed to meet learning needs, while training can be classified as any formal and post-compulsory education instruction or learning activities (which may be short term and less academic in orientation) aimed to develop knowledge, skills and attributes linked to particular forms of employment.¹ Given these definitions, it can be concurred that education highly involves the *theoretical foundations of skills*, while training involves their *practical application*. The interplay of these two becomes the imperative rule in assessing and designing methods for human resource development. Education may come from formal academic institutions, while training may come from institutions that provide technical and vocational education programs.

¹ UNDP Capacity Development Group, with reference to UNESCO definitions, 2006



Figure 3: Comparison of Education Systems



General Education through Formal Academic Institutions

Formal academic institutions are those involved in providing access to general education, consisting of primary, secondary and tertiary education, to the populace. These institutions can be managed by the public sector or private sector. Nevertheless, the public sector (most often, national government agencies) has the administrative oversight and control for all institutions. All activities and programs of each institution have to comply with the general mandate, objectives and programs of the Ministry (or Department) of Education.

Formal academic institutions have the crucial role of forming the basic/fundamental skills sets of the labor pool. Academic skills, such as comprehension in Mathematics, Science, Languages, among others, are best taught in these institutions. Progressing in academic years translates to advanced and more specific fields of study. For example, secondary education gives more emphasis on Algebra, Geometry and Trigonometry, compared to Basic Arithmetic in primary years. In addition, *educational electives* (pre-technical/pre-vocational programs) are introduced in the general education that these institutions provide². Students may opt to practice electives and on-the-job trainings.

Tertiary education goes more intricately in developing specialized skills among the labor pool. Leveraging from the fundamental skills acquired in the earlier levels, tertiary education enhances particular skills for particular industry career paths. For instance, Accountancy courses are available for people who are aspiring for careers in the accountancy practice of businesses. The engineering discipline can become more specific as there are program courses for Civil Engineering, Aeronautical Engineering, Marine Engineering, and others.

While academic formation is their central role, these institutions are also avenues to develop *soft skills* that further enhance human development and employability of the labor pool. Soft skills such as team work, communication skills, decision-making, reliability, among others are carried out in these levels.

² UNESCO mentions that general education has less than 25% content of pre-technical/pre-vocational programs. This further intensifies the role of formal academic institutions in providing theoretical foundation among the students.



Indeed, the role of these formal academic institutions is critical in IT Services-oriented locations. Further and in recent years, greater focus has been given to academic institutions as locations continue to struggle to become or transform into knowledge-based economies. Emphasis is seen in the building capacities for technical or specialized skills and their corresponding fundamental skill sets in general education.

However, there are gaps and inefficiencies that formal academic institutions normally have. These have been due to a host of contributing factors for many countries - such as the diminishing quality of education due to higher number of students to teacher ratio, lack of quality educational infrastructure, and lack of additional training for the teachers. Other reasons for such inefficiencies are external in nature, with inaccessibility access to quality education due to financial constraints being the primary external obstacle.

These overlapping factors results in a two-pronged dilemma in the stream of labor pool in a location. First, this leads to higher drop-out rates among the students, which is highly detrimental in sustaining skills formation. There will be a net surplus of under-skilled labor in a country, which typically hinders the growth of knowledge-based industries, such as IT Services. Second, there will be *increased competition for employable labor pool across industries* of a country. Both effects signal a threat to overall competitiveness.

Given such dynamics, formal academic institutions should view *supplementary educational programs* as an effective means to better maintain the steady supply of employable labor and increase the size of the labor pool.

Technical and Vocational Education and Training (TVET) Programs

TVET programs can help address the constraints faced by formal academic institutions in the necessary preparations for the labor pool's integration into the workforce. UNESCO defines TVET as programs *designed mainly to lead students in acquiring practical skills, know-how and understanding necessary for employment in a particular occupation or trade*. Such specificity of these programs make them a favorable alternative course in enhancing the capabilities of the talent pool. Moreover, TVET programs can target any age groups – ranging from students to the working population.

There are significant differences between TVET and general education programs. First, TVET programs require less time to be accomplished compared to general education. On the average, TVET programs are done in 6-month to three-year durations depending on the skills sets needed to be enhanced. This is significantly lower to the approximately 16 years of total general education. Another difference (which is also related to the first) is the target population of TVET programs. Minimum educational attainment for eligibility in these TVET programs is secondary education, while general education requires succession of grades or level. Lastly, TVET programs are flexible to address specific skills needs, unlike general education programs which encompass broad skills needed across industries.

The TVET framework does not discount the importance of general education programs. Although specific skills may not be entirely dependent on the level of acquired basic knowledge from general education, TVET recognizes that achieving a *complete* general education is crucial for a comprehensive human development program. For this reason, TVET programs are continually



changing in order to channel the labor pool into obtaining complete levels of general education. Non-formal education programs are being adapted to reach out to non-literate and semi-literate population. For instance, in the Philippines, there is an effort to bridge TVET and tertiary education.

Case Study 2: Philippines Ladderized Education Program

TVET as an Access to Tertiary Education Augmenting Employable Labor in the Philippines

One of the premier outsourcing destination locations is the Philippines. The country boasts a continuous stream of nearly 440,000 new graduates every year, which is significantly larger to other Southeast Asian countries like Malaysia and Vietnam. The graduates have degrees from various academic fields, ensuring workforce for key industries of the country. Although the current situation provide a comfortable position for the country in terms of its labor pool, the country has realized other steps in order to further enlarge its workforce size. One of these is to improve the access to tertiary education.

Through an Executive Order (EO 358), the Philippines embarked the *Ladderized Education System* in 2004. This education system was coordinated by two government agencies – TESDA and CHED. As a credit transfer policy tool, the system aims to make post-secondary courses (usually two-year programs) accredited to tertiary level. The system provides other benefits aside from easier access to tertiary education. This reduces the time spent in education, since the students would not need to repeat the courses taken up in post-secondary. Moreover, the students can look for employment, while preparing for higher education. The system opens pathways for students in developing their career as well as in education.

The program is still waiting its full fruition. Significant factors are needed to take place to fully reap the benefits of the education system. One is the creation of a qualifications framework that will match the skills in these post-secondary courses to tertiary education standards. Standardizing this will embark the smooth transition of the students to tertiary education in the Philippines.

To further exemplify the importance of TVET as a preparatory educational tool to bridge the employability gap of the students, TVET is further classified into two groups – *initial and continuing*.³ Initial TVET programs are those specifically designed for young people who have not yet obtained employment experience. The focus of these programs is to create a better response mechanism to the prevailing labor market demands. On the other hand, continuing TVET involves up-skilling of the employed as well as training and re-skilling of those unemployed.⁴

Improving Capability as the End Goal

These two forms of education and training – general education and TVET – are geared to develop the human resources' capacities for work and practical living. Although these programs

³ *Learning for Jobs Report*. OECD, 2010

⁴ In this report, Finishing Schools framework will be explored as initial and continuing TVET for the IT Services industry.



have different scope, target population, and implementation methods, these two still share a singular goal. Considerably, these two – with proper implementation and focus – form a synergy in improving the skills capacities of the labor pool.

Nevertheless, it is important to consider *why a proper combination of implementation and focus between the two programs should be considered*. Most academic literatures mention and highlight that in fostering development for the human capital, countries have to prioritize funding and activities in the primary education level. Research shows that from an investment point of view, the highest return to education and social development is formed in primary education. This focus is oftentimes translated to enhanced infrastructure in schools, more teachers, and additional training programs for primary school students, among others. This implies that primary education serves as the most appropriate (and optimal) avenue to teach and acquire basic skills to the younger population. Sufficient basic skills formation in turn, becomes a key precursor to pursuing and acquiring more advanced or more technical skills sets.

Although greater weight has been given to primary education, it is still important to regard the other segments of education. In fact, more countries consider allocating focus, resources and investments to higher levels of education, particularly the tertiary level and TVET.⁵ Re-skilling and up-skilling are likewise important activities to enhance capacities of the labor pool.

This thought is further expanded with three important points to consider. First, countries should have immediate response to global market demands. Although primary education promotes firm basic skills sets, it requires a longer time to produce an employable labor pool. In relation to this, primary education output is, in itself, an intermediate good for higher levels of general education to produce employable labor; thus, its output is still considered as an input for secondary, tertiary and TVET levels.

Another area to note is the financial constraints that developing countries face in augmenting its employable labor pool. Primary education necessitates more funding from the government, private sector, and the general populace. In fact, primary education requires 6 to 8 years of necessary schooling, which is considerably longer than 3 to 4 years for secondary and for tertiary levels. This is even longer compared to TVET programs which are at maximum, three years. Further, the prevailing model of general education does not take into account the educational years lost due to drop-outs and repetition in the primary levels.

Thirdly, addressing skills development in higher levels of education can be a means to minimize high unemployment rates in the short term. With targeted education and training programs for the working population in place - labor pools become more equipped, and thus more technically employable. This also shortens the time to find jobs that match their skills – somewhat alleviating the issue of underemployment.

The caveats to investing in primary education do not discount its importance. What is most appropriate for each individual country is to find the balance and focus, among various programs and methods to promote capacity development across the labor pool. Lack of focus will often lead to a misallocation of resources, which may actually be detrimental to both short term and long term capacity development goals.

⁵ UNDP Capacity Development Group 2006



Such analyses bring a significant point. *The synergy of education and training should result to learning.* Learning means having a comprehensive knowledge in the conceptual aspect of a skill with sufficient capabilities in applying these in various situations and circumstances. As such, learning fosters balance in both theoretical and technical skills aspects. Such combination is an essential consideration for any country looking to develop its local IT Services industry.

As more locations are enhancing their respective capacities in meeting the current demands of the IT Services industry, there has been a greater consideration in adapting various training programs for their labor pools. The effectiveness and practicality of training programs is seen in its main feature of providing sufficient avenues in preparing the workforce for immediate employment. One such form of a training program is the *Finishing Schools*.

Finishing Schools as an HRCD Program

As a crucial aspect of human capital development, various skills training and development programs have been conceptualized and implemented among countries. This is needed to enhance the quality of the location's labor pool, and later on achieving the goal of higher human development as well as increasing business attractiveness. There are two levels of considerations in conceptualizing, developing and implementing HRCD programs. These are the *industry requirements and labor pool profile*.

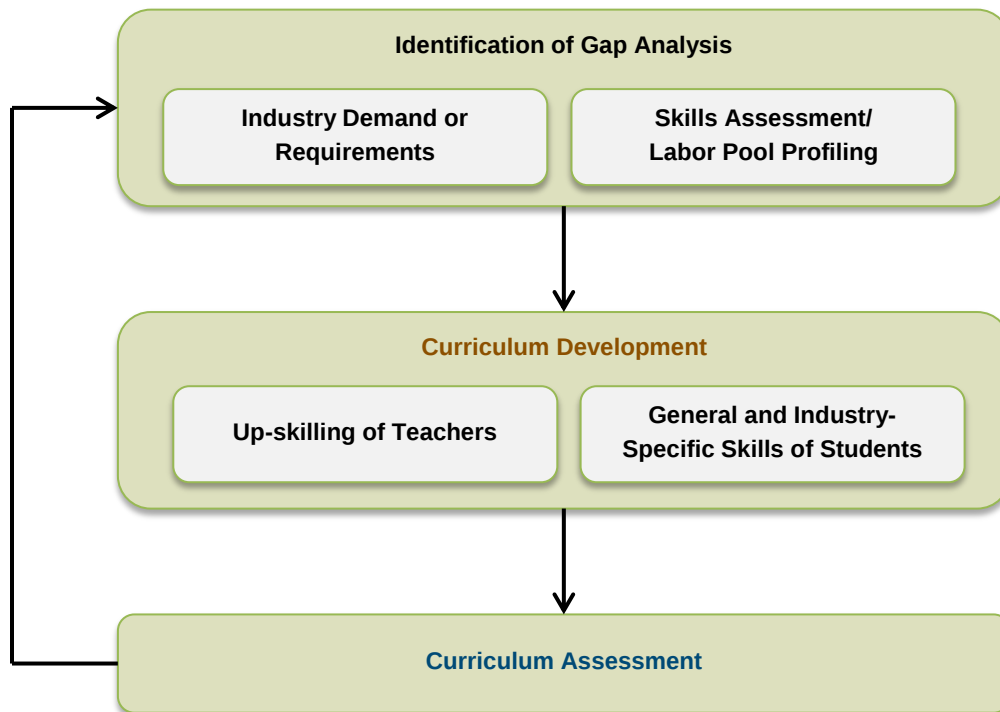
Various industries differ in their demands. This characteristic necessitates that skills training and development of one industry or sector should differ from the other. The relevance of one skill set may be crucial for one industry but negligible to the other. In addition, these demands do not only differ across industries, but also *within* the industry. For example, analytical ability may not be a central skill set for the agricultural sector but is necessary for knowledge-based services sector. Consequently in the agriculture sector, farmers may be required to undergo different training programs to care for two distinct plant crops.

In addition, consideration of an HRCD program depends on the labor pool profile. Identifying and assessing the core skills sets of the labor pool is an important requisite in determining which program design will be most needed. For example, a location with low enrollment rates and low cohort survival rates⁶ in both elementary and secondary years may need more training programs focused on basic skills sets first, and then moving toward advanced technical skills sets. This also includes the current employment profile and opportunities of the labor pool. There should be a thorough investigation on which particular sectors and industries the people are employed and have greater employment prospects. For instance, the country may have more people employed in the informal sector, even though it has sizeable tertiary education labor pool. This approach is to ensure a scalable and employable labor pool for various industries in the location. In terms of implementation, a smaller labor pool sized location is relatively easier to execute programs, rather than a larger-sized location.

⁶ *Cohort survival rates* pertain to the percentage of enrollees at the beginning of the grade or year who are expected to reach the final grade or year at the end of the required number of years of study, regardless of repetition (UNESCO definition)



Figure 4: Two levels of Considerations in developing HRCD programs



The interplay of these two levels of consideration is summarized in the figure above. As industry demands and labor pool assessment are instigated, a consequent *gap* will be uncovered. This will verify the extent of industry demands and the current response that the labor pool is providing. This is imperative in order to develop an IT Services industry growth in a location as the resulting *gap analysis* will lead to a comprehensive and more focused curriculum development, which will provide a better response mechanism of the labor pool.

The resulting curriculum encompasses two sides of the labor pool to ensure its development – *the teachers and the students*. In one way, teachers are implementers of knowledge and skills, while students are active receptors. Such analogy intensifies the need for checking industry knowledge and implementing up-skilling programs among the teachers to streamline their knowledge and training methods to adapt to higher skills sets. Moreover, there should be a curriculum for the students that will ensure capacity building both in their core skills and technical skills.



Table 1: Classification of Technical/Vocational Skills and Core Skills

Profession / Domain	Technical/Vocational Skills	Core Skills
Agriculture	Horticulture Skills	Reading Writing Basic Arithmetic Skills
Business	Finance and Accounting Skills Business Communication Business Planning Skills Business Analytics	
Manufacturing	Engineering Skills Equipment and Facilities Management	
Knowledge Services	Computer/IT Literacy Data Management Analytical Skills	

The dynamics of the two considerations are clearly seen in the global IT Services industry. As the industry demands higher skills sets among emerging locations, identifying the best training and development program is becoming more critical. There is a growing recognition of meeting the complexity of the global industry demands through intensifying the current skills sets of the labor pool.

One of the programs gaining traction in recent years to address this predicament is the concept of Finishing Schools. The following sections provide deeper analysis on Finishing Schools, along with its benefits and foreseen challenges across emerging IT Services locations.

Definition of Finishing Schools

Tracing its development in India the prime IT Services destination, it is found that the Finishing Schools concept began in the late 1990's, as the country and IT industry began to experience difficulties in finding employable labor with specific expertise in IT and Engineering. India immediately recognized the need to address the supply issue, largely based on the fear of losing the opportunity to tap into the growing global IT Services market. Coincidentally, this was about the same period when the still developing Services Outsourcing industry in India began its historic rise to the top of the global market.

Finishing Schools, then, were mainly driven by industry demands. In the case of India, they have today become an adequate source of skilled labor for its still expanding IT Services industry. These Finishing Schools are institutions where specific training programs are conducted for labor sectors acquiring the desired skills sets, particularly tertiary graduates and career shifters. Various programs are focused on enhancing capabilities for specific IT Services service line. Below is a brief description of how Finishing School programs are conducted in India.



Case Study 3: India's Finishing Schools Program

Finishing School Program in India Replicating Best Practices to Emerging IT Services Locations

Among Western countries, perceptions on Finishing Schools are about “grooming” and presentation of oneself. With the upsurge of the global IT Services industry, India has been giving a new light on this. There exist Finishing Schools for the overall skills development in the IT Services Industry.

Finishing Schools in India can be initiated by the government or can be run by the private institutions. For example, in 2009 the government of Tamil Nadu has sought to establish rural BPO Finishing Schools, while in 2010 the Kerala government launched model Finishing School to give practical training in IT and soft skills for technically qualified students. On the other hand, some private Finishing Schools institutions are NIIT, Dale Carnegie, 3Edge Solutions, and Tholons Institute. The students likewise shares financing burden in getting enrolled in these training institutions. Tuition fees range from US\$100 to US\$500 for the courses, depending on the chosen course of the students.

Finishing Schools for IT Services typically run in five weeks to one year duration. This depends on the desired technical skills that the student or learner needs to develop. A priority skill that Finishing Schools address is the English capabilities of the Indians, in addition to the technical skills of the students.

Moreover, Finishing Schools in India encompass relational skills, which the country deems to be an integral value-add among the talent pool. Like the traditional Finishing School, students are also taught confidence and presentation skills. Possessing such skills increases the employability of Indians – meaning that the industry service providers would have a greater inclination to hire talents possessing such skills.

Such observations will lead to the overall goal and objective of Finishing Schools – *to increase the capacity of the location in supplying the necessary amount of labor for an industry by addressing the individual's capacity to have and maintain a fulfilling career*. Finishing Schools are non-formal institutions that are designed for short term training programs and aims to train the relevant labor pool segment – particularly fresh graduates – for specialized industries and to prepare them for gainful employment. These Finishing Schools can be classified under TVET programs. A crucial rationale for the classification of the subject matter under TVET is seen in ties shared purpose of developing specific capabilities of an individual for employment in an industry beyond (but supplementing) general education.

The objective and definition of Finishing Schools are elaborated in the succeeding sections. Other facets that affect the development and implementation of Finishing Schools are taken into consideration.

Differentiating Finishing Schools

Finishing Schools are supplementary and non-formal institutions that assist in forming the desired education and skill sets for a given labor pool. Finishing Schools also prepare its students for gainful employment. Finishing Schools complement the fundamental skills learned in academic institutions, while maintaining training and development focus in its programs. More importantly,



Finishing Schools can be designed to cater to specific industries and industry needs, such as the IT Services industry.

The table below provides a comparative summary of the main sources of education and training, with emphasis on Finishing Schools. Each source is investigated and commented according to its purpose, scope and mode of implementation. The purpose refers to the source's intention of forming the necessary learning points for the students. The scope means the target labor pool segment of the source of education, while the implementation represents the primary stakeholders involved in carrying out the education and training programs under each source. These three aspects denote the differing characteristics of each source, at the same time finding their shared features.

Table 2: Comparative Summary of General Education, TVET and Finishing Schools

Source of Education and Training	Purpose	Scope	Implementation
General Education	- To form foundational skills sets in the labor pool – such as basic competencies in Math, Science, Languages, etc. (<i>Primary Education</i>) - To establish advanced foundational skills sets or core knowledge (<i>Secondary Education</i>) - To hone specialized skills for various business activities (<i>Tertiary Education</i>)	Labor pool ages 5 to 24 (Educational Years)	- Private education players - Local governments - Mandated by the National Government, as facilitated and monitored by a National Agency
TVET	- To address skills gap from the lack of practical application in formal academic institutions - To build practical knowledge in an industry - To intensify technical skills for a specific industry	- Secondary and Tertiary education students and graduates - Semi-literate population (Out of School/ Underprivileged Youth) - Non-literate population - Career Shifters	- Mandated by the National Government - Can be coordinated with private sector players



Finishing Schools	• To provide and enhance skills sets (increase employability) for employment in specialized industries	• Secondary and Tertiary education students and graduates • Career Shifters • Near-hires	• Coordination with private sector players is needed • Program design and curriculum content should be recognized by formal academic institutions • Monitoring System can be done through National Government Agencies
--------------------------	--	--	--

In the IT Services industry, TVET programs are increasingly becoming necessary, in the form of Finishing Schools. The complex demands of the mentioned industry further highlight the tepid response and stringent structure of formal academic institutions to changes in curricula and/or addition of IT Services related courses. Institutional bottlenecks may arise, as formal academic institutions are highly subjective to the legislations of the country's national government. Finishing Schools become an avenue for formal and recognized training, as they are monitored and evaluated by a governing agency and accepted by formal academic institutions.

Targets of Finishing Schools

Similar with many TVET programs, Finishing Schools have their own program targets. In the context of this report, the development of a more scalable and qualified labor pool for the IT Services industry remains the main goal of Finishing Schools. In addition, Finishing Schools in a broader level, also aim for advancing human resource capabilities for technology-intensive services.

Creating an implementation strategy for a Finishing School in a country *first entails systematic analysis of the target labor pool*. For example, tertiary students have a different skills need from those who have been already employed. In addition, most semi-literate people are employed in the informal sector of a country, which need more skilling and re-skilling programs to enhance employability. A *rigid* Finishing Schools program which does not consider such dynamics may become inefficient as skills needs are not sufficiently met.

Finishing Schools can be patterned as either initial TVET or continuing TVET. The two patterns only differ in the target labor pool segments and their corresponding skills needs. As an initial TVET program, Finishing Schools are aimed at young people who are only entering the labor market, marked by having no significant work experience in the IT Services space. These young people still lack the necessary skills sets in order to become employable and competitive in the industry. In effect, near-hires of the IT Services industry will be categorized as part of the target labor pool segment. Near-hires are those who already have the basic skills sets, yet do not possess the specific skills sets required by the industry.

As a continuing TVET, Finishing Schools are aimed for two particular labor pool segments. One is those employed in the IT Services space. Given the evolving nature of the industry, this labor



pool segment would require training that is geared more for the *up-skilling of existing skill sets* in order to maintain competitiveness. *Knowledge obsolescence* may occur among these people, if little avenues are adapted to improve their capacities in delivering IT Services. Second is those employed in other industries, or the potential career shifters. Career shifters may need *re-skilling*, which aims to transition their expertise in a given industry to IT Services. Knowledge and learning from their initial industry will be helpful for the enlarging IT Services industry, which now encompasses all major industry verticals. For example, an accountant may need to have additional training in order to adjust and thrive in the specific accounting processes fulfilled in the KPO service sector.

Given these considerations, the *skilling* of raw talent often requires greater focus and attention. More resources will likewise be spent on devising the most appropriate programs that will best increase their employability in the IT Services segment. Nevertheless, capitalizing on the raw talent pool is a key strategy in improving the country's capacity for IT Services, as they provide the future (and larger) stream of employable workforce for the industry.

This segmentation of the target labor pool segment of Finishing Schools program encapsulates its main objective – skilling, up-skilling, and re-skilling the current and potential IT Services workforce of a country. Outsourcing locations can have these two patterns in implementing Finishing Schools to realize the maximum potential of their talent pool. This three-pronged objective of Finishing Schools will be the central theme in creating the appropriate Finishing School program.

Precursors of Finishing Schools

The section above distinguished Finishing Schools apart from formal educational institutions and specifies its main features as a TVET program for the IT Services industry. Finishing Schools can only be an effective skills development and training tool if the following precursors are established. Precursors are defined as the initial components that outsourcing locations should ensure in order to promote a facilitative implementation of Finishing Schools. To a certain extent, these precursors are determinants of the extensiveness of the courses under Finishing Schools. The lack of some precursors serves as a formidable hindrance in Finishing Schools.

The table below shows the necessary procedures and output for ensuring the precursors in Finishing Schools. Each output is explained, along with its procedures.

Table 3: Precursors of Finishing Schools – Procedures and Output

Procedure	Output
Assessment of the labor pool's basic skills sets	Extensive knowledge on the level of basic skills of the labor pool
Assessment of the teachers/trainers' industry skills	Verification of the training capacities of prospective teachers
Developing strong institutions	Clear mandate, objectives and mission in implementing Finishing Schools



Arranging PPP agreement and structure	Concrete PPP structure and plans for Finishing Schools
Assessment of physical and IT infrastructure	Updated information on the capacities of the infrastructure to support Finishing Schools

Presence of basic/fundamental skills sets. Finishing Schools are supplementary programs to develop what the current knowledge and skills that the labor pool has already acquired for IT Services industry. The fundamental skills sets will be the critical factor that will aid in formulating an operative course curriculum and implementation method for Finishing Schools.

In addition, *assessing the basic skills sets for IT Services industry is an imperative procedure to gain comprehensive knowledge about the skills sets of the labor pool.* This step aims to check the similarities and the differences of the skills of the labor pool in each specific location in the country. Skills assessment results to sensitivity to the developmental skills of the labor pool in order to become employable for IT Services industry. Course curricula will likewise be flexible for changes in the varying needs of the labor pool in each location.

Sufficient IT and related skills from the teachers/trainers. Effective implementation of Finishing Schools depends on the quality of teachers and trainers present in the country. Skills transfer is the main requirement for these trainers to fulfill. To a greater extent, the output of the Finishing Schools – employable labor pool – is determined by the quality of input from the trainers. In one way, these trainers should be or have been industry practitioners, as have gained adequate industry knowledge. Their extensive expertise should be the leverage in transferring the skills and relevant industry experience to the students.

A necessary procedure for this output is the assessment of teacher/trainers. This assessment is different from the skills assessment for the students. Assessment of teachers mainly considers their key experiences and industry knowledge, which implies that the assessment actions for the teachers should be directed to the industry.

Development of strong institutions and mandates. Finishing Schools require strong institutions or stakeholders. This necessitates a clear mandate for the latter stages of the entire Finishing Schools program – implementation and evaluation. This mandate contains the objectives and goals of each stakeholder involved in the process, which prevent them from straying out of its expected governance trajectory.

The strength of institutions is also seen in its transparency, communication, and leadership. Stakeholders should be able to be transparent among each other, in order to sustain the activities in the Finishing Schools program. Communication also fosters coordination in the implementation process, as this will avoid overlapping roles and responsibilities. Lastly, leadership and clear oversight mandates are crucial for the implementation and evaluation stages. This will serve as the backbone among participating stakeholders, since feedback mechanisms will also be established which will provide opportunities for sustainability and further adjustments in the program.

Development of PPPs. The Finishing Schools framework also views the utilization of PPP as an avenue to make the program more responsive. PPP incorporates the creation of *hybrid*



institutional arrangement ⁷ that considers each participating stakeholder's diverse expertise, the meeting point of their respective mandates, and strength of leadership. The intersection of these components funnels down to one unifying mandate in skills training and development through the Finishing Schools. Thus it is imperative to align goals and priorities of the participating stakeholders for this program, in spite of the diverging mandates between the private sector and the public sector.

In fact, the concept of PPP depends, at the same time, complements the second precursor. PPP should be comprised to strong institutions, which can still be further strengthened in the PPP arrangement. For example, the public sector which has limited knowledge in the prevailing IT Services industry needs will gain a certain level of expertise when engaged in a partnership agreement with the private sector industry players.

Presence of IT and Related Infrastructure. For the success of Finishing Schools program, physical and IT infrastructure is needed. Finishing Schools should have the needed facilities to hold classes, as well as IT equipment to match skills training for the IT Services industry – as these *infrastructure tools* will serve as the physical medium of learning for the students. This technical requirement of a location is a preparatory tool to ensure efficient implementation of the program.

Ensuring these five identified precursors prepares the country for implementing Finishing Schools. The precursors can also be applied on the city-level, as the precursors can act as a *sifting tool*, or a checklist of sorts, which evaluates the *degree of preparedness* of particular cities where Finishing Schools can begin. This inherent value of the precursors is highlighted in the Framework section where interrelated facets of the precursors are investigated.

In the next section, each precursor's scope and limitations are identified in their respective stages for the framework.

⁷ UNDP Supporting Capacity Development 2009

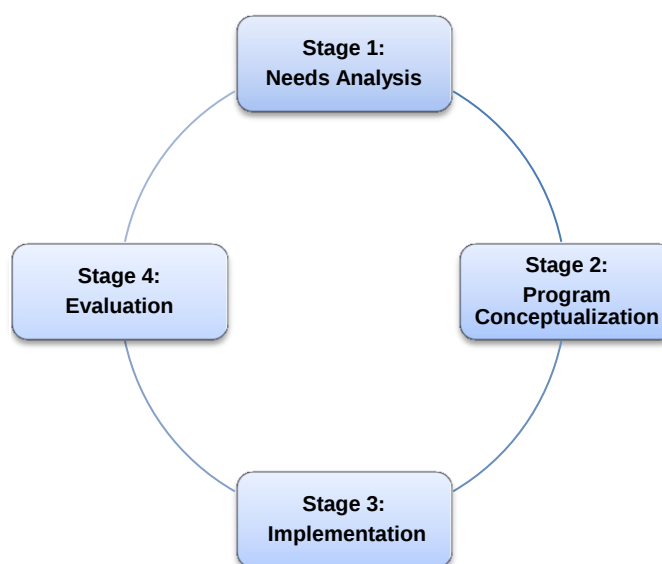


The Finishing Schools Framework

This section will focus on the Finishing Schools Framework. This provides a comprehensive approach on the effects of Finishing Schools on the labor pool as well as the process needed to integrate Finishing Schools as a skills development and training tool in a country. Likewise, the section also shows some limitations of Finishing Schools. Overall, the Finishing Schools Framework follows cyclical stages, as illustrated below. This is adapted from UN Capacity Development Group of the UNDP and its conceptual analyses and framework.

Figure 5: Four Stages of the Finishing Schools Framework

Various considerations in adapting the general approach and framework of the UNDP and its 'basic principles' on Capacity Development – were considered when conceptualizing the Finishing Schools framework in this report. Its general objective involves intensifying national ownership of projects under capacity development, and emphasizing the intricate relationships among stakeholders. It also fosters long term process, while maintaining the process even when facing difficult and challenging situations. It also gives priority to the relationship and significance of an enabling environment, institutions, and individuals – marking a paramount implication for policy development and reforms in the country.



Such considerations are directly relevant to implementing Finishing Schools in a location. Moreover in the succeeding sections, the UNDP's general approach for capacity development is tempered with the observations and investigation in the actual implementation of Finishing Schools.

Stages in Finishing Schools Framework

The following Table illustrates the stages and the consequent steps in utilizing Finishing Schools as a tool for capacity development in the IT Services labor pool. As seen in the previous figure, there will be four distinct stages in the framework. The purpose of presenting the Framework through stages is to deliberately identify the specific steps in realizing the end goal of Finishing

Schools – *enhance the skills (and technical) capacities of the labor pool for the IT Services industry.*

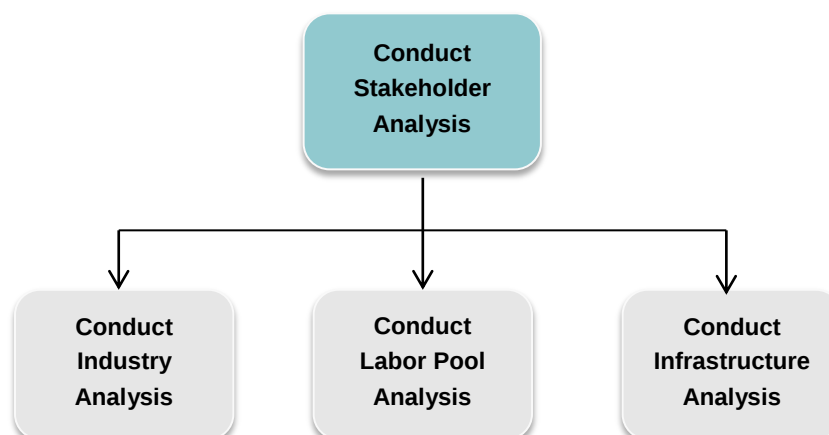
Stage 1: Needs Analysis

Table 4: Summary of Needs Analysis

Needs Analysis	
Stakeholder Analysis	Identify and engage stakeholders involved in Finishing Schools and gauging their related capabilities for the next stages
Labor Pool Analysis	Identify labor pool's existing strengths, weaknesses, and capabilities, as well as potential trainers' skills and capabilities
Industry Analysis	Identify the short term and long term labor pool needs of the IT Services industry for prioritization in Finishing School courses
Infrastructure Analysis	Evaluate the location's capability to execute a Finishing School (including a suitable location/school, availability of lecturers, etc.)

The *Needs Analysis* stage focuses on the initial assessment of the critical components of Finishing Schools – stakeholders, labor pool, current industry dynamics, and infrastructure. The interplay of these four components will determine the pace of development for the succeeding stages.

Figure 6: Needs Analysis

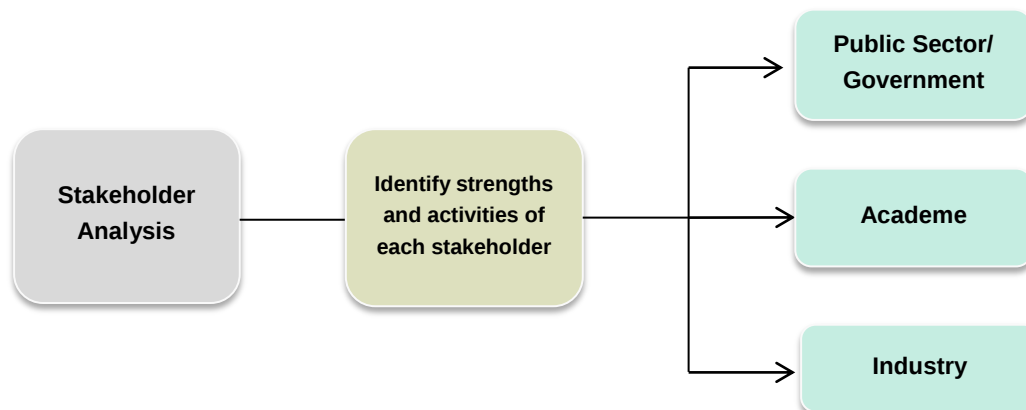


Stakeholder Analysis

This stage needs the *Stakeholder Analysis* as the first step. The rationale for this is that the participating stakeholders will initiate the planning, implementation, and evaluation stages of the entire program. In this course, the stakeholders are evaluated as to which ones have current capacities to fill in the roles in Finishing Schools. Nevertheless, these stakeholders should be representative of the three main participants – *Industry* (private IT Services companies, industry associations), *Academe* (educational institutions), and the *Public Sector* (related government bodies, such as Ministry of Labor and Employment, Ministry of Education, or their respective counterparts in the cities). These three segments of stakeholders are chosen in order to have a representative view on the current landscape and future perception of the industry. The Industry stakeholders shed light on the demand-side activities, while Academe stakeholders show the supply-side strength of a location. The interplay of these two stakeholders necessitates the inclusion of the Public Sector in order to assess the level of regulatory constraints and legislative support of the government for talent development initiatives such as the Finishing Schools.

In addition, this first step is needed as a link for the Stage 2 (*Stakeholder Participation and Stakeholder Recalibration*), where stakeholders will be assigned to a specific role and responsibility. The identification of the participating stakeholders should lead into the identification of the primary stakeholder which will oversee and manage all activities for the Finishing Schools. More importantly, it is in this stage that institutional-level partnerships (PPP) can be identified.

Figure 7: Stakeholder Analysis



Involving the distinct stakeholders in this stage encompasses interrelated yet specific aspects of analysis. For example, the industry players can take the lead in fulfilling the *Industry Analysis*, the academe for the *Labor Pool Analysis* and the public sector for the *Infrastructure Analysis*. This effort will be synthesized and coordinated at the end of the stage.



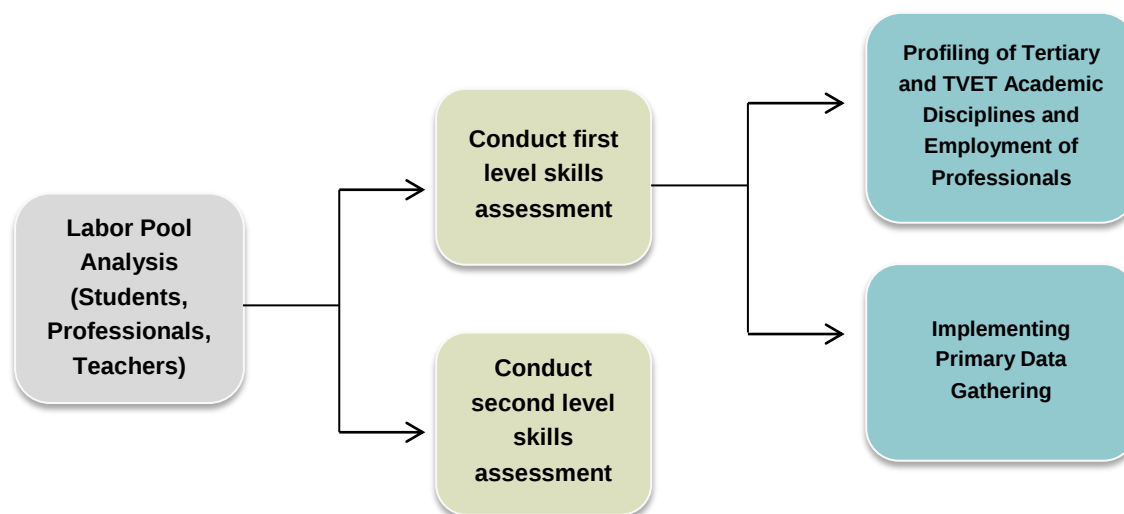
Labor Pool Analysis

After identification of the participating stakeholders, parallel analyses will follow. Labor pool, industry, and infrastructure needs should be identified. In particular, *Labor Pool Analysis* is important to assess the supply side potential of a location. This part entails a detailed analysis of the students, the employed IT professionals, and the teachers.

Labor pool analysis for the *students* can be done through two methods. First, preliminary skills assessment can be done by matching the tertiary academic disciplines to the best IT Services line. As seen in the section above (Differentiating Finishing Schools), tertiary academic disciplines aim to develop specialized skills of the students. Likewise, TVET students and graduates can also be assessed, as they have formed a certain level of skills for an industry.

Preliminary skills assessment may also include primary data gathering methodologies that will supplement the profiling of the academic disciplines. More importantly, they provide insight into the qualitative aspect of the supply side of the location. Surveys, focus group discussion (FGD), interviews among selected labor pool representatives are some of the methods to assess the labor pool's openness to the industry, as well as their skills capacities for delivering IT Services. Likewise, this will see through the quantitative and qualitative dynamics of labor pool movement within the country.

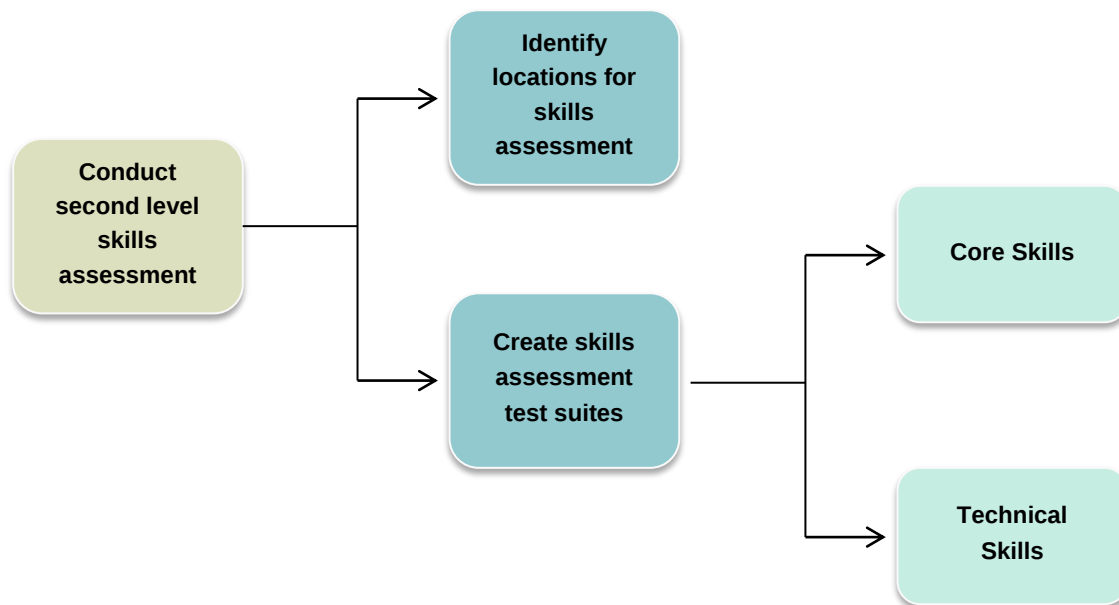
Figure 8: First Level of Skills Analysis



The second level of Labor Pool Analysis is fulfilled by running a comprehensive skills assessment exercise, targeting both the core/basic skills and the IT Services skills. This will complement the first level, as this provide a comprehensive matching of the current skills sets of the labor pool with the best IT Service line the country can venture in. In fact, this will also verify if the location is in the right path in directing its IT Services industry, since the *stream and capabilities of labor* will be sufficiently assessed.



Figure 9: Second Level of Skills Analysis



A comprehensive skills assessment will likewise lead to prevailing skills proficiency, averages, and benchmarks. This will lead to the identification of skills standard for a country's IT Services industry. This is needed for *Curriculum Development (Stage 2)*, as this will be highly specific to the target IT Service process. Moreover, this is an imperative link especially to the *Evaluation Stage (Stage 4)*, when students are re-assessed to gauge their competencies after taking the Finishing Schools program. In effect, stakeholders will be knowledgeable about the weaknesses of their labor pool, and what specific areas to improve on.

Furthermore, labor pool analysis should also consider the profile and needs of the employed IT professionals. This will result to a thorough assessment in up-skilling the current employed workforce. Similar to the approach used for the students, the employed professionals will also take two levels of analysis. The first level of analysis will determine the employment split of the professionals across BPO, KPO and ITO. Second level of analysis also entails primary data gathering on these employed professionals.

The table below provides a sample of a skills assessment map in choosing the participants for the skills assessment. Both the students and the employed professionals are placed in corresponding Services Outsourcing segment. Proper mapping of these skills sets is needed to get reflective and indicative results in the capabilities of the labor pool segment for delivering BPO, KPO and ITO processes.⁸

⁸ A more extensive skills assessment mapping is seen on the Recommendations section "*Conducting Skills Assessment*"



Table 5: Sample Skills Assessment Mapping

Academe	Segment	Industry Service Processes
Information Technology - Information Technology - Computer Science - Computer Engineering	BPO	Contact Center Services Technical Support
	ITO	Infrastructure Management Services - Database Management - Network Management - Storage Management - Application Hosting
Engineering and Architecture - Architecture - Mechanical Engineering - Civil Engineering - Chemical Engineering - Electronics and Communications Engineering	KPO	Engineering Services - Product and Component Development Maintenance - Embedded Software - Semi-conductors and Computing Systems - Plant Design and Process Engineering - Plant Automation and Maintenance
Business - Business Management - Accountancy - Hotel and Restaurant Management - Economics - Commerce	BPO	Contact Support Services - Customer Support - Telemarketing - Credit and Debit Card Services
	KPO	Market Research Finance and Accounting Services - Accounting - Asset Management - Payroll Processing

Labor pool analysis should also include the teachers or trainers in the scope. Gauging the skills of the trainers will check which areas the trainers need to improve on. It includes an assessment of the knowledge, and the experience and skills in the industry. As the country's stakeholders identify the *trainer gaps*, they can likewise incorporate and consider the up-skilling of the teachers as a necessary step for the implementation of Finishing Schools.

Industry Analysis

Industry Analysis is another important component in this stage, as this will probe deep in the *demand side of IT Services*. This involves identifying current industry trends, top IT Service lines,



prospective client markets for the country, and opportunities in untapped client markets, among others. This part is needed to match the supply side results to current IT Service markets.

Industry Analysis does not only take into consideration the prevailing industry dynamics, but also probe deep in the expectations of stakeholders on the possible industry and related economic performance of the country. Likewise, this will also account for global industry outlook, as large investments from MNCs will certainly affect the domestic competitiveness of a location.

Such expectations and perceptions are needed to be known. Analyzing the market demands across global markets will better leverage the country in determining what skills sets need to be developed. This will also prepare the country in properly identifying and enhancing specific skills sets to maximize gains in the industry.

Indeed, conducting industry analysis is a considerable challenge. The aim is to create a holistic approach in viewing the current dynamics and future movements within the industry. In-depth discussions with primary industry players, as well as surveys with others are needed to gain a deep understanding of current strategies and future plans that will affect the country. More detailed analyses on possible approaches to undertake industry analysis is presented in the recommendations section.

Infrastructure Analysis

Lastly, *Infrastructure Analysis* involves the assessment of the location's infrastructure in order to effectively implement the Finishing Schools program. Infrastructure includes *physical* aspect such as buildings, classrooms, commercial spaces, among others that aid in facilitating and conducting classes in the country. It also includes the *IT infrastructure* in the country, composing of the quality of Telco infrastructure, specifically providing *connectivity and access* through leased lines or broadband platforms. In addition, this also assesses the strength of Internet connectivity across the country as Internet connectivity is considered an integral component in enabling efficient online and distance learning classes.

Infrastructure analysis is imperative in completing the *supply-side analysis*. In fact, supply constraints are not only seen in the quantity and quality of labor pool and teachers/trainers in the country; it is extended to the infrastructure aspect of the country that becomes the physical medium in implementing Finishing Schools program. Without quality infrastructure, disruption in classes may arise, diminishing the positive net effect of the training and development for the target labor pool segment.



Stage 2: Program Conceptualization

Table 6: Summary of Program Conceptualization

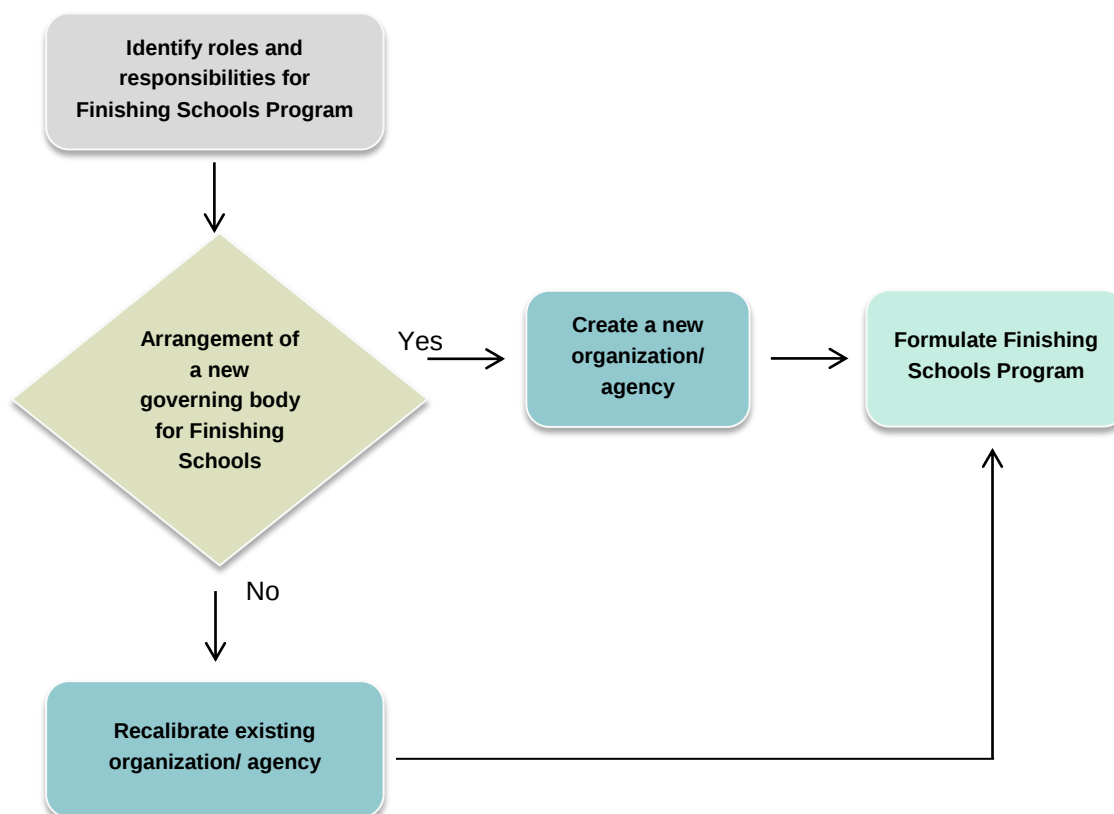
Conceptualization	
Stakeholder Participation	Identify each stakeholder's role and concrete deliverables for the implementation of the Finishing Schools
Stakeholder Recalibration	Identify reforms that need to be done for institutions to better perform the roles assigned in Stakeholder Participation
Program Development	Create a curriculum covering BPO/KPO/ITO service lines identified in the Industry and Labor Pool analysis. Frequency and overall duration of classes will also be identified.

Stage 2 leverages on the findings generated in Stage 1. The *Conceptualization stage* is focused on two mutually dependent activities – the role of stakeholders for Finishing Schools and the partnerships that they need to establish, and the targeted program designs. These two activities will become a crucial requisite for the next two stages. Given this, there are two possible considerations for the stakeholders involved in the Finishing Schools.



Key Considerations for Stakeholders

Figure 10: Stage 2 Process Flow



First, stakeholders can decide to form a new organization that will act as a governing body for the Finishing Schools program. This would be the ideal situation since a dedicated organization would have greater focus for implementing the initiative. This new organization would be composed of representatives from the public sector, private sector, and academe. However, this feat also faces challenges in legislation. Countries with pervasive institutional bottlenecks may not see this course of action as amenable to implement Finishing Schools - which should be viewed as a logical and immediate solution to labor and skill shortages and feasible response to evolving global market demands.

On the other hand, stakeholders can likewise opt to *recalibrate current stakeholder responsibilities that best fit the role of a governing body for Finishing Schools*. In this sense, recalibration means up-skilling and/or re-skilling the capacity of the potential institution to accommodate the oversight role for Finishing Schools. Institutional-level capacity building will be an important aspect to take place. This option will likewise lead to two crucial considerations.

One, it is important to note that recalibration has institutional-specific requisite in order to be effective. In fact, the three main stakeholders should be able to systematize *institutional criteria* to effectively assign this role to an existing institution. For example, this institution should have a similar mandate for skills training and development of the people and to a certain extent related to



the particular industry. This is imperative in order to keep the best practices replicated in implementing Finishing Schools as a skills training and development tool.

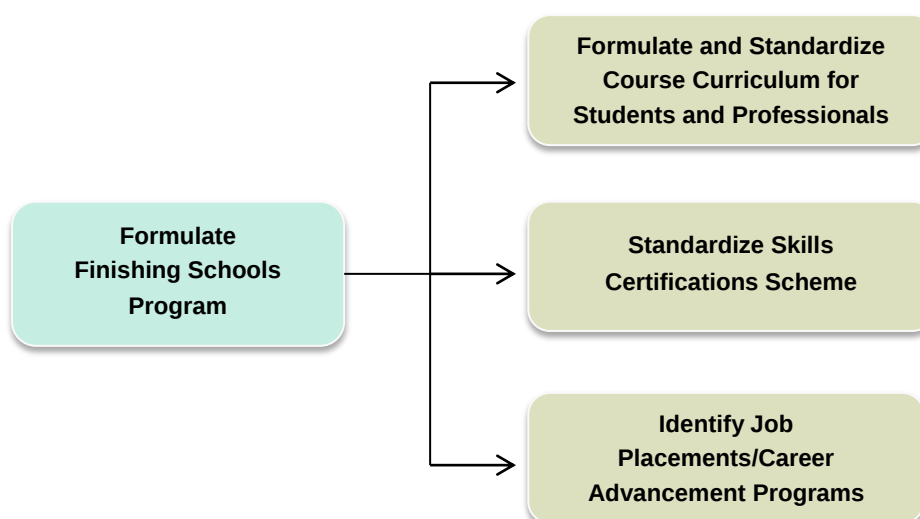
Another consideration is that this institution should be highly receptive to the other stakeholder opinion and roles. This is to ensure that each stakeholder's objective is still met during the entire Finishing Schools program. In fact, the particular institution should initiate methods to reach and coordinate to other stakeholders. It should have the capacity to allocate and share responsibilities with other stakeholders.

Curriculum Design, Standardization and Certifications

Along with the structure for the governing institution for Finishing Schools, another crucial step of this stage is the content creation for the Finishing Schools program. This step hinges on the findings of the labor pool analysis in a location. Stakeholders should be mindful of the different training needs of the students and the professionals. In fact, effective Finishing Schools program models should be able to simultaneously reach and address the needs of both the students and the professionals.

For example, English training modules can be incorporated to Finishing Schools program content for the tertiary labor pool, in order to enhance voice-based BPO services capabilities. Analytical training is a necessary module for higher value FAO services, especially for those already employed in the industry. Likewise, those in the managerial positions may need more leadership training in handling their respective teams in the workplace. These models will be further elaborated in the Recommendation section of the report.⁹

Figure 11: Formulate Finishing Schools Program



⁹ In the recommendations section of the report, Tholons will present three possible models for implementing Finishing Schools program.



The conceptualization stage also includes creation of certifications platform for the courses and specific skills acquired. A well-defined certifications platform for Finishing Schools brings tangible benefits both for the students as well as the stakeholders. In fact, it is a necessary tool to support the entire program. Stakeholders should be able to identify which skills to certify, as well as the type of certifications for the individuals. Some skills might need to be re-certified, like those in the ITO field where programming languages, and corresponding industry certifications and standards, are constantly changing.

The role of certifications will then serve as a link to the last stage – *Evaluation* - as they can also become a tracking tool to the level of competencies that the relevant IT pool has gained. Another benefit includes its ancillary function as an *employability barometer* to service providers in identifying potential employees. Preliminary certifications guideline is presented and explained more thoroughly in the Recommendations section of this report.

More importantly, stakeholders should be able to standardize the curricula and entire Finishing Schools programs across various locations in the country, extending to other learning media. First, standardization should be maintained across multiple locations or branches in the country. This is then, a necessary precursor in the next stage, *Implementation*. Standardized programs will also maintain quality of the Finishing Schools, whether it is conducted through traditional classroom format or through on-line classes or distance learning.

Case Study 4: Skills Certifications

The Role of Skills Certifications for Human Capital Development Competency-based Skills Certifications

Certifications are vital testament to the skills that a student has learned in the academe or in the workplace. For example, in the Philippines, TESDA promotes and maintains a competency-based skills certifications scheme for various training and development programs. Known as the Philippine TVET Qualification and Certification System, this assessment and certification process aims to promote higher productivity and individual competitiveness, especially for middle-level skilled workforce.

National Competency Levels are granted to qualified individuals in vocational spheres. These competencies are gauged through industry specific examinations. As the learners gain more competencies as they work or study, TESDA can give the consequent higher level certifications.

In fact, OECD countries also give competency-based certifications and levels. The United Kingdom and Australia both provide such qualifications to students in order to encourage lifelong learning, which moves towards higher human capital development.

Career Placements

More importantly, in this stage, identification best job placement and career advancement programs is necessary. This last step will be the crux in fully measuring the success of Finishing Schools program. As more students are being able to find employment immediately, Finishing Schools will prove its credibility as a skills training and development institution.



These placement programs will bank on the established relationship and linkages with the private sector – the industry players. As the industry players are active in the creation of course curricula, as well as maintaining quality standards throughout the program, these service providers will have a level of assurance with the output that the Finishing Schools generated. They can easily absorb the graduates for immediate employment.

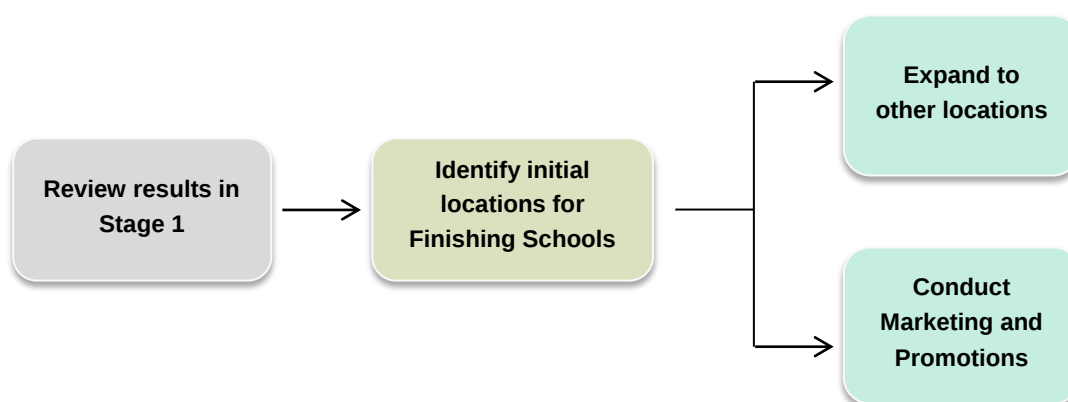
Stage 3: Implementation

Table 7: Summary of the Implementation Stage

Implementation	
Country-specific Locations	Identify cities where Finishing Schools can be best implemented with criteria such as near-hire & recent graduate density, location of major IT services firms & universities
Marketing and Promotions	Initiatives to promote the Finishing Schools program will be held in universities and IT services firms to highlight up-skilling capabilities

Stage 3 involves actual implementation of Finishing Schools program. This stage leverages on the fusion of labor pool analysis and infrastructure analysis in Stage 1. Through the labor pool analysis, the stakeholders can identify which locations need skilling, re-skilling and up-skilling programs. Moreover, infrastructure analysis also creates more avenues to effectively identify which locations it is feasible to roll out the programs.

Figure 12: Stage 3 Process Flow



In addition, implementation stage should also incorporate marketing and promotions strategy for Finishing Schools. This is in preparation for wider geographical scope of implementing the program. Effective marketing and promotions increase awareness among the potential IT Services labor pool to enroll in Finishing Schools program.



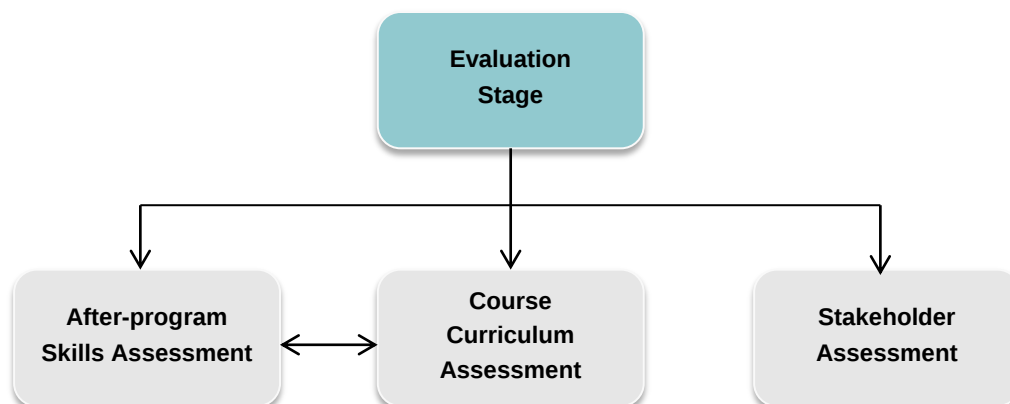
Stage 4: Evaluation

Table 8: Summary of Evaluation Stage

Evaluation	
Course Curriculum Assessment	Identify elements in the curriculum which need more/less focus given real world requirements and day-to-day operations
After-program Skills Assessment	Carry out the same skills assessment tests as done during pre-implementation phase to evaluate if the program is resulting to an increase in capability and quality of IT Services skills
Stakeholder Assessment	Evaluate each stakeholder as to the roles and deliverables assigned to them

The *Evaluation* stage focuses on post-implementation assessments of the Finishing School's various components. This stage is crucial so as to determine areas wherein the program has succeeded or failed. The results of which will allow adjustments to be made to further improve the Finishing School program.

Figure 13: Stage 4 Process Flow



The *After-program Skills Assessment* step will determine if the Finishing School graduates have gained significant headway with regard to improving their IT Services skills. The comprehensive IT Services-oriented skills assessment suite initially done in the *Needs Analysis* should be slightly modified but still reflect the same skills targeted for improvement. This step is important as it provides a concrete measure (and monitoring platform) of the Finishing School's success.

Course Curriculum Assessment will focus on closely investigating the course curriculum's elements. The results of the *After-program Skills Assessment* will work hand-in-hand with this step as areas wherein the Finishing School Graduates perform poorly will necessitate tweaking of the curriculum to focus more on that specific subject matter. A feedback mechanism for both students and lecturers is also necessary for this step. These qualitative insights borne out first-



hand experience will be valuable in providing different viewpoints and creating further improvements.

Beyond course curriculum and skills, participating stakeholders will also be evaluated in the *Stakeholder Assessment* step. During the *Needs Analysis and Conceptualization* stages, roles and deliverables were assigned to stakeholders according to their conceptual capacity to perform. This step will look into the deliverables of each stakeholder and their actual performance in their assigned role. A peer review system coupled with a balanced scorecard will be a good approach in evaluating these stakeholders. An example of the balanced scorecard is located below showing specific deliverables each with an assigned weight as to the total score of the stakeholder. The results of these two should point out adjustments that need to be made by the participating institutions to better perform their roles.

Table 9: Balanced Scorecard Sample

Marketing and Promotions Balanced Scorecard	
Score	Criterion
2	Increase participation of IT Services firms in a graduate absorbing capacity (30%)
2	Increase enrollments of graduates and near-hires in the Finishing Schools program (40%)
3	Increase partnerships with universities as a source of potential enrollees (30%)
7/10	TOTALSCORE

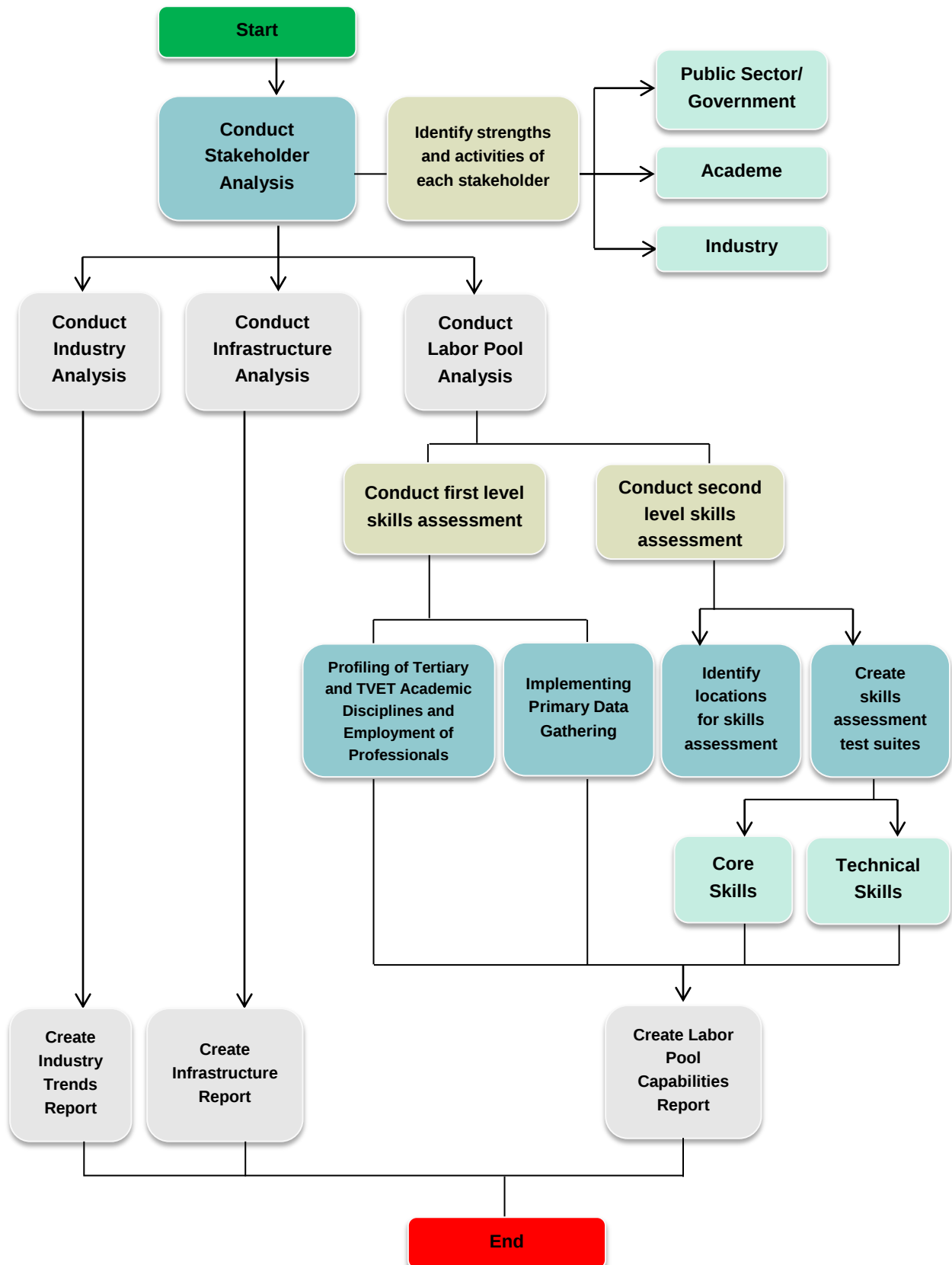
While *Evaluation* is the last stage in the cycle, it does not mean that evaluation should only be done at the end of the program. A mindset of *continuous evaluation* will be beneficial especially in the *Course Curriculum Assessment* and *Stakeholder Assessment* stages. This allows implementers to immediately address concerns which come up during the implementation of the Finishing School.

Framework Process Flow

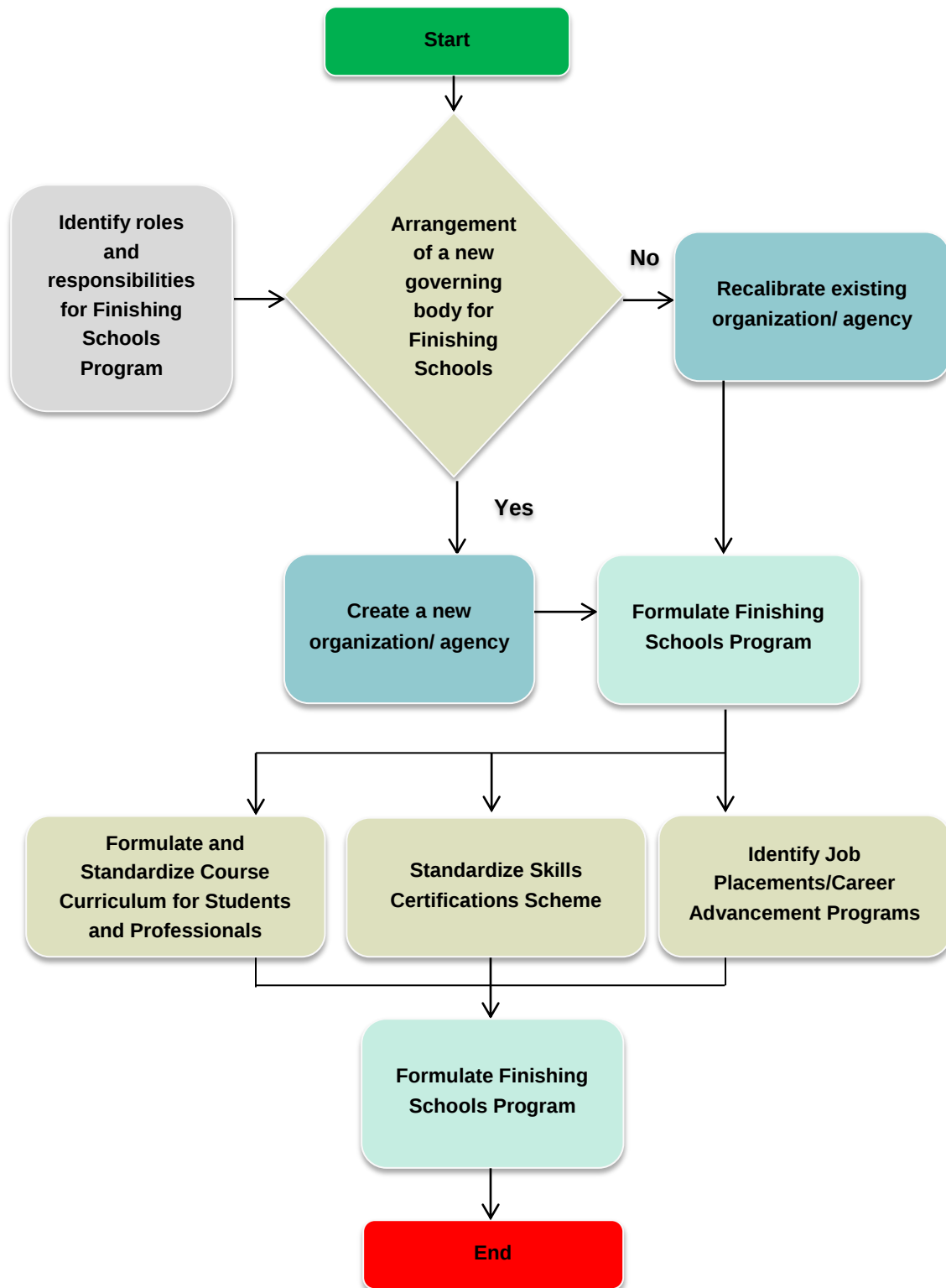
The following illustrates the process flow of the four stages of the framework. It is important to note that the results in a preceding stage will be the starting points for the succeeding stage.



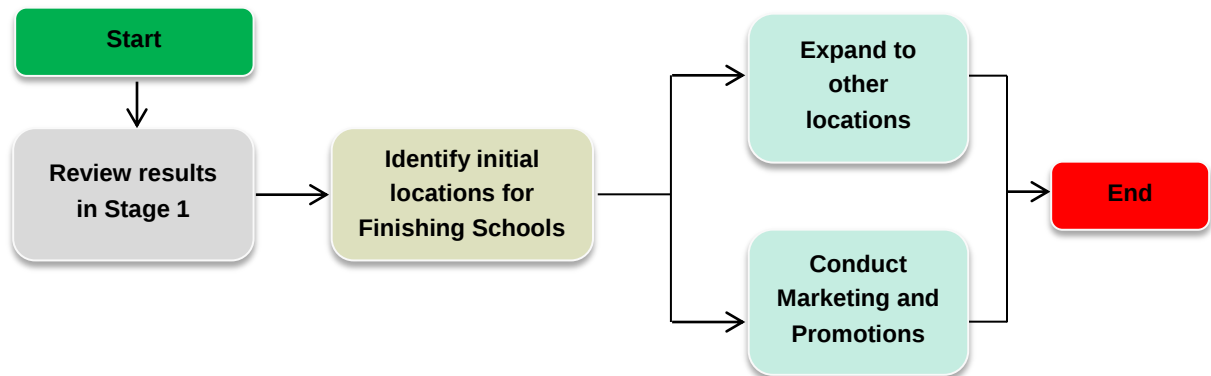
Stage 1: Needs Analysis



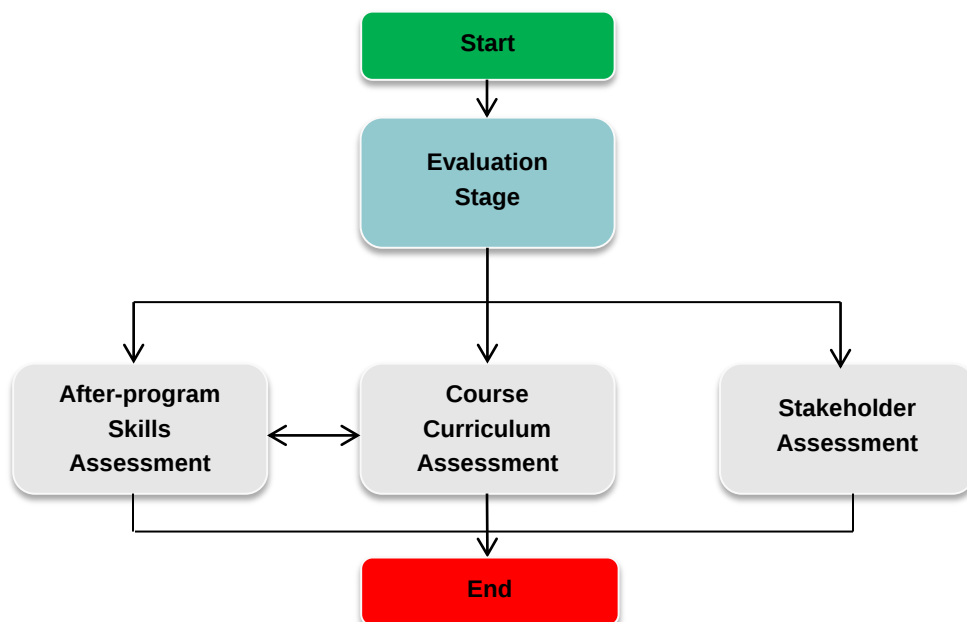
Stage 2: Program Conceptualization



Stage 3: Implementation



Stage 4: Evaluation



The Importance of Pilot Programs

Before implementing a nationwide Finishing Schools program, it is important to consider simulating the framework in select pilot locations. Pilot locations will be crucial in determining the effectiveness of the initial program design. In fact, the primary role of pilot programs is to serve as an evaluative part of the entire framework. The paragraph below exemplifies the benefits in running pilot programs for Finishing Schools.

Pilot programs show the success points of the framework. As stakeholders test the extent of effectiveness of the framework, they need to know which best practices concept for Finishing Schools. Replicating these best practices across other target locations would lead to success of Finishing Schools to prepare the labor pool for IT Services employment as well as addressing their employability for the industry.

Results from pilot programs indicate points for improvements in the framework. Aside from showing the success points of the entire framework, pilot programs also show the areas for improvements. These will lead to an extensive verification of the framework's initial assessment, assumptions and dependencies. For example, during the Implementation Stage, the size of the target talent pool can be adjusted, according to the real capacities of the teachers and related facilities in the pilot location. In addition, this will lead to a more indicative approximation of the capacities and situations of other target locations. Subject-matter-experts on Finishing Schools have mentioned that it often takes 6 to 12 months to address needed changes in the program.

Pilot programs serve as a preparatory platform in coordinating efforts among stakeholders. Implementing Finishing Schools in an emerging outsourcing destination is a formidable challenge for stakeholders. As this is a relatively new talent development initiative geared specifically towards the IT Services industry, stakeholders need to ensure that an implementing environment that allows for efficient communications and collaborative efforts is present. Through pilot programs, stakeholders are provided sufficient avenues and time to gauge their own capacities and exercise their respective roles and responsibilities in implementing Finishing Schools.

Pilot programs allow stakeholders to better utilize spending. Testing the entire framework in small locations entail less spending compared to nationwide implementation. Thus, pilot programs will support efficiency in spending for the succeeding implementations, as they can better shed light on the success points and the areas for improvement in conducting Finishing Schools. Given such insights, stakeholders will be able to clearly identify where to best allocate the funds and how much funding each step and location will have.

In summary, output from pilot locations will serve as learning tool for the stakeholders in intensifying its knowledge in implementing Finishing Schools programs. Moreover, corrective measures and points for improvement will be seen through the pilot locations.



Assumptions on Finishing Schools

These insights and benefits are crucial in implementing Finishing Schools in a location. It is important to note that the analyses in the sections above correspond to the *ideal situation* for creating and implementing Finishing Schools. There are assumptions – matching the outlined requisites – which are crucial in the success of the Finishing Schools program. These assumptions are analyzed below.

Sustained demand from the IT Services market. The presented framework assumes that there will be a sustained demand from the global industry. As Finishing Schools are a response mechanism of a country in addressing employability of the labor pool in the mentioned industry, the essence of the program will rely on the target size and corresponding scale which a country location will set as a goal, to generate and capture IT Services market share.

Presence of accrediting authorities. Enhancing employability of the talent pool needs agencies that will act as *skills comptrollers*, particularly for the IT Services industry. Such agencies should be able to identify specific competencies and programs that will call for certifications, through organized *skills criteria*. As explained in the framework above, certifications are imperative to establish the industry-related credentials of an individual. Acting as *skills indicator* of an individual, certifications will also aid in employment for the people who successfully finished the training program. Thus, it is crucial to have accrediting agencies to have a system that will assess the skills development of the target labor pool.

Extensive support from stakeholders. The proposed framework considers that sufficient funding will be generated at all points of the program. Consequently, this suggests supportive institutions (from the public sector and the private sector) that accept the role of extending financial support to Finishing Schools.

As echoed in this report, developing countries are typically outsourcing destination locations. This denotes that a significant part of the labor pool will have financial constraints in enrolling themselves in Finishing Schools. These constraints are one of the most pressing concerns of students why they leave academic schools, in exchange for employment. Addressing concerns of the teachers' skills will also require sufficient funding. Moreover, the Implementation Stage will necessitate greater financial support, as this will be brought on national scope.

These concerns bear special weight on the public sector, which has the primary role and capability in ensuring access to Finishing Schools through various financial intermediations (such as subsidies and grants). In addition, the public sector may tap the private sector in devising financial strategies to address such concerns. This thought will be further developed in the *Recommendations* section of the report.



Trends in the Global Talent Pool

Talent pools across the world have been undergoing a monumental shift – a transformation from low level skills sets into higher value, technical skill sets required by the global, knowledge-based economy. Various factors have been affecting the dynamics of skilled talent pool across global regions. For instance, labor migration has been an increasing trend. Skilled people from developing countries are pursuing their respective careers in the developed countries in turn for higher wages and better employment opportunities – a trend affecting the remaining talent base in developing countries. Moreover, within countries, people are migrating from Tier II and Tier III cities to Tier I locations. Tier I cities are perceived to have better economic situation, thus possessing more competitive capabilities than those in Tier II and Tier III cities. With respect to labor migration, it has been studied that inter-city (and inter-country migration) is the less disruptive of the migratory trends and especially when compared to ‘out of country’ labor migration, where *net skills* of a country is directly impacted. It must be noted that even the sector of laborers who are intending to migrate, should still be considered as candidate for Finishing Schools as up-skilling this particular sector may in fact, allow them to secure higher paying and higher value jobs in-country. This has a beneficial effect on both the eservice provider operations and to the country. The service provider would require less ‘foreign technical workers’ and can rely more on ‘local labor,’ while the individual laborer is provided an avenue for higher paying job positions as induced by acquiring a higher-value or more technical skill set from the Finishing Schools.

Given these situations, developing countries are rethinking their strategies in building and keeping their respective talent pool base. More efforts are being directed towards the skills development of the talent pool. In addition, countries will be able to keep the talent pool by building skills-matched employment opportunities within the country. In fact, these two parallel approaches are becoming a proven strategy for developing countries as they define and hone their expertise in the IT Services space.

Skills Situation among Global Locations

In 2011, the Economist Intelligence Unit (EIU) released the Global Talent Index - which aimed to examine the prevailing talent pool trends among 60 identified countries from both developed and developing regions. The study considered both the international and enterprise levels. These resulted to country rankings, according to their respective capacities in four distinct yet interrelated areas: potential to produce employable talent measured by demographic trends, ability to develop talent as determined by educational infrastructure, conditions for a skilled workforce, as well as the proclivity of the countries to foster competitive and internationally-driven business. The rankings also provide a forecast to the 2015 global talent pool scenario among the 60 countries.



Table 10: Global Talent Index 2011

Region	Rank ¹⁰		Score		Change
	2011	2015	2011	2015	
All Countries			45.1	47.0	+1.9
North America	1	1	66.0	67.9	+1.9
Western Europe	2	2	55.9	57.0	+1.1
Asia	3	3	43.2	45.5	+2.3
Latin America	4	4	39.3	41.1	+1.8
Eastern Europe and Central Asia	5	5	39.1	41.0	+1.9
Middle East	6	6	37.0	39.4	+2.4
Africa	7	7	30.3	33.2	+2.9

Source: Economist Intelligence Unit 2011

Given the four main considerations, North America garnered the first rank among seven regions. North America led the global average by 20.9 points, and even had significant gap with the next leading region - Western Europe – of 10.1 points. This divergence is largely contributed by United States, with a score of 74.2, which is almost 10 points greater than Denmark, the second leading country in the list. The EIU noted that the high quality standards of the country's universities have significantly contributed to the high index score of the US.

This impressive feat in the tertiary institutions of the country is further reflected in institutionalized training and vocational programs in the US. In fact, the country has a platform called *Career and Technology Education (CTE)*. These programs occur across upper secondary, post-secondary, and tertiary levels. CTE programs differ in the target labor pool segment; but the end goal is not only providing avenues to churn out employable talent (i.e. those fit and ready for work), but also exploring options for long-term career path. The fusion of both the short term and long term development objectives for the labor pool ensures the quality and employable talent of US students in various industries.

From the index, it is evident in the ranking that there is a great disparity between the scores of the leading two regions and the rest of the developing regions. It can be seen that the global average is brought down by the succeeding regions. From North America's score to that of global average, there is already a 20-point disparity. On the other hand, incremental gaps are seen between the regions. Asia's score is merely two points lower than the global average, while Latin America's talent index is only 0.2 point higher than Eastern Europe and Central Asia's score.

In these regions, further country disparities remain; thus it is important to identify which countries perform well and significantly affect the country rankings. Asia's near-average score is contributed by countries such as Singapore (5th rank), Hong Kong (8th), and Taiwan (20th). Notably, Singapore and Hong Kong are part of the top 10 countries, joining the ranks of North

¹⁰ In this report, rankings excluded "All Countries", since this served as the global benchmark and average.



American and Nordic countries. In fact, educational institutions in these countries are above par than other regional competitors and are acknowledged by international university ranking organizations. For example, the National University of Singapore is ranked 28th by the QS World University Rankings in 2011, garnering 9th rank in Engineering and IT courses.

Furthermore, although Singapore, Hong Kong, and Taiwan are small-sized population countries, they highly attract talent from other regional countries, such as the Philippines and Malaysia and have the capacity to retain them. Being an active receiver country of the skilled talent pool pushes the ranks of these top Asian countries.

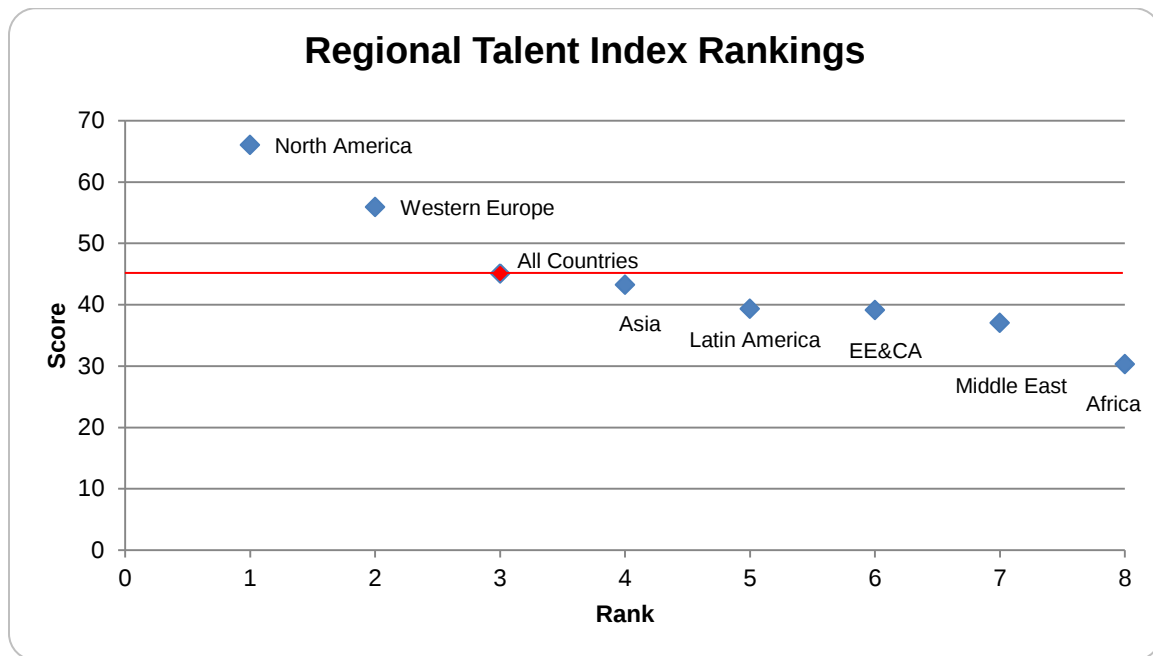
On the other hand, Latin America's best performer countries are Argentina and Chile, ranked 28th and 31st respectively. With more than 2 million annual tertiary enrollees, Argentina's high tertiary enrollment rates push its ranking, which signifies improving access to tertiary education. In addition, Chile has always maintained a high government spending to education ratio – whether in formal academic institutions or co-curricular training and development programs. In fact, Chile recorded that 2008's total spending for education reforms was 7.4% of GDP which was notably higher than the OECD average of 5.9% of the same time.

Closely following Latin America in the index, Eastern Europe and Central Asia's score is driven by Czech Republic (25th), Poland (29th), Hungary (30th) and Slovakia (32nd). These countries' tertiary labor pool profile is highly characterized by being technically-oriented, with high graduate churn out in IT, Engineering and Sciences related courses.

It is important to note that these top country performers in each region are part of the current roster of emerging IT Services (particularly services outsourcing) destination countries. In fact, these countries already possess some features that may competitively position their respective labor pool in the global IT Services space – such as Chile's government support, Argentina's large tertiary labor pool, Eastern Europe's technical graduates and Asia's prime educational institutions. As will be further explained later, the talent pool development initiatives among these emerging IT Services locations will be the key in realizing enhanced competitiveness in the mentioned global industry.



Chart 1: Regional Talent Index Ranking



Source: Economist Intelligence Unit 2011

Nevertheless, this regional disparity certainly signals the urgency of addressing the capabilities of the developing countries to churn out employable talent. Moreover, the regional rankings are forecasted to remain the same, *if the given labor pool situations country-specific capabilities do not change*. The outlook of the 2015 index provides a benchmark that developing countries should hurdle.

Impact on the IT Services Industry

The global skills disparity highlights significant implications for the prevailing educational standards across countries, employment opportunities, and the IT Services industry. In one way, this disparity is not only seen across regions, but likewise observed within the regions. For example, Brazil is assessed to gain major improvement in the forecasted 2015 rankings, achieving a four-place progression from 42nd to 38th rank. This is due to the country's growing employment opportunities, increasing focus and funding on education programs, and improving language skills among the populace.

The findings bear weight on the performance of developing countries. More so than ever before, the importance of quality education and training – along with its direct factors – have become critical in augmenting the employment opportunities in these countries. Thus, there is a definitive link between education of the talent pool and their possible employment path.

Specifically for the IT Services industry, regions of services outsourcing destinations are significantly below the marks of the North America's and Western Europe's scores, which are the



primary clients of the ITeS industry. The talent pool performance of these client markets reflects the business complexity in their respective environments. As the industry moves to higher value services, labor pool qualifications should likewise match such demands. By attaining higher quality of talent pool, these locations can better position its enhanced competitiveness in delivering services to these client markets. Without highly skilled labor pool, locations may not even reach *the stage of higher value services*, which are beneficial, both to the continuous development of a country's human resources and overall economic performance.

In addition, achieving at par performance with these stellar countries would prove to be a pragmatic positioning in proving and exemplifying the outsourcing capabilities of these IT Services locations. This will also prove their capacities in sustaining the entry and expansion of service providers in their respective areas. A sizeable and employable labor pool will be most effective in encouraging service providers to locate in the country, capitalizing on its skilled human resources.

Nevertheless such aim does not immediately take place. Long term institutional changes should be first identified and properly enacted. In one way, outsourcing locations should first be able to identify the aspects to improve on. Quality of the talent pool for example, may depend on the educational infrastructure, access to education, quality of teachers, among others. None of these facets can be addressed immediately – thus, immediate, mid, and long term plans should be devised to properly address concerns related to these labor pool components.

These long term changes will bank on the short term measures these countries will use. In fact, these short term solutions should be considered as the stepping stones in realizing long term and sustainable actions in addressing talent pool and related concerns in the country. One such feat is the implementation of Finishing Schools concept, which verifies both the supply side and the demand side issues in education and employment.

As will be seen in the next sections, these talent pool conditions and concerns will be contextualized in a rapidly growing region in the global outsourcing industry – Latin America. This will then lay the necessary foundation in analyzing the prevailing labor pool concerns as well as the recommended steps to address this.



Latin America's Current IT Services Labor Pool

In recent years, Latin America has been gaining traction in the global IT Services industry as a viable alternative to more established Asian destinations. The region has inherent advantages as a nearshore delivery location to the large North America IT Services market. In fact, it has favorable time zones to North American clients, cultural affinity to US Hispanics, relatively lower labor costs than the prevailing North American rates, and multi-lingual capabilities. Lead countries such as Mexico, Argentina, Colombia, Costa Rica and Brazil are dictating the pace of the growth, while fast-emerging locations such as Uruguay, Peru and Chile add more vitality to the current dynamics of the Latin American IT Services industry.

Albeit a promising situation, Latin America has to identify and immediately address growth-threatening concerns. For instance, the saturation of the talent pool is a critical problem that needs to be quickly addressed. Service providers who have decided to locate in Latin America are already experiencing difficulties in filling positions on a *larger delivery scale*. This is not due to the region's incapability to supply manpower, rather an issue of the labor force lacking the skill sets which are highly sought by service providers. What IT Services companies seek in its employees is usually a mix of specialized IT Services skills and English capabilities – given the primary objective to effectively address the needs and demands of large, North American clients.

As a relative newcomer to the IT Services industry, Latin America is still building capabilities to address the varying needs of global clients, such as those from the North American region. Much of the IT and infrastructure development being done in the region is being done to attract these same clients into the region. This has worked to an extent as major service providers globally are already testing the waters in Latin America. Some have had success but there is little doubt that there are lingering difficulties being experienced particularly in the hiring of talent.

The rapid entry and growth of service providers in the Latin America has exposed the paramount weakness of Latin America's IT Services industry – *that highly skilled labor (and in the scale required) in the region may not be enough to sustain the sector's growth*. Service providers are currently finding it difficult to expand seat capacities. Hiring people with very specific skills are also becoming a problem for these service providers.

Initiatives toward the improvement of tertiary education aim to address these concerns but extensive reforms in this area are still far off and may not be amenable to address the current labor demands of service providers. The need for a short-term human resource capacity development intervention befits the issues affecting the quality of Latin America's IT-BPO labor pool.

State of Tertiary Education in Latin America

In the past, tertiary degree holders in Latin America were likely ensured of well-paying and secure jobs in the biggest and most reputable companies. However, today's competitive global workforce is markedly different. Tertiary education degrees are increasingly being seen as a minimum requirement just to be considered for employment. This has resulted into stronger demand to

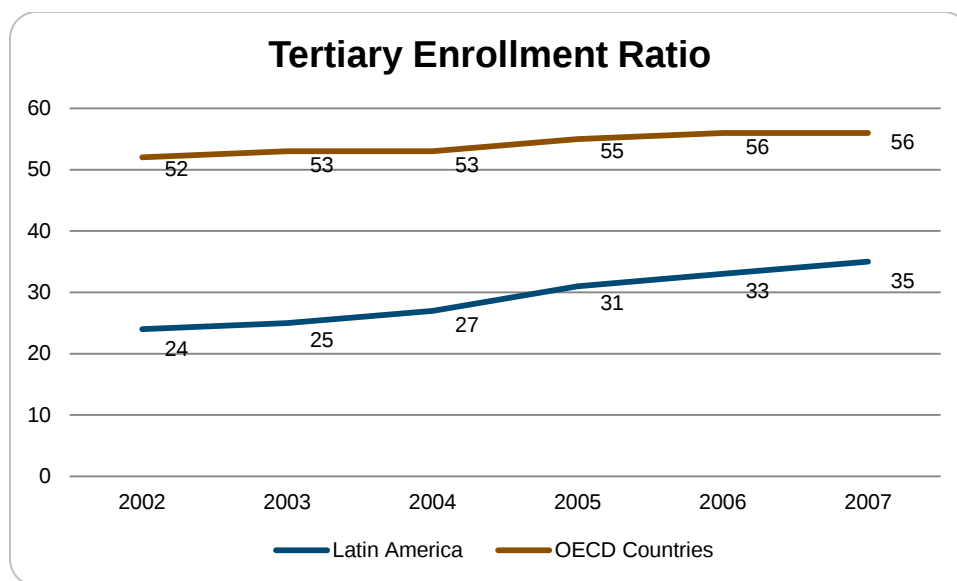


obtain tertiary degrees and more specialized, technical skills, not only in Latin America, but throughout the global workforce landscape. Thus, for the Latin American workforce to be competitive with the rest of the world, it has to arm itself with high quality, tertiary education on par with global standards. Essentially, Latin America must force itself to 'keep up' with the global scenario if it wishes to remain competitive.

Latin America's gross enrollment ratios (GER) have been on an upward trend since 2001 and reached 37% in 2009. While, as a whole, this figure lags behind leading economies, certain countries such as Argentina, Panama, Uruguay, Chile, Costa Rica, and Venezuela show much higher enrolment rates at 40% and above.¹¹

The graph below presents a comparison of overall tertiary enrollment ratios of Latin America against those of economies of the Organisation for Economic Co-operation and Development (OECD). This presents tertiary level competitiveness of these Latin American countries, since OECD countries are *considered* to be the world's more advanced locations.

Chart 2: Tertiary Enrollment Ratio Comparison

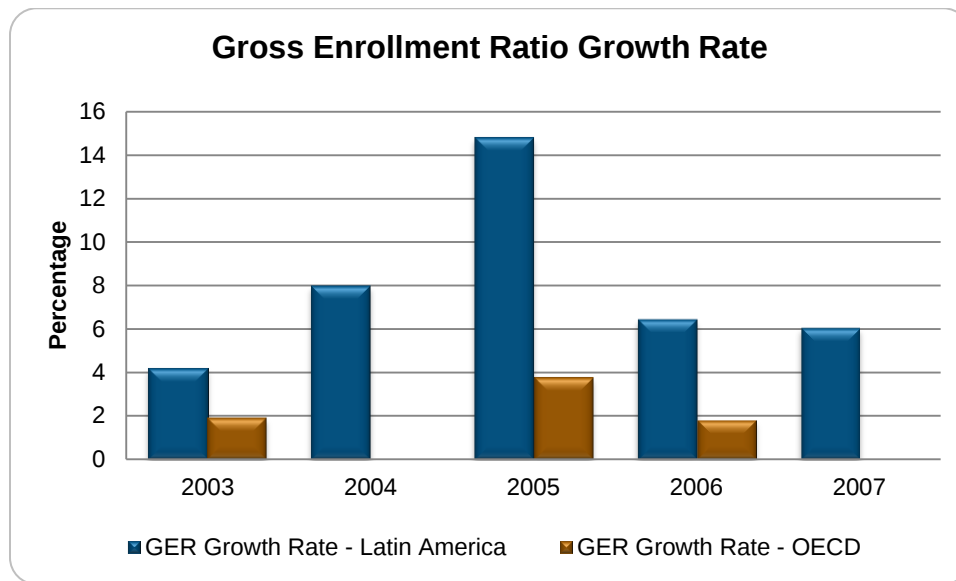


Source: Organisation for Economic Co-operation and Development 2011

¹¹ IESALC 2006



Chart 3: Gross Enrollment Ratio Comparison



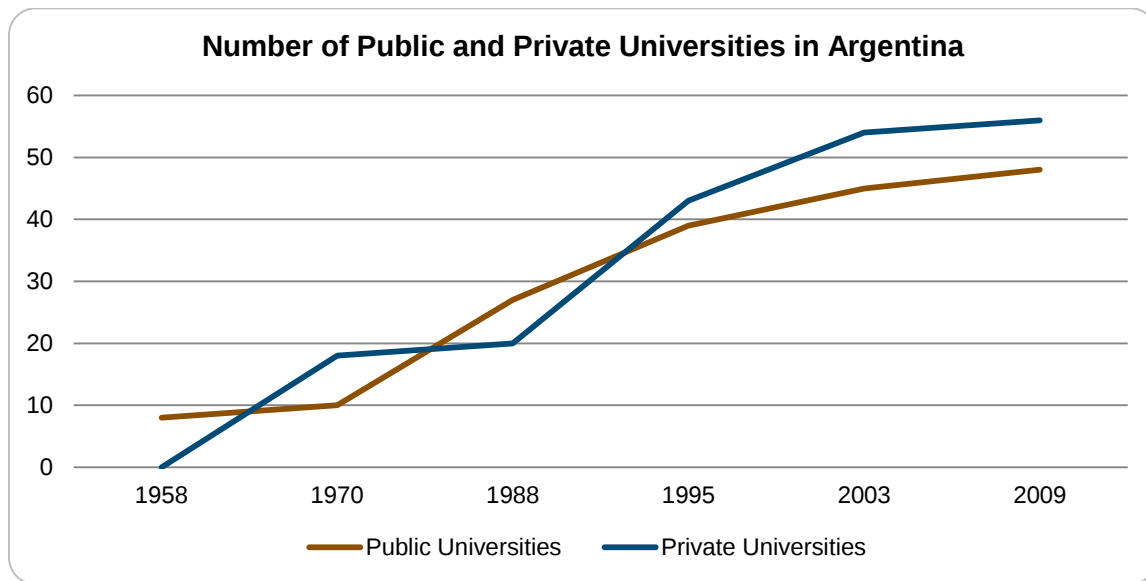
Source: Organisation for Economic Co-operation and Development 2011

Chart 3 above shows an upward trend with regard to Latin America's tertiary enrollment ratio. Though it still lags from those of the OECD countries, some Latin American countries actually post higher tertiary enrollment ratios than the OECD average. Since 2002, Argentina has consistently posted tertiary enrollment ratios above 60%. In fact, Argentina's tertiary enrollment ratio for 2008 has already reached 69%. Cuba also displays a very high tertiary enrollment ratio with 118% in 2009. The figure indicates that even a significant portion of the population outside of the corresponding tertiary education age is also participating in higher education. These model countries may be utilized as best practices for others to follow suit. The much improved availability of tertiary education indicates a step in the right direction for Latin America and we see this trend continuing within the coming years.

Generally, this rapid expansion of tertiary education in Latin America has been approached in two ways. The first approach followed a strong government focus on increasing the capabilities of existing public universities. Argentina is a prime example of a country wherein the public tertiary education system was expanded to meet growing public demand. The following table presents the growth in number of public and private universities.

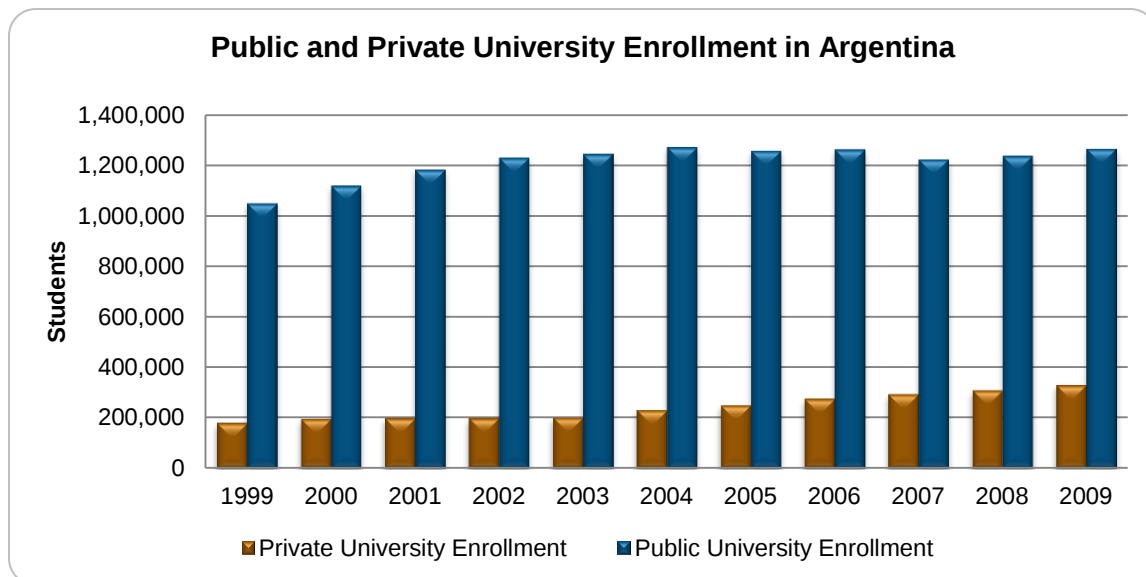


Chart 4: Public and Private University Growth in Argentina



Source: IESALC-UNESCO 2005, Ministerio de Educacion Argentina 2009

Chart 5: Public and Private Enrollment in Argentina



Source: Ministerio de Educacion Argentina, 2009

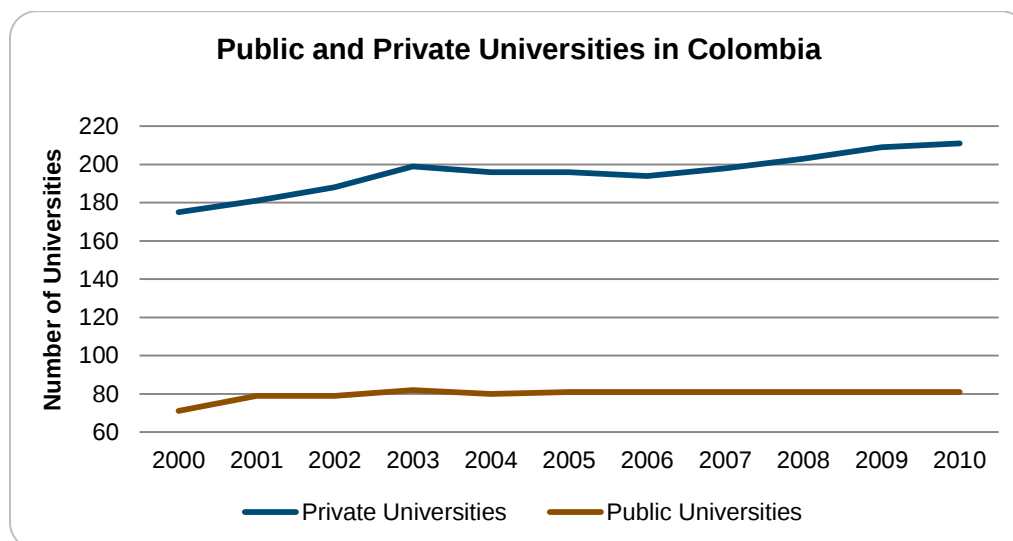
In 1958, Argentina had 8 public tertiary universities. Due to the increasing public demand for higher education, the need to increase the capacity of universities became evident. The period following saw the entrance of private universities simultaneous with the expansion of public universities. The similar upward trends of both the public and private universities indicate that they followed the same pace of expansion. As of 2009, the number of Argentina's private universities surpasses the number of public universities.



Although private universities have gained a significant presence in Argentina, the majority of the undergraduate population can still be located in public universities. The data indicates that despite the expansion of private universities in Argentina, its share of enrollees remains marginal. Public universities continue to attract over 1,200,000 enrollees every year as these institutions confer a level of prestige and generally maintain higher standards of quality.¹²

The second approach to tertiary education expansion involved a private sector driven solution through the establishment of private universities. In Colombia, economic constraints have prevented the government from providing tertiary education to a majority of its people. Education reform policies such as the *Revolución Educativa* have been enacted but the country's tertiary education expenditures for 2010 remain at a meager 0.4% of GDP.¹³ This has prompted Colombia's private sector to establish its own universities.

Chart 6: Public and Private University Growth in Colombia



Source: Ministerio de Educación Nacional 2011

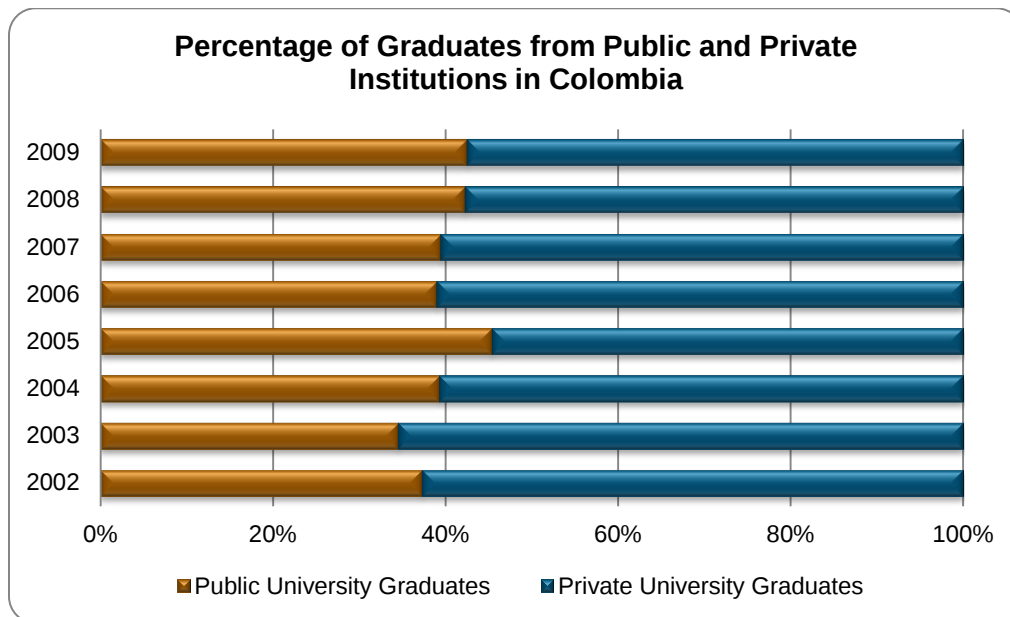
The data presented in the graph shows that the establishment of new public university institutions has already plateaued in 2005 with 81 public universities. The number of private universities, on the other hand, is still rising with 211 institutions as of 2010. A World Bank country study of Colombia attributes the dominance of private universities to the government's lack of resources for expansion, an incentive structure, and an enabling policy framework governing tertiary education. The compounding issues in public tertiary education have led people to enroll in the more organized and higher capacity private universities. In fact, graduates in private universities have been accounting for an average of 60% of the total tertiary enrollments in Colombia since 2002.

¹² EdInvest Argentina, 2005

¹³ Politics Daily, 2010



Chart 7: Public and Private University Enrollment in Colombia



Source: Ministerio de Educación Nacional 2011

The majority of countries in Latin America have all experienced a marked improvement in improving accessibility to tertiary education. In the 1990's, there were 7,350,000 undergraduate students in Latin America. In 2005, this figure has doubled with 15,293,181 undergraduate students.¹⁴ Both public and private led initiatives have addressed the immediate problem of tertiary education availability in Latin America and this trend will likely continue as improvements in each country's educational system are further enhanced.

Besides availability, it is also important to discuss the overall quality of tertiary education in Latin America. The quality of education received will eventually determine the labor pool's readiness to enter into employment in the IT services industry. The aforementioned expansion of both private and public universities in Latin America has led to differing results with regards to this. The following table determines which countries have fostered growth in both areas. Six OECD countries are also represented by New Zealand, Germany, Japan, Australia, US and the UK for basis of comparison.

¹⁴ Center for Studies in Higher Education, 2010



Chart 8: Percentage of Public and Private Universities in Select Latin American Countries

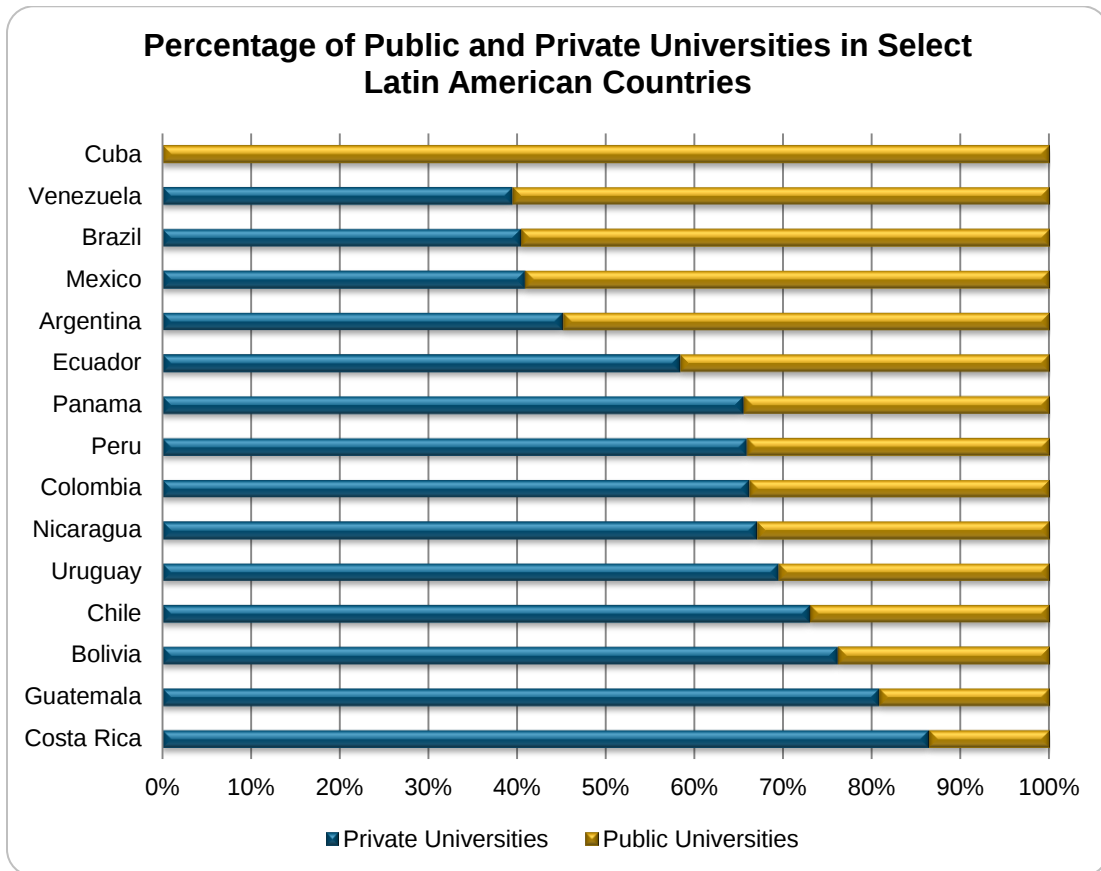
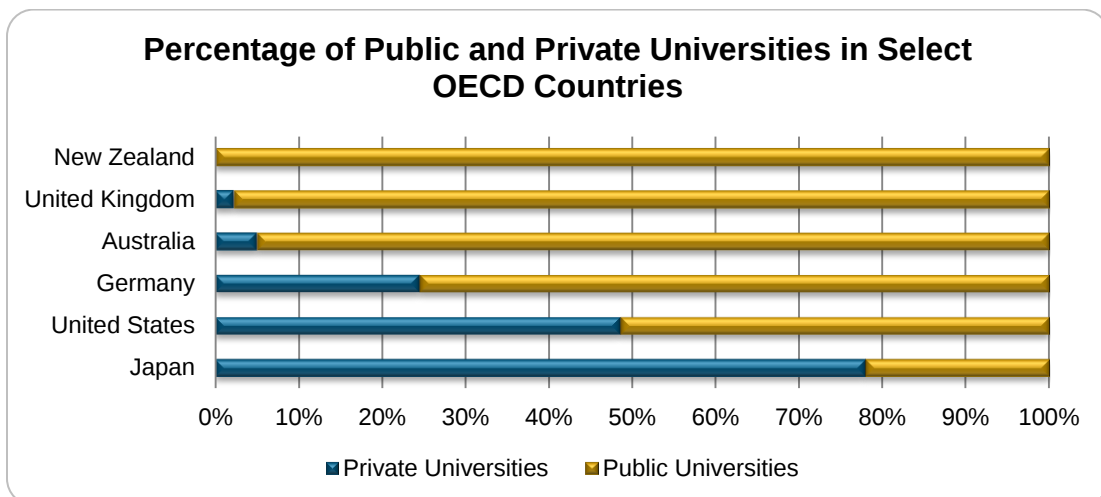


Chart 9: Percentage of Public and Private Universities in Select OECD Countries



Source: OECD 2011



State of Public Universities

Though the public universities are less in number, this does not equate to a lesser capacity to provide high quality tertiary education. Some countries have developed their public tertiary education institutions to the point that they are able to provide widespread access to a majority of the literate population. In Uruguay for example, around 90% of undergraduate students are enrolled in public universities. Likewise, in Argentina, 80% of students are enrolled in public universities. Cuba presents the most extreme case in Latin America with 100% tertiary enrollees located in public universities, similar to that of New Zealand.

Within the region, public universities are perceived to be of comparatively higher quality against the region's private universities. This is also true for OECD countries. While Japan has a smaller percentage of public universities, these are deemed as being of higher quality than its private counterparts. This is due to the greater amount of funding from the government which theoretically ensures that the university's facilities are maintained, highly qualified teaching personnel are hired, and that the educational model amongst satellite campuses is consistent. Students also perceive a certain prestige in being able to graduate from a public university. The public sector driven development has resulted in high quality education and Latin Americans who are able to join these public universities are generally more employable.

But in the global tertiary education landscape, even Latin America's public universities are hard pressed to find recognition as high quality educational institutions. Times Higher Education, QS World University Rankings, and the Academic Ranking of World Universities are publications which rank the top universities on a global scale. Criteria of these publications cover the overall quality of a university including infrastructure, research output, quality perception of industry experts, teacher-student ratio, etc.

The report findings of these institutions show that only a few Latin American universities are *recognized* as globally competitive. In the QS World University Rankings, Mexico's Universidad Nacional Autonoma de Mexico and Brazil's Universidad de São Paulo are tied in 169th place. Times Higher Education, on the other hand, ranks Brazil's Universidad de São Paulo in 178th place with an overall score of 44.1/100. The Academic Ranking of World Universities does not place any Latin American university in its global rankings. This indicates that Latin America's universities do not compete well with regards to the other tertiary institutions globally. Despite this, the region is showing signs of promise especially with Brazil and Mexico's universities making significant headway in developing their tertiary education institutions to be on par globally.

State of Private Universities

In many countries both inside and outside of the region, the public education sector remains ill-equipped to address the increasing demand of students. This gave way to the emergence of numerous private universities. Overall, Latin America is approaching a private university enrollment rate of 45%.¹⁵ In Brazil, 73% of the tertiary student population study in the country's

¹⁵ UNESCO, 2009



2,141 private higher education institutions.¹⁶ Among all the countries in Latin America, the country has the highest proportion of private university students.

The proliferation of these private universities has led to varying degrees of quality in their educational system. This has resulted in the private sector to capitalize on the growing demand-opportunities, to take profits from the burgeoning tertiary student market. These universities have been categorized under the label “demand absorbing.” Universities such as these typically prioritize profit over educational quality. Students who attend these institutions either do not have the financial capability to enroll in the elite private universities or have not passed strict academic requirements in the public ones.¹⁷

Lenient regulations are also another factor contributing to low education quality, allowing universities to comply with subpar course curricula and educational systems. While some private universities are up to standard, a significant number of these *for-profit tertiary institutions* are of questionable quality. Curricula and course offerings are quickly but shabbily developed depending on what is in high demand from students. This then produces a negative effect on the overall quality of a country’s labor pool.

Teacher Quality

The quality of teachers in tertiary education institutions is another problem contributing to the overall quality of education. In cases like Brazil, part-time public university faculties are paid US\$ 16.4 an hour which is a low figure in contrast to the public university faculty’s salary at US\$ 1,110 per month.¹⁸ Low salary wages have impacted the quality of teachers as more qualified teaching personnel migrate to more prosperous opportunities. These teachers often migrate to either higher paying, non-related professions or move to elite universities in Tier 1 locations. This migration has resulted into the highly qualified faculty being concentrated in fewer universities. Due to this, low tier universities have to *settle with hiring relatively lower quality, part time faculty*. The inability of the educational sector to attract the best faculty results in a decrease in the overall quality of tertiary education.

Accreditation of Higher Education Institutions

Latin American governments have since been trying to address some of these issues by creating higher education accreditation agencies. Currently, almost all countries in the Latin American region have created accreditation agencies to address the problems in quality. The World Bank has also recognized that these agencies are a worthwhile step towards the development of tertiary school systems. These agencies are mandated to assess and provide guidelines for the improvement of both public and private universities. A broad range of issues can be addressed by these agencies such as course curriculum approval, teacher wages, funding, and infrastructure development. The establishment of quality control systems in the tertiary education

¹⁶ Times Higher Education, 2007

¹⁷ Center for Studies in Higher Education, 2010

¹⁸ Times Higher Education, 2007



sector is a welcome development as this will ensure that tertiary enrollees, whether in public or private universities, are exposed to an acceptable standard of education.

In summary, Latin America's tertiary education sector leaves much to be improved. Efforts toward providing availability to the majority are overshadowed by the low quality of education. There are a multitude of such as demand absorption universities, low teacher quality, and lack of public sector support. Model countries which are able to maintain high quality tertiary education standards, as can be seen in Brazil and Mexico, have built a good foundation for the development of industries such as IT services.

There is no doubt that good quality tertiary education results to a more employable workforce. Besides cost, and infrastructure, this is a key element for IT Services companies to locate in a country. But given the rapidly growing and expanding IT Services industry in Latin America, the question that remains is: *will Latin America's tertiary education institutions be able adapt quick enough to both the highly demanding labor pool needs of the IT Services industry as well as the Latin American population?* The slow and steady improvement of universities might not be able to address these needs in time. This is why there is a need for other sources of employable labor. Besides graduates, other groups such as near-hires, career-shifters, and undergraduate students can also be tapped as potential employable labor.

Short-term Human Resource Capacity Development initiatives such as Finishing Schools can be implemented targeting the groups mentioned above aiming to both up-skill and re-skill the participants. Through these Finishing Schools, the IT Service providers can work together with national governments as well as the academe to *dictate their needs and adapt school curricula accordingly*. This will ensure a flexible yet focused approach to ensuring that employable labor will be available not only in the near-term, but also in the future.

The quality of tertiary education definitely plays a huge role in providing IT Services to global clients but this is not the only factor that has to be taken into account. The region possesses other inherent characteristics which are equally important in the development of the IT Services sector. These are factors which involve the region's language capabilities, scalability, and other pertinent qualities which are advantageous or disadvantageous to Latin America's growth as an IT Services destination.

Strengths of Latin America's Labor Pool

Multilingual Capabilities

Latin America's labor pool offers varied language capabilities with Spanish, Portuguese, and English speakers readily available. The combination of language capabilities Latin America offers is essential to its growth as an outsourcing destination as this differentiates the region from more established destinations in Asia. The vast majority of the countries in Latin America have Spanish as its official language and Brazil, having the largest population in Latin America, primarily speaks Portuguese. Recent efforts towards Spanish accent neutralization further allow workers to serve a larger Spanish-speaking market of different dialects. Workers' English



language capabilities are also put through accent neutralization so as to be more effective in dealing with North American clients.

These capabilities will allow Latin America to enter into markets which have not yet been fully tapped. The US Hispanic market which shows great potential as the fastest growing demographic in the US can be a candidate for Latin America's voice-based outsourced services. Through these inherent capabilities, having to put up just one multilingual delivery center in a location to meet the demands of different markets will result to more optimal operational cost savings for service providers.

Scalability in Mexico and Brazil

Mexico and Brazil are Latin America's two largest countries in terms of population with about 112 million and 193 million respectively. This capacity of scale has driven many multinational service providers to locate in either one of these nearshore destinations for their bilingual delivery centers. Examples of these multinationals are IBM, HSBC, General Motors, Genpact, & ACS. The fact that multiple large-scale delivery centers exist in these two countries (and in the region), solidifies the notion in their confidence that large scale expansion is feasible in the future. Compared to the Philippines for example, Brazil and Mexico compare favorably in terms of the available/potential IT-BPO labor pool:

Table 11: Comparison of Population of Outsourcing Destinations

Populations of Outsourcing Destinations			
Country	Population (in millions)	Workforce (in millions)	Annual Graduates
Mexico	111.2	45.3	420,000
Brazil	198.74	93.7	700,000
Philippines	91.98	38.9	450,000

Source: World Bank 2011, Tholons Research and Estimates 2011

The *vastness* of the labor force coupled with a high output of technical graduates ensures a stable supply of workers for both countries' IT Services industries. Meanwhile, for other countries which do not have the population to support high-scale requirements, service providers have expanded with a regional approach. They have established delivery centers in multiple locations instead of focusing on just a single country.



Table 12: Distribution of Major Delivery Centers (Select Providers)

IT Services Companies' Locations in Latin America								
IT Services Company	Chile	Brazil	Argentina	Colombia	Guatemala	Uruguay	Mexico	Costa Rica
HP		2	1	2				1
TCS	1	2	1	1		2		
IBM	1	4	3	1		1		1
Genpact				1	1			
CapGemini	1	3	1		1		1	
ACS	1		1	1	1			
Wipro		2	1					
Sitel	1	1		3			2	
Accenture	1	7	5	1				

Source: Tholons Research, 2011

A multi-location or multi-country approach enables company to better maximize the available talent as well as the specific expertise of distinct Latin American countries, and somewhat negating issues of scalability.

Highly Skilled Labor Pool

Tholons analyzes that Latin America's IT-Services industry is that highly skilled labor often is concentrated only in certain areas. While large-scale call center operations are common, larger – scale, high-value ITO & KPO operations are most often centered in the Tier I locations in countries such as Argentina, Chile, Uruguay, Costa Rica, Brazil and to an extent Colombia. Quality tertiary education is the common factor amongst these countries and we look at them to further develop as they find their respective IT-BPO niches. Continually developing high tertiary education quality standards will allow Latin America to move away from fulfilling entry-level, low-value outsourced processes towards higher-value services.

Cultural Affinity

North American clients outsourcing to Latin America often find that the workers are easier to relate and work with. This is because of the cultural affinity that Latin America has towards its neighbors in North America.¹⁹ Both are exposed to similar social customs, corporate culture, and experiences. Due to this, working relationships do not need extensive cultural adjustments. Cultural affinity of Latin American IT-BPO workers is seen as a main advantage for attracting

¹⁹ Nearshore Americas, 2011



service providers as they can easily foster trust, business relationships, and delivery center management. This cultural affinity is the same leverage which Filipino Contact Support agents leverage on when fulfilling voice based customer support services for US clients.

Weaknesses of Latin America's Labor Pool

English Skills

English proficiency, though improving, is still not generally available in Latin America. Even though Latin America boasts itself as a multilingual destination, its English skills can still be further developed. Majority of the contact centers established in the region serve Spanish speaking clients. Brazil, the largest country in Latin America, mostly serves its own domestic market. This indicates that English capabilities in the region are not being utilized as much as the domestic languages in Latin America.

The largest IT Services client markets are North America and Western Europe. A majority of companies in these client regions largely require competent English skills in choosing their service providers and subsequent delivery locations. This puts Latin America in a disadvantaged position against destinations with high English capabilities such as India and the Philippines. The wave of profitable opportunities from providing nearshore services to North America will likely be foregone as long as English deficiencies exist.

Specialized IT Services Skills

Long established IT Services providers are now finding it hard to expand their own operations in Latin America. This problem is highlighted even more in countries with relatively small populations. Costa Rica is a prime example of this situation. It is home to a number of multinational companies such as Oracle, Intel, HP, and Cisco but according to *Manpower's How to Face the Talent Crisis Report 2011*, almost half of firms cannot meet their hiring targets particularly in technical courses. Companies in Peru and Mexico are also facing difficulties with 56% and 44% of surveyed companies not being able to hire enough skilled labor. Companies in Latin America attributed this difficulty in hiring to candidates' lack of experience, lack of technical skills, as well as a lack of academic qualifications. These reasons indicate that there is a shortage of technical skills in Latin America and that the talent pool may already be saturated.

Poor Scalability outside of Mexico and Brazil

Outside of Mexico and Brazil, other Latin American countries just do not have the sheer numerical scale to host larger scale outsourcing delivery centers. After these two countries, Colombia and Argentina are the next biggest populations with above 40 million people each.



Table 13: Scalability Comparison Among Established Outsourcing Destinations and Latin America

Country Scalability			
Country	Population (in millions)	Workforce (in millions)	Graduates Per 100,000
India	1,170.94	492.94	257
Philippines	91.98	41.32	435
Mexico	111.2	45.30	377
Brazil	198.74	93.65	352
Colombia	45.65	19.72	380
Argentina	40.28	19.92	581
Peru	29.16	14.15	400
Uruguay	3.34	1.70	297

Source: World Bank, 2011, Tholons Research and Estimates, 2011, UNCTAD, 2011

It is apparent in the data that the smaller Latin American countries have much less scalability as compared to its densely populated neighbors and to established outsourcing destinations India and the Philippines. The base population and workforce is simply not enough to support large-scale IT services operations even though a higher concentration of graduates can be seen in these smaller Latin American countries. This lack in manpower may deem the locations as less attractive for IT services companies to invest their operations in. Certainly, first-mover service providers in a less scalable location would be able to attract talent in its initial stages of operation, but would face expansion issues given restrictive employable labor pool availability. As competition for labor pool increases, within the IT Services industry and across other industries of a location, service providers will have to exert additional initiatives to keep attrition rates low. This will eventually drive worker salaries up and can be detrimental for the IT Services firm in the long-run.

The problems discussed regarding the state of Latin America's IT Services labor pool portray a generally negative outlook for the region especially in the long-term. People, as IT Services firms' main resource, *have to be both scalable and employable*. It is a fact that the Latin American region has the collective scale for an exponentially growing a robust, regional IT Services industry. The aspect in which the region is lacking is in the labor pool's skills. The potential growth of the region's IT Services industry will not be realized if the people are not properly equipped to address the talent requirement of large IT Services firms.

This further necessitates the need of Latin America to undertake Finishing Schools as a Human Resource Capacity Development program. Through the Finishing Schools program, the skills gaps in both English and specialized IT services can be addressed. In a certain degree, low scalability can also be tackled by the Finishing Schools through the increase of the talent pool as a result of the program.

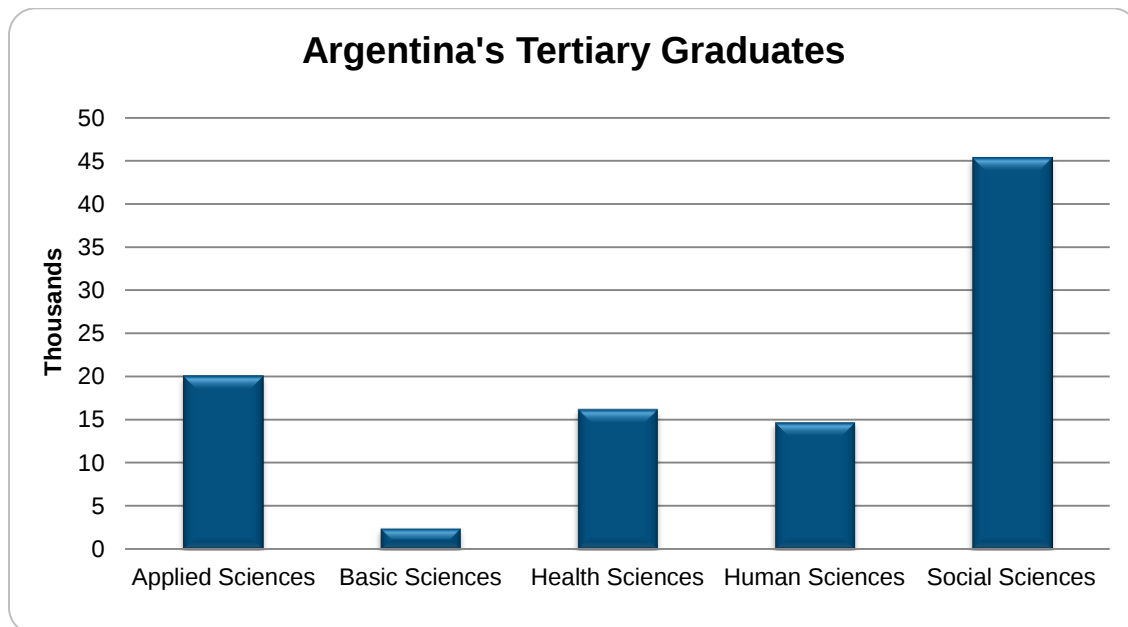


Outlook of Latin America's Talent Pool

Despite these shortcomings, some Latin America countries may still have the adequate talent pool to take advantage of short-term opportunities for growth in the outsourcing industry. The IT Services industry covers a wide spectrum of processed services. Potential workers are not limited to just graduates in Information Technology. Graduates in other technical courses such as Accounting, Business Administration, Medicine, Design, and other similar courses can be tapped to provide outsourced services. For instance, a country having a high number of Business Administration graduates may become a potential location for shared service centers serving the Banking, Financial Services, and Insurance industries. The key for these Latin American countries is to start with what they currently have with regard to tertiary graduates.

Argentina separates its academic disciplines into 5 main categories namely Applied Sciences, Basic Sciences, Health Sciences, Human Sciences, and Social Sciences. In 2009, the most graduates were in the Social Sciences category.

Chart 10: Categorization of Tertiary Graduates in Argentina



Source: Ministry of Education Argentina 2009

Further segmenting the Social Sciences category, the courses with the most graduates are Law and Economics & Management with 13,351 and 20,624 graduates respectively. This makes up 75% of the composition of Social Sciences graduates. The high number of Law graduates indicates that Argentina may look into pursuing service lines in Legal Process Outsourcing. On the other hand, the high supply of graduates in Economics and Management, may pave the way for Argentina to be an FAO destination attracting multinational or regional BFSI companies.



Case Study 5: F&A Outsourcing in the Philippines

F&A Outsourcing in the Philippines Taking advantage of the Current Labor Supply

The Philippines' unique highly skilled labor pool had brought the country much success in the outsourcing sector. It had recently established itself as the best in contact center services due to the labor pool's English speaking capability and high literacy rates. Besides this, the F&A outsourcing segment is also seeing a large boost due to the country's labor pool.

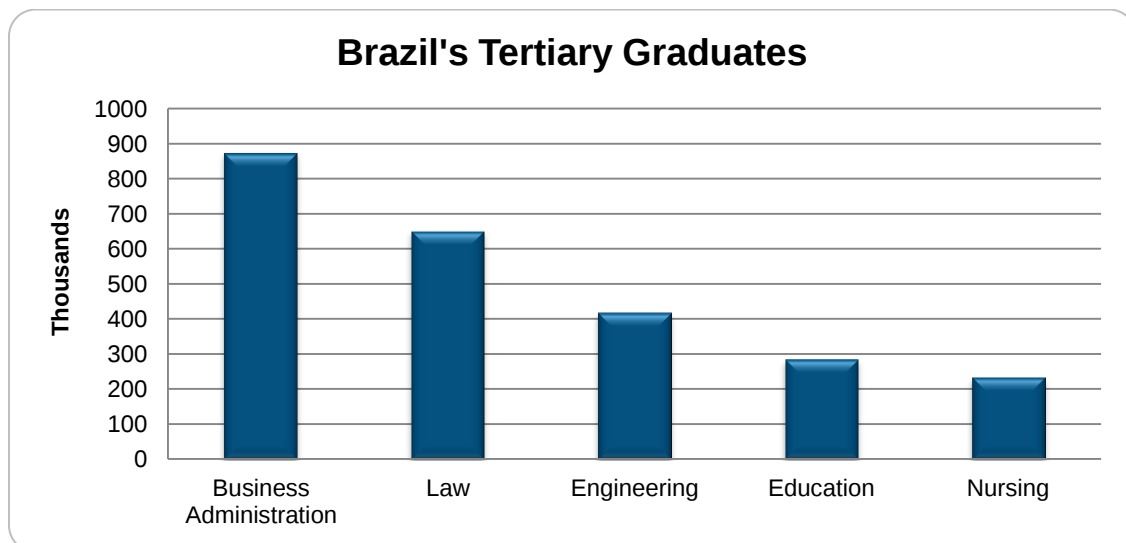
The Philippines produces a high number of business and finance & accounting graduates with 107,000 yearly. The country ranks third to India and China in the number of business graduates. But in terms of Certified Public Accountants, the Philippines produces just as much as India even though the population is

The adequate business course graduate supply coupled with competitive prices has triggered the growth of the F&A outsourcing serving the BFSI segment in the Philippines. As of 2010, there have been more than 75 service providers, totaling approximately 190,000 FTE's, serving the BFSI segment. Various suppliers and shared services centers have also been established in the Philippines during the past few years including JP Morgan Chase & Co., HSBC, Citi, and ANZ.

Source: BPAP 2010

Similar to Argentina's graduate profile, Brazil graduates the most tertiary students in both Business Administration and Law courses. In 2009, a total of 874,000 Business Administration students and 651,600 Law students graduated from Brazil's universities. The data is presented in the table below.

Chart 11: Categorization of Tertiary Graduates in Brazil



Source: INEP, Ministerio de Educacao, 2010



This opens both countries to similar opportunities in LPO and FAO. It is also important to note that Brazil's scalability is much larger than Argentina's. This indicates that Brazil still has the capacity to support outsourcing service lines in Engineering and Health Information Management given the relatively high amount of graduates. In 2009, Brazil graduated 419,937 Engineering graduates as well as 235,281 Nursing graduates. Given that these figures will be sustained in the coming years, the annual graduate output will make Brazil an ideal location for major offshoring players with high scalability requirements.

In essence, each Latin American country's graduate profile provides relevant data towards a viable path in the IT Services industry. Each academic discipline has specific service lines which matches the expertise provided. The following table shows these possible opportunities:

Table 14: Potential IT-BPO Service Lines as per Academic Discipline

Potential IT-BPO Service Lines as per Academic Discipline	
Academic Discipline	Potential Service Lines
Media & Design	Animation, Web Design, Content Production
Law	Legal Transcription, Legal Services,
Engineering	Plant Design, Product Design, Engineering Services
Business Administration	Finance and Accounting, Back Office Processes, Financial Research
Health & Medicine Related	Healthcare Information Management, Medical Transcription, Pharmaceutical R&D
Marketing	Content Creation, Publishing, Market Research

However and as previously discussed, the rapidly rising demand of the IT industry for workers is leading to a saturation of talent. The output of Latin America's tertiary education sector is generally not able to meet the high talent requirement of the region's large service providers. This will eventually spell problems for services providers in scaling their delivery centers in the region.

In particular, the English skills of Latin America's labor pool are deemed to be still inadequate. In Guatemala and similar profiled destinations, the contact center industry for instance, has noted that the dwindling supply of English speakers is already resulting into rapidly increasing salaries. Such increases are detrimental to the growth of the IT services industry as the country's cost advantages will quickly be negated. Belo Horizonte, a Tier II outsourcing city in Brazil, is also experiencing the same undersupply of English speakers with local service provider focus on the domestic IT Services market, leaving English skills largely undeveloped. Infosys Belo Horizonte for instance, is trying to address this problem by requiring employees to attend on-site English training after work hours.²⁰

In the ITO landscape of Latin America, the lack of workers with specialized IT Services skills is also negatively affecting the growth and maturity of IT Services in the region. Due to the

²⁰ Nearshore Americas, 2011



saturation of the labor pool, IT Services firms are not able to expand their companies at the pace that they prefer. This results into a loss of business opportunities for services providers. Stefanini IT Solutions in Brazil found that taking the workforce requirement of a specific engagement from 80% to 100% took about four to six weeks, a relatively longer duration than their experience with outsourcing in India. They explained that this was due to competition from Brazil's other domestic industries as well as the government.²¹ The booming economy of Brazil had resulted into a very high demand for IT workers and a workforce struggling to keep up.

The apparent gaps are threats to the development of Latin America's IT Services industry. If the region wants to take advantage of the existing opportunities for rapid growth, the talent has to keep up with the demand. This is the primary issue which Latin America needs to address. The region needs to provide initiatives to increase both the quality and quantity of the labor pool. Doing this will also accelerate the already growing regional IT Services industry in Latin America.

This can be done by providing opportunities in Human Resource Capacity Development such as Finishing Schools. These programs will allow the IT services industry to dictate its current needs with regard to the labor supply. This will benefit the industry as a whole but will be most applicable to the maturing service lines in Latin America which are experiencing difficulty in hiring workers to further expand activities. The following table shows particular niches wherein some Latin American countries have already established.

Table 15: Country Service Line Specialization

IT Services Specialization per Country	
Country	Service Vertical
Argentina	High-end IT Services, Healthcare Information Management, F&A
Brazil	High-end IT Services, Voice-based BPO, Non-voice BPO
Chile	IT Services, F&A
Colombia	Voice-based BPO, KPO
Mexico	F&A, Human Resources, IT Services

Source: Tholons Research, 2011

The potential of Latin American IT Services industry is compelling. Despite the problems in its tertiary education and certain skills gaps, the region has been able to develop its outsourcing sector by leaps and bounds in the last decade to what it is today. But the rapid growth has also led to inopportune problems. Latin America is at a risk of encountering a plateau if it does not provide channels for the labor pool to develop. The region is in need of Human Resource Capacity Development initiative to quickly respond to the labor pool needs of the IT Services industry.

²¹ Nearshore Americas, 2011



SWOT Analysis – Latin America’s IT Services Industry

Table 16: SWOT Analysis Latin America

Strengths	Weaknesses
• Multilingual capabilities of the region allow it to serve multiple markets. • Geographical proximity of the region allows easier access and smoother working relationships with clients in North America. • The region has a cultural affinity to that of US Hispanics. • Brazil and Mexico have high scalability making the countries an ideal location for large-scale outsourced services. • Scalability is complemented by efforts to increase employability across the countries – increasing access to tertiary education signals that employability is slowly being addressed. • Countries with high quality tertiary education have a highly skilled and employable labor pool.	• English skills have to be improved. • In certain IT service lines, there is already a saturation of talent. • Beyond Mexico and Brazil, other countries in the region exhibit poor scalability. • Tertiary education institutions in the region are not capable of quickly responding to the needs of the IT services industry leading to a lack of employable talent.
Opportunities	Threats
• United States’ growing Hispanic population is a huge potential market for the region’s services. • Regional market is likewise a possible near-term target for outsourcing-oriented countries. • The Latin American population is increasingly recognizing the value of tertiary education. This has resulted into an increasingly educated population. • The existing talent pools of Latin American countries can be tapped to pursue matching service lines such as ESO, HIMO, and FAO.	• Saturation of talent in the region can lead to the IT Services industry experiencing a growth plateau. • Increasing privatization of tertiary institutions is leading to a fragmented and inconsistent education for students endangering the future talent pool. • Other global locations have already started their talent development initiatives which greater contributes to their attractiveness as a locations.



HRCD in Latin America's IT Services Industry

Latin America's IT Services industry has seen rapid growth in the past few years. The industry has seen regional and global outsourcing service providers investing in the region as well as domestic start-ups growing themselves to become major competitors in the global outsourcing landscape. These reinforcing investments from two distinct groups of service providers carve the region's increasing IT Services industry growth trajectory.

Together with the rapid growth of the IT Services industry has come a more intensive demand for a larger and more qualified workforce. This has resulted in many service providers experiencing a *scale plateau* - leaving them unable to expand accordingly with regard to the high demand for outsourcing activities. One of the main problems rests on the potential individuals to be hired, as they do not have the necessary skills to work in these IT Services firms be it in English or in specific technical skills.

Countries in Latin America have recognized these problems and have undertaken various initiatives to provide HRCD opportunities to their respective workforce. The initiatives in Latin America essentially aim to augment the IT Services labor pool by reskilling and up-skilling a specific demographic with the relevant skills. Each country has its own approach to providing HRCD, each with its own intricacies, some examples of which are explained in detail in this section.

Country Perspectives

Paraguay

In Paraguay, the Ministry of Justice and Labor is generally in charge of initiating HRCD programs for the population. The Ministry executes these initiatives through two agencies: the *Servicio Nacional de Promocion Profesional* (SNPP) and the *Sistema Nacional de Formación y Capacitación Laboral* (SINAFOCAL). These institutions are implementing bodies dedicated to providing HRCD opportunities to the general population.

SINAFOCAL provides training and certifications for workers primarily in the industrial field. They have provided trainings across an array of job descriptions including beekeepers, construction workers, bakers, confectioners, as well as domestic household workers. They also focus on encouraging entrepreneurship through their business development activities and entrepreneurship fairs.

In May 2011, SINAFOCAL has launched its Basic Computer Operator course which aims to teach the fundamentals of operating computers to those who have very minimal knowledge. The course continues to see high demand from participants. In their San Agustin training center, 80 people have enrolled in the class despite the 30 person capacity of the course. This foundational course will likely not have a great effect in augmenting the immediate labor pool requirement of the IT Services industry but it will build a foundation for a more IT-literate population.



SNPP provides HRCD programs with the aim of improving chances of Paraguayans to be employed in the agricultural, industrial, and services sectors. Relevant to the IT Services sector, the SNPP has the *Programa de Computación* which provides foundational training courses in the following areas:

- Basic and Advanced Computer Operator
- Graphic Design
- CAD
- 3D Animation
- Web Design
- Web Programming
- Computer Programming

These programs require that students already possess a secondary education and be at least 15 years old. The basic computer operator course is provided for free while the other courses are only charged a minimal fee for equipment maintenance. This will ensure that a larger portion of Paraguayans will be able to participate in the program.

Having been just recently launched in February, sufficient results still have to be awaited regarding its effectiveness to upskill and reskill individuals for employment in IT Services.

Overall, IT Services industry-focused HRCD Initiatives in Paraguay are still very limited. The SNPP and SINAFOCAL are both national organizations which cater to a multitude of industries such as agriculture, construction, electronics, & food besides the IT-related offerings. This however, may dilute the focus of the organization, given the multitude of sectors covered. There is promise though on the capacity of these organizations to implement its initiatives. These institutions' wide range of services already put it in an advantageous position. A mandate to strengthen the support to the country's IT services industry is a needed requisite to vastly improve IT industry specific HRCD initiatives.

Ecuador

The main proponent for national HRCD programs in Ecuador is the *Servicio Ecuatoriano de Capacitación Profesional* (SECAP). This institution was created to provide training opportunities in various sectors strategically contributing to the development of Ecuador's economy. It has a wide network of training centers scattered nationwide making it relatively accessible to a majority of the population. Besides this, the courses are offered for an affordable price costing US\$35 for basic 3 week courses up to US\$105 for 1 month courses requiring special equipment such as Technical Assistant in Computer, Residential Electrical Installations, and others. Courses that are relevant to the IT Services labor pool are:

- Basic & Intermediate English
- Computer Technical Assistant
- Basic & Advanced Accounting
- Computerized Accounting
- Computer Architecture
- Computer Maintenance



- AutoCAD 2D
- Web Design & Multimedia
- Graphic Design

But similar to HRCD institutions in other Latin American countries, SECAP has a broad focus and currently has no direct initiative for the IT Services industry. Despite offering courses relevant to the improvement of IT-related skills, the major programs of SECAP are catered towards Business Development, Construction, Baking, Sewing, Domestic Work, and Opportunities for Persons with Disabilities.

Besides national government initiatives, the *Asociación Ecuatoriana de Software* (AESOFT), Ecuador's IT industry association, also involves itself in HRCD initiatives. Currently, it is undertaking a partnership with the American Ecuadorian Chamber of Commerce (AMCHAM) for a program to improve trainers' skills. Topics such as learning processes, group management, agenda definition, public speaking, communication, among others are discussed.

Peru

In Peru, both domestic and multinational IT services companies are all testing the capacity of the country's labor pool. While scalability is not an issue for the 29.5 million strong country, the skills of the workforce is increasingly coming into question. The most pressing issue concerns that of the quality of education provided in Peru. The country's K-12 school system is largely perceived by the industry to be underperforming. Moreover, bilingual education, largely needed in the IT Services industry, is practically non-existent.²² This is an important issue to address as Peru continually seeks a niche in bilingual contact centers and BPO services.

The Ministry of Labor and Employment provides HRCD opportunities to Peru's youth through PROJOVEN. It specifically targets 14 to 24 year olds belonging to low-income households. This is a good strategy to augment the labor pool as they are targeting individuals who have less of a chance to be able to attend a quality university.

Training opportunities are provided to the youth for free comprising of courses such as Carpentry, Food, Marketing, and Information Technology. To ensure quality teaching faculty and resources, Peru utilizes its national universities as training centers for the program. The program also seeks the input of local industries' labor pool demand so as to adapt their priority programs. This ensures that the youth who undergo their HRCD programs will have a higher chance of being gainfully employed.

Servicio Nacional de Adiestramiento en Trabajo Industrial (SENATI), mandated by the government to provide training in industrial, manufacturing, and technical activities, has also recently launched its initiative towards IT training. This program is called the *Programa Nacional de Informática* (PNI). The creation of this program ensures a focused approach towards augmenting the labor pool of the IT services industry. The courses it offers include the following:

- Technical Office Automation
- Autodesk Model Rendering

²² Nearshore Americas 2010



- CAD Design
- Advertising Design
- Web Design
- PC Assembly
- PHP & MySQL
- Computer Programming
- Network Administration
- Video Editing

PNI also provides students with the latest equipment and software in its facilities due to its partnerships with IT companies such as Microsoft and HP. In addition, students are also provided with authorized testing centers wherein they can gain various industry recognized certifications such as:

- Microsoft Technology Associate
- Adobe Certified Associate
- CompTIA Strate Fundamentals
- Certiport Internet and Computing Core Certification

These services will definitely address the local IT Services industry's labor pool gap. Opportunities in training, testing, and certification ensure that there are multiple avenues for skills development and eventually, gainful employment in the IT Services industry.

Besides public initiatives, private HRCD initiatives are also being undertaken in Peru. The *Centro de Capacitación de Call Center* (IPCC) is a private training center specializing in skills development of call center agents. The IPCC can be described as a Finishing School for call center agents due to its short-duration courses which aim to teach a specific service line. They provide short-duration training programs for both entry and supervisor levels for contact center employees comprising of subjects such as center operations, diction, sales or collection technique, global culture, and customer service. Upon finishing the course, the graduates are given certifications highlighting their achieved competencies as per the training.

The IPCC also ensures post-training employment of its students through tie-ups with major BPO companies in the country such as *Contacto Inteligente*, Fortel, and Dynamicall. Moreover, students who opt not to utilize these partnerships have been successful in gaining employment from other BPO companies.

Argentina

To augment the IT Services labor pool, the national government of Argentina launched its National Plan for the Support of IT Teaching Activities in 2006. Through this initiative, the national government works together with universities to promote IT courses to the general population. Some of the programs under this initiative include:

- ***InverTI en Vos*** – Information awareness and marketing of university IT programs to young Argentines.
- ***Generación IT*** – Information awareness and marketing of careers in IT through PPP's.



- **Program 500 x 500** – Monthly stipend for the 500 best high school students in Córdoba pursuing IT careers in the university level/
- **Scholarships** – 6,700 national university students pursuing IT related courses will be given scholarships of up to US\$4,000 per year as well as given access to research internships and teaching positions.

It is notable that the government of Argentina has chosen to utilize already available training resources in the form of the country's universities to improve the supply of the IT Services labor pool. This approach works for Argentina as the country's IT courses are already generally of good quality offering sufficient courses in both a junior college level and an engineering level. These approaches will be effective to increase the annual IT graduate output of Argentina.

On the other hand, technical and vocational training opportunities are provided by institutions such as the *Instituto Nacional de Educación Tecnológica* (INET) and the *Instituto Tecnológico Universitario* (ITU). Currently, INET does not offer many opportunities in terms of IT related courses. Instead, it focuses on courses such as beekeeping, mechanics, milling, and carpentry, among others. Although due to its experience, it does have potential to adapt its services to that of IT related courses.

ITU proves to be more equipped to handle IT students looking to improve their skills. ITU currently has its own campus dedicated to Information Technology offering courses such as Introduction to Java and Modeling, Server Administration, PC Maintenance, and Advanced Excel.

Mexico

In 2008, Mexico's Ministry of Economy signed a partnership with the World Bank to launch the IT Industry Development Project aimed at addressing the main hindrances to the development of Mexico's IT Services industry. The gap in the country's labor pool was identified as one of these main hindrances. Mexican IT Companies take as much as 18 months to train each new engineer. Besides duration, the costs to train each engineer can reach up to US\$60,000. This is mainly due to engineers' lack of English skills as well as specialized courses. These companies are also experiencing a deficiency in network technicians, computer technicians, and English-capable call center operators.²³

The program *MexicoFirst* was created to address this labor pool gap. Instead of the traditional model of providing IT services skills training, the organization acts as a grant giving body for training and certification opportunities. This way, Mexico is able to best utilize the available resources with regard to training such as national universities.

To start with, MexicoFirst keeps in dialogue with major industry players and analysts to forecast highly sought out IT skills and certifications. The organization will then align the labor pool demand with the appropriate international certification bodies and local training providers so that they may adequately respond. Through its dealings with international certification bodies, MexicoFirst is able to obtain huge discounts for certifications. It also then gives grants to the

²³ World Bank 2008



training providers who are able to execute these certification trainings locally. As a result, students and companies end up paying less than 10% of the cost of these trainings.

In two years of its operations, the program has already resulted in the training of over 9,000 people and the certification of 6,000.²⁴ The nature of the organization enables it to leverage huge discounts in certification as well as utilize the country's available resources when it comes to training. Its alignment of industry demand to local training & certification opportunities has resulted into a responsive IT Services labor supply.

Costa Rica

Costa Rica's educational system consistently remains as one of highest ranked in Latin America according to the World Economic Forum's Global Competitiveness Report. But due to the small population of the country, Costa Rica recognizes the need to augment the labor pool to foster the rapid growth of the IT Services industry.

The *Instituto Nacional de Aprendizaje* (INA) is one of the national providers of HRCD initiatives in Costa Rica. Similar with other training institutions in Latin American countries, INA provides vocational and technical training opportunities in different sectors such as construction, agriculture, electronics, and trade & services. The courses provided are free of charge and can last for a duration of 2 months up to 2 years.

Courses in Trade & Services sector are aimed at matching the needs of the IT Services industry. These include courses such as Management, Computer Science, Accounting & Finance, and Marketing & Sales, among others. So far, INA has been successful in attracting and training people to these courses. In 2010, a total of 37,191 people participated in INA's training programs. Approximately 60% of all participants enrolled in Trade & Services courses and out of these about 65% enrolled in the IT courses. This is composed of 14,281 technical training graduates in 2010.²⁵

The Costa Rica Investment Promotion Agency (CINDE) has also been ramping up IT skills development in the country. It has spearheaded the creation of one-year technical certificate courses in national universities and colleges. To address English skills, they also launched the Costa Rica Multilingue program aiming for 100% bilingual public school graduates by 2017. The program primarily employs teacher training programs as well as explores improvements that can be made to strengthen English teaching in universities.

Colombia

As one of the formidable emerging IT Services locations, Colombia's labor pool already has the basic conditions in building the industry in the country. Colombia churns out about 190,000 tertiary and post-tertiary graduates annually, with 20% of them having specializations in Engineering and another 40% in Business and allied courses. These technical specializations,

²⁴ World Bank 2010

²⁵ Instituto Nacional de Aprendizaje 2010



coupled with fundamental infrastructure support, have been the springboard for growing the outsourcing industry in the country and maintaining favorable business environment for IT Services.

Nevertheless, Colombia still has to improve its own talent pipeline – not only in quantity but also in quality. For example, Colombia still has to work on the English skills of the people, as there are only limited fluent English speakers in the country. As of 2010, the iSpeak²⁶ registry indicates that about 10,000 people are certified English speakers (across the registry's language levels) in the country. This is just about 0.05% of the total economically active population of the country. Moreover, only 2,500 of the total registered English speakers have higher levels of proficiency (C1²⁷ and C2²⁸ levels). Such feat will not be a favorable condition particularly for the BPO players servicing the English speaking markets.

Given such circumstances, Colombia has devised learning, training and development programs through its national agency *Servicio Nacional de Aprendizaje (SENA)*. Under the Ministry of Social Protection, this agency is the primary responsible body in implementing wide-scale HRCD programs in Colombia. SENA handles such programs for various industries in the country, such as agriculture, health and wellness, IT and ICT. In fact, SENA has been providing free training and development programs to the young people of the populace, and issuing certifications to successful graduates of the courses.

Training and development programs of SENA under the Certificate of Professional Competence are listed below. These programs are reported to the Ministry of National Education for documentation and synchronization of key objectives.

- *Skilled Worker Training.* This program is intended to train young people in various occupations requiring a completion of an apprenticeship program. Students who have successfully finished the program will receive a certification from SENA.
- *Professional Technical Training.* This is a free training program for the young members of the labor force. As stipulated in Colombia's Law 749 (enacted in 2002), this provides avenues for the students to continue professional learning both in schools and in workplaces. This training program is specifically designed to encourage and spur intellectual skills development and expertise in manufacturing and service sectors of the country. Typical program duration under this mode is about a year (or about 2,640 hours), with half-year training for theoretical concepts and another for the practical applications.
- *Technologist Training.* This program has significantly longer program duration compared to professional technical training program. In fact, it has maximum program duration of two years or 3,520 hours. This program format has a more rigorous and technical training compared to the professional technical training program, and trains the students to form

²⁶ iSpeak is a program of Colombia's Ministry of Commerce, Industry and Tourism to certify Colombians according to their English language proficiency.

²⁷ C1 level corresponds to "low advanced", meaning that the person grasps and understands main ideas and most of the details of academic texts, journal articles, abstracts and academic lectures, but grammatical mistakes still occur

²⁸ C2 level corresponds to "high advanced", meaning that the person can comprehend overall meaning and virtually all details of a wide variety of academic material, whether written or spoken, as well as exemplary writing and communicating skills in English



innovative and critical thinking skills of the students in various productive sectors in Colombia, including the services sector.

These three certificate-intensive programs of Colombia encourage the development of three skills dimension. First, it hones the basic skills of the students in Mathematics, Languages or Communication, and Biophysical areas. It also includes skills development in teamwork (relational) and information management and problem solving (analytical). Lastly, SENA considers training in specific technical aspects according to each occupation. SENA also integrates in the program formats proficiency in IT and English language, as well as formation of entrepreneurial mindset.

A recent report update²⁹ on training programs that SENA conducted for Software and IT infrastructure indicated the intensive inclusion of English proficiency and IT competency for each training course. Such program modules address skills development in Programming, Mobile Applications Development, Software Application Development and Maintenance, Key Methodologies for Software Development, among others. Competency development also considered industry IT requirements for the services and solutions made.

Brazil

In the World Economic Forum's Global Competitiveness Report 2011-2012, Brazil ranks 53rd behind other Latin American countries such as Chile, Barbados, and Panama. While the country ranks high in some aspects, in terms of the quality of math and science education Brazil ranks 127th out of all 142 countries. This can be seen as a major hindrance to the talent pool of Brazil's IT Services industry. A majority of the population will not be able to have access to quality education in math and science, subjects which are integral in the IT Services labor pool.

Currently, service providers are already finding it difficult to hire more talent especially in urban centers such as Sao Paulo and Rio de Janeiro. Sourcing Brazil indicates that in the next 10 years, an additional 750,000 workers will be needed in the IT Services industry, 300,000 of which will be serving the export market. With annual graduates in IT-related careers at around 50,000, a perennial shortage of workers is seen.

The Brazilian Association of Information Technology and Communication Companies (BRASSCOM) recognizes this labor pool gap in quality and quantity. It has initiated working with various stakeholders such as the government, universities, training centers, and employers to address this issue. Currently, BRASSCOM already has ongoing programs intended to improve education and human resources in the IT Services industry.

Englisoft is an English language proficiency certification program specially focused for IT Services. The program is aimed to increase the supply of English capable IT Services workers making Brazil a more attractive location for international IT services providers. For this aim, BRASSCOM created a three level English Language Proficiency Certificate test for IT professionals which can be taken online in controlled locations. The test employs situational questions which IT services workers will encounter in technical, managerial, and strategic areas.

²⁹ Published through FEDESOFIT



BRASSCOM also aims to make educational materials available to public technical training institutions to increase chances of students passing the certification test.

But to date, BRASSCOM has already dropped the Englisoft program. This was done simply because they perceive the goal of increasing English speaking IT services workers unattainable through Englisoft. It has now transferred the program to the Association for Promotion of Brazilian Software Excellence (Softex), the program's original proprietors. This development highlights the need of HRCD initiatives to be well thought out. The main reason BRASSCOM dropped the program was due to existing initiatives which make Englisoft redundant. English certifications such as TOEFL and other already available training institutions could have been leveraged as these were already available in Brazil.

Forsoft is another HRCD initiative of BRASSCOM. The program has three initiatives:

- Train high school students in underserved communities to become competent programmers
- Train these programmers through distance education
- Evaluate performance of these graduates in the actual labor market

The pilot program was started in 2006 with 27 classes in 16 cities all over Brazil totaling about 1,600 approved candidates. The students were trained for a duration of 18 months in programming languages such as Dot Net, Cobol, Java, and Progress. The students also get to participate in an OJT program with a sponsor company of the program.

The overall evaluation of the pilot program was positive. The educational materials used in the program were approved by all stakeholders as sufficient. They have also determined that the distance learning works well and that it has been an efficient tool in providing underserved youth with technical skills. The program graduates have had better opportunities to progress their current state.

Despite these achievements, there were also some problems encountered:

- 18 month duration was deemed to be too excessive and a
- Employing distance learning curriculum was disadvantageous for the duration
- Involvement of service providers as sponsor companies were insufficient
- English training was not incorporated in the program
- Inadequate learning materials for students
- Partnerships with local NGO's were ineffective and impractical in day-to-day operations³⁰

The choice to launch a pilot program deemed to be effective in pointing out the program's main drawbacks. Due to this, BRASSCOM was able to adequately modify ForSoft to respond to the identified problems. The second iteration of ForSoft is currently underway with improvements such as 6-month duration with a combined distance and face-to-face learning.

³⁰ BRASSCOM 2010



Uruguay

Uruguay has been perceived as one of the rising and more focused outsourcing locations in Latin America. One of its main advantages is its highly educated and technically skilled workforce. The country has very strong IT programs in its universities. Engineering and IT-related fields comprise approximately 11% of total tertiary graduates. Besides this, Uruguay's literacy rate is the highest in Latin America at 98%.³¹ Despite these, Uruguay has one glaring weakness. Its total population is relatively small compared to other countries in Latin America. The country has a population of 3.5 million, with 1.3 million in the capital Montevideo. The limited supply of workers is one critical aspect that needs to be managed properly if Uruguay wants to grow further as an IT Services outsourcing destination. HRCD initiatives are crucial in this situation as the country needs to better optimize its small population by providing training opportunities to potential IT Services professionals.

TCS established its first Latin American delivery center in Uruguay in 2002. It currently has 800 workers. TCS has recognized that to foster the IT Services sector's growth, as well as the company's own, it had to augment the industry's labor pool. In 2007, it had established its own dedicated training facility called the Knowledge Development Center (KDC).

The Knowledge Development Center was borne through a public-private initiative led by TCS, the Technology Laboratory of Uruguay, and the Uruguay IT Chamber (CUTI). The KDC provides services such as:

- Global Standard Processes and First Level Certifications
- Induction & Continuous Learning Programs
- Specific Training Programs for Specialization
- Cultural and Business Etiquette
- Global Project Readiness

As indicated in the courses offered above, The KDC not only addresses the individual's technical skills but also their soft skills. This is reflected in the Cultural & Business Etiquette and Global Project Readiness aspects. These trainings provide individuals with the necessary skills to be able to work and interact in a multinational corporation. This is a very valuable aspect of individuals which needs to be honed as the major outsourcing players are multinational corporations and require the flexibility to be able to interact and work with a diverse set of people.

Since 2010, the KDC has been successful in training 500 professionals and target to train a total of 3,000 professionals by 2012.³²

The Uruguay Chamber of Information Technology also provides HRCD initiatives for the improvement of the IT services labor pool through its *Hacé Click* program. Hacé Click is a web portal providing information on the IT Services industry such as types of jobs, IT related university courses, success stories, current news and development. The program also provides online training in the following areas:

- Basic Skills in IT
- Web Site Maintenance

³¹ Nearshore Americas 2010

³² Nearshore Americas 2010



- Implementation of PHP Dynamic Web Sites

The course durations vary from 3 weeks to 5 months depending on the complexity. These are targeted to high school graduates who want to pursue a career in the IT Services industry. The program aims to benefit 150 individuals.

As of now, the scope of Hací Click's online training is limited with its basic course offerings and target beneficiaries of 150 individuals. It will definitely make a difference to the youth who do not have the capability to enroll in a university but with regard to augmenting the labor pool, it may have minimal effects due to its limited scope and reach.

Chile

Chile is considered globally by many as a leading country for human capital development, particularly in the South America. The country has been branding itself as a destination of choice for ITO, KPO and IPO (or Innovation Process Outsourcing). Although this has been the current situation, Global Competitiveness Report 2011-2012 indicated that Chile has to work on encouraging better perceptions on its educational system, such as those in Math and Science, which are the foundational academic subjects for countries aiming to develop expertise in high value ITeS processes. This current state of and perception in education in Chile further highlights the importance of HRCD programs, especially for the IT Services Industry.

The competitive country economic performance of Chile in Latin American region paved way for public agencies to initiate various talent development programs. The realization of the importance of human capital in further developing the country landscape became the main and shared goal of these institutions. In fact, training programs under the *Ministerio del Trabajo y Prevision Social* will be succinctly discussed.

The Ministerio del Trabajo y Prevision Social is the primary government agency that conceptualizes, implements and coordinates nationwide training and development programs for various sectors of the industry and across different labor pool segments. This particular public sector stakeholder has identified young people (especially those seeking their first jobs) and elderly women and those household heads over 50 years old as the vulnerable groups in the country. The Ministry has created SENCE (*Servicio Nacional de Capacitacion y Empleo*) agency to deliver training programs and to provide placement support for such labor pool segments.

In terms of training a program, SENCE aims to develop 5,000,000 people under the current administration through three various methods – personal-level, company-level, and occupation skills certifications. Personal- and company-level training programs also include government subsidies, scholarships and grants to qualified people and companies. Each program has different sets of qualifications criteria to ensure that each labor pool segment will have a particular training program to join in.

On the other hand, the Occupation Skills Certifications has the main objective of evaluating and certifying the specific work skills of the employed people. The certifications will aid the employees in increasing their respective awareness in their performance, working conditions, as well as the participating companies in improving employee productivity and competitiveness. SENCE programs are set to be underway during 2011.



Table 17: SENCE Programs per Training Method

Training Method	Programs
Personal-level	Trades Training for Youth Bonus for Active Workers Bonus for Company and Business Bicentennial Youth Program for Working Women and Head of Household Scholarships Franchise Tax Unemployment Solidarity Tax Grants Scholarships for Other Public Institutions
Company-level	Training Franchise Tax Pre-contract Training

Source: SENCE 2011

Aside from the training programs, the Ministry and SENCE provide job placement programs. Series of placement programs have been conceptualized, mainly through empowering businesses and companies to intensify job creation. Similar to training programs above, these placement initiatives rely on government support, subsidies, and grants. In addition, placement programs also foster access to employment and labor market information. Various forms of support for placement programs are listed below.

Table 18: SENCE Job Placement Programs

Placement Program Support	
Procurement Support	Training in the Workplace Bonus for Hiring Manpower
Intermediation/Access to Information	Municipal Labor Information Office Private Agencies on Labor Intermediation National Employment Exchange
Money Contributions	Youth Employment Subsidy

Source: SENCE 2011

The Ministry's extensive support for both training placement of the workers across industries is highly commendable. Nevertheless, it is still important to await the end results of these programs, especially those under the placement programs.



Regional Analysis

Conducted surveys on various HRCD programs in select Latin American countries mirrors the overall condition of the implementation environment in the region. The survey has shed light to the program strengths and weaknesses. These analyses are summarized below.

Common Interest in Building the Labor Pool Capacities

Latin American countries have certainly marked their interest in building the capacities of their respective labor pools for various industries. In addition to following the international standards for developing the skills of the labor pool, these countries continually focus on improving the programs through adding IT components. This particular feat marks the region's concern to become increasingly competitive given the pace of advancement of global industries.

The inclusion of IT component marks the region's response to the growing importance of IT in modern industries. Latin America recognizes that having at least minimum proficiencies and basic command in IT ensures an easier transition to higher and more complex IT-dependent tasks fulfillment. In fact, this basic IT knowledge can server as the bridge to improve the labor pool's expertise in order to respond to prevailing industry demands.

Lack of focus on the IT Services industry

Most Latin American countries have the existing capacity to provide HRCD programs. Specific government agencies have been mandated by Latin American governments to provide training opportunities. These trainings cover a wide range of industries such as construction, engineering, accounting, and even non-technical and traditional professions such as construction, carpentry among others.

Basically, these institutions already have the basic infrastructure, necessary resources, and credibility to be able to train individuals in specific IT service lines. Adapting these institutions towards offering IT Services courses more intensively should not pose a very difficult problem. Additional investments in computer equipment and software can be made so as to expand these course offerings. In this way, Latin America can better maximize the existing resources of its training institutions and expand training and skilling portfolios.

Lack of Monitoring and Evaluation

The success of HRCD programs are difficult to gauge due to a lack of post-program evaluation. This step is crucial as it determines the main pitfalls of the HRCD initiative and gives the project proponents appropriate leeway to modify these pitfalls for a more effective program.

For instance, proper monitoring of students post-training (duration before getting employment, companies hiring, etc.) may provide organizations with valuable data on the HRCD initiative's effectiveness. The reasons behind why a graduate was not hired by a certain company will be an



important reference point when it comes to creating improvements and tweaks to an HRCD program's curriculum.

Lack of Industry Linkages

HRCD initiatives can be improved upon by working closely with the IT Services players located in each country. On one hand, the labor pool analysis, and succeeding demand-side analysis can be gathered from the companies' current need. The specific skills which need focus can also be determined through these IT Services providers. This is why it is important to have the input of industry players when formulating HRCD initiatives. Ultimately, they are the ones dictating which qualities are needed from the labor pool for them to be hired.

On the other hand, guaranteed employment or internship opportunities can also be provided to students through these partnerships as incentives to enroll in HRCD programs. The possibility to be hired immediately will attract these students in exploring work in the IT Services industry.

These observations feature the weight that Latin America extends to up-skill their talent pool, especially for key industries. As the global IT Services landscape continues to advance in complexity and to search for emerging locations, Latin America has to intensify the skills sets of their talent pool in order to reach best possible returns from the key industry. In fact, the findings of this section will serve as a guide for the next, which focuses on elaborating specific recommendations for Finishing Schools.



Recommendations for Finishing Schools Implementation

The presented data and analyses on Latin America's current educational system and its roster of HRCD programs provides insight in determining the extent of the scope and objectives in the actual implementation of the Finishing Schools initiative in the region. As the region poses for developing a strong IT Services cluster, a *training program roadmap* is inevitable, especially in implementing relatively new concepts such as the Finishing Schools. Thus, this section considers laying out the fundamental action points in conducting the mentioned training and development program.

Implementing Finishing Schools is aligned with the overall development plan in the Latin American region. In fact, Finishing Schools uphold and achieve a two-fold objective – skills development for the people while expecting positive yields from a more competitive and employable labor pool. Focusing on a single industry, Finishing Schools can serve as an indirect tool in enhancing the service delivery maturity of the region for IT Services.

Given such insight, this section continues with actionable recommendations in relation to the identified stages of the Finishing Schools Framework. The following recommendations are explained this approach. Each action point paves way for the fruition and effectiveness of the mentioned program in Latin America.

Establishing Public-Private Partnerships

Public-private partnerships, or PPP, have been gaining increasing attention as a developmental principle in recent years. A contributing aspect in adapting PPP among developing countries is to draw benefits from its risk-sharing mechanism. Aside from this, PPPs also foster sharing rewards and responsibilities among stakeholders. Such shared activities cause each participating stakeholder from the public and the private sectors to continue investing and executing the programs. This results in *risk minimization* which helps achieve *results optimization* for all concerned stakeholders.

PPP as a tool has become more popular in infrastructure projects, as they require intensive funding to realize the goals and objectives. Nevertheless, PPP has flexibility in implementing education-related initiatives. Source of funding still remains a paramount reason for adapting this in Finishing Schools implementation, yet other factors are creating pressures for principal stakeholders to pursue PPP. These factors include complementing knowledge and experience in conceptualizing and implementing such HRCD programs, increasing transparency in conducting the action points, and allocating responsibilities across stakeholders which are most qualified to fulfill them.

In fact, the elaboration of PPP is one of the most crucial starting points in realizing the gains from Finishing Schools. The rationale is that PPP identifies the stakeholders involved in the entire process. *This identification results to the determination of the principal stakeholder, which will be the coordinating body for all involved stakeholders.*



Structure of PPP

As mentioned in the *Finishing Schools Framework* section, the ideal implementers of the program should be composed of the representatives from the Academe, Industry and the Public Sector. A combination of these three main stakeholders will result in a shared vision, and common objectives and goals for the Finishing Schools. The shared objective will become the intersection and common ground of these stakeholders in fulfilling their roles and responsibilities for this new training and development program. Thus, the priority of each stakeholder should be considered and modified in order to concretize and finalize the overall objective of Finishing Schools.

In fact, each stakeholder leverages on its current expertise. The Academe will not fulfill the roles intended for the Industry members. Likewise, the Public Sector will not be tasked to look into the dynamics of the industry. By leveraging on the particular expertise of each stakeholder, the progression of implementation of Finishing Schools will be aligned to the overall goal and shared mandate.

Indeed, there will be particular roles and functions that each stakeholder will perform. The diversity and *distinctness* of roles should not be a hindrance in implementing Finishing Schools, since these differences will be complementary in realizing the benefits of Finishing Schools for labor pool training and development. Each role will be crucial, as they will affect the other aspects the implementation phase. Thus, the *partnership is the central binding element for all the succeeding steps to actualize the program*.

The presented framework in the earlier section cites that in actualizing the Finishing Schools concept, the country can have a new organization to cater and focus on the development of the program. Likewise, it is also open to the opportunity of recalibrating the function of one existing organization, adding an oversight role for the Finishing Schools. This recalibration means expanding the capacities of the institution to adapt to the requirements of the entire program. For instance, one agency can create a committee, working group or department under it that will cater to the program development of Finishing Schools in a country. The fulfillment of such possibilities lies on the extent and effectiveness of the country's initiative in establishing partnerships among the identified stakeholders – the private and the public sector.

Numerous structures on partnerships, specifically PPP, have been developed, due in part to the continuing response for development and the complexity of programs required to facilitate such developmental programs. That is to say, complex developmental initiatives, often requires equally complex PPP. To a certain extent, the agreement of engaging in a partnership depends not only on the existing capacities and quantity of the stakeholders actively involved, but also on the problem at hand. Some training and development programs need little involvement from one stakeholder, while for other stakeholders, it needs more active involvement. Deciding the agreement and the structure of the partnership lies on understanding which each stakeholder's needs as well as their future gains.

In embarking in a PPP arrangement, two important facets should be addressed – *the financial and the implementation aspects*. As will be further explained in the next recommendation, financing the program involves initial investment in the early stages and extended investment during the continuing stages. Financing stakeholders can be different from the actual implementers of any training and development program. On the other hand, some situations allow



stakeholder to play both functions – especially for those who have greater institutional capacities to do so.

A crucial note to remember in the PPP model is to effectively link all financing and implementing stakeholders, highlighting the importance of institutional level of accountability among stakeholders. The table below shows some possible combination in entering into a PPP agreement for implementing Finishing Schools.

Table 19: PPP Models with Accompanied Roles

Model of PPP	Public Sector	Private Sector
Public-sector intensive partnership	• Invests initial capital* • Develops physical infrastructure • Funds running expenses • Approves and standardizes curriculum • Designs qualifications standards • Evaluates the program	• Provides Finishing Schools trainers • Designs curriculum • Promotes the Finishing Schools
Equal responsibility partnership	• Invests initial capital • Develops physical infrastructure • Funds running expenses • Facilitates regulation and standardization mechanisms • Designs qualifications standards • Co-promote the program to the students • Conducts evaluation activities	• Shares with initial capital investment and running expenses • Extends use of physical infrastructure • Provides ideas and standards for the curriculum design but complies to the Public Sector's institutionalized skills standards • Initiates marketing and promotions activities • Co-evaluates the program

**Includes both financial and physical infrastructure such as buildings, classrooms, computers, and related amenities*

The table above shows the interplay between the public and private sectors. For the simplicity of the model, the Academe can be part of both the public sector and the private sector. This is due to the prevailing notion that educational institutions can be operated, funded, and administrated both by public and private institutions. From the table above, two possible partnership models for Finishing Schools are devised.

It is seen that the roles can be classified according to financing and actual implementation functions. In the first model, public-sector intensive partnerships foster the critical leadership of the public sector, mainly becoming the main stakeholder facilitating and coordinating all activities for the Finishing Schools. Private sector players respond to the initiatives of the public sector, leveraging on their respective strengths and expertise. On the other hand, equal responsibility



partnership spread tasks and activities for each role in the Finishing Schools. The private sector is treated as co-equal in terms of scope of its functions and authority.

In fact, such models fall under two types of PPP arrangements – contractual PPP and institutional PPP. Contractual PPP is characterized by the public sector acting out as the lead stakeholder for key programs. This arrangement is typically seen in infrastructure and related projects, wherein the public sector requests for bids from the interested private institutions. Partnerships are based and evaluated on the specific tasks and actions that are being carried out by the private sector. In the case of education and training, this can occur through *contract schools*, wherein the private sector manages the operations of publicly owned schools, while the public sector aids in financing the educational programs. This considers the expertise of the private sector in effective management of education services. One example is the Fé y Alegría network of schools in Latin America, which is run by the Jesuit community. These schools have formal education courses as well as technical skills program, with the public sector providing financial assistance in the schools' operational costs.³³ Institutional PPPs, on the hand, entails the creation of an organization comprised of the representatives of both private and public sectors. One example of an institutional PPP for skills development is the NSDC of India.

³³ International Finance Corporation, EdInvest Handbook for Public Private Partnerships



Case Study 6: Example of an Institutional PPP

Public-Private Partnerships and IT Services Industry

Further Accelerating India's Performance

India's NSDC, or National Skills Development Council, is an organization that aims to develop the skills of the country's labor pool. NSDC targets all the sectors in India, classified according to white collar, blue collar, and unorganized sector. Moreover, the organization has the vision of up-skilling the people across priority and emerging industries by 2020.

In itself, this primary mandate takes a lot of challenges to hurdle. Commencing each action step necessitates careful planning. Without a thorough knowledge on responding to industry needs and developing the skills, the tools advocated by the council may not be efficient. This perceived shortage is addressed by the structure of NSDC – composed of both private players (51%) and the Government of India (49%).

Leveraging the country's extensive experience in public-private partnerships, NSDC become an invaluable organization for talent and skills development. The organization is the fruition of the conscious effort among public and private sector players in the country. Actualizing the vision and goals of NSDC necessitates the constant support of the various members of the organization. The shared vision should translate into concerted actions to achieve the desired results – more employable labor pool by 2020.

NSDC starts with careful research and analysis of the labor pool in India, before fully engaging its member stakeholders and embarking specific training and development programs. As an institutional PPP, NSDC functions also functions as financing stakeholder as well as a support arm to allocate incentives to private sector's initiatives to contribute in skills development. Given this, NSDC proves to become a useful principal stakeholder for training and development in India.

Source: NSDC 2011

Regardless of the PPP arrangement to carry out the Finishing School program, key roles are still needed to be performed by the particular stakeholders. This is due to the distinct nature of the stakeholders. From the preceding table, regulations and standardization are the core roles of the public sector, which are not to be allocated to the private sector. However, the private sector can aid in providing inputs for the curriculum design (which will be elaborated later in another section).

Overall, the two suggested models still show a *co-implementation strategy* in implementing Finishing Schools in a country. A PPP arrangement confirms the need for collaborative measures to ensure success of a new training and development program. Co-implementation ensures that the involved stakeholders will perform at its best to achieve the shared goal and vision towards the holistic development of the labor pool.

At this point, and in the context of Latin America - it can proposed that for the Finishing Schools model, an institutional PPP arrangement may work best in the region. The main reason for this is that the program in itself is relatively new and addresses the intricate demands of complex IT Services industry. A focused approach of a new institution to secure a stable stream of talent pipeline is needed. Moreover, higher level of commitment and involvement from both the public and private sectors is expected to happen, since both players are formal and core members of



the organization. Institutional PPP arrangement encourages high degree of ownership in the programs and projects.

Contractual PPP arrangement will still work to cater to implement and administer the Finishing Schools program in a country. Although the workings may not be very similar to that of institutional PPP, contractual PPP is the next quality option in running the mentioned program. Principal stakeholder – a government agency or an industry association – can still uphold partnerships, given that they clearly identify and leverage on their respective institutional strengths and expertise. The principal stakeholder should be able to have strong leadership in order to attract other stakeholders to participate. In fact, contractual PPP works best when participating stakeholders are transparent to communicate such qualities with each other.

Nevertheless, some caveats must be discussed when using a PPP arrangement for the implementation of Finishing Schools. Each arrangement faces its own implementation challenges. For contractual PPPs, private sector's profit-seeking behavior may arise. Private sector may also be more interested in reaping the (financial) rewards, than really sharing the risks and responsibilities in fulfilling the requirements of Finishing Schools. In addition, most of the activities being carried out under this arrangement come from the public sector, which may still restrict the private sector in extensively contributing to the program. Related to this, contractual PPPs may also limit the extent of ownership that the private sector stakeholders, since the private sector is only responding to the needs of the public sector.

On the other hand, institutional PPP arrangement also has its own set of difficulties. Since this results to creating a new organization, selecting the best combination of private sector and public sector members are crucial. In addition, creating the organization's mandate, vision, and goals should be a consensus among the involved stakeholders, which may take time to be specified and aligned. Although this arrangement calls for heightened sense of ownership, conflict management should be an imperative aspect to be careful on.

As mentioned above, the forms of PPP depend on various factors in a country. To a greater extent, the receptiveness of the potential stakeholders will determine the most appropriate form of PPP for Finishing Schools. As the IT Services industry moves to higher value services, the mandate of the PPP arrangement can still be modified by involved stakeholders to address the skills needs of the people and the industry.

Governance of the Finishing Schools

Given these insights in the structure of partnerships, it is imperative to identify the primary stakeholder – the one that will initiate and coordinate all activities in relation to the Finishing Schools program. As indicated in Stage 1 of the framework, a deliberate *stakeholder analysis* has to be made in order to effectively govern the entire implementation of the program. In fact, the choice of the PPP arrangement will be a determinant of the extent of stakeholders' governance that will prevail for the Finishing Schools.

In this section, *governance means positive regulation on all the activities and resources of the Finishing Schools*. Regardless of the PPP structure, stakeholders (especially the principal stakeholder) should identify the critical roles in the implementation areas of the Finishing Schools. Principal stakeholders should be aware that in order to effectively carry out the Finishing Schools



program, compliance to agreed learning structure has to be maintained. These regulations include standard curricula (which will be further elaborated on its own section) for courses in the Finishing Schools, availability and quality of training areas and facilities, selection of trainers, provision of job placements and limiting expenses and fees during the implementation of Finishing Schools.

Effective governance also includes explicit stipulation that participating industry stakeholders provide industry immersion to the students and hire the successful near-hire graduates. Since the entire program ties with the extensiveness of industry's participation, it should likewise support internships and on-the-job trainings for the students to provide more practical methodologies in orienting the students in the IT Services industry.

Moreover, the need for governance will be highlighted when the entire program has been open to private education and training providers. Stakeholders should be flexible in encouraging these private players in offering Finishing Schools courses to the labor force, while maintaining authority in upholding standards and regulations. Such feat will aid in the enlarging the reach of Finishing Schools to other locations in the country. In one way, this will unburden the stakeholders in improving the access of students to the Finishing Schools program.

Working under a PPP structure opens a variety of possibilities in implementing the program across training institutions. As every stakeholder will have interest and active participation in achieving the desired results of the program, they can extend their respective resources as training centers. For example, the public sector can utilize its existing TVET training centers as possible classrooms for teaching the modules and courses of Finishing Schools. Private sector can also help in extending their respective resources in improving the quality of infrastructure in these public training centers.

Given this possible situation, it is all the more important to facilitate effective regulations mechanism during the actual implementation phase. Since the program is a key opportunity to train and develop the talent pool for an emerging key industry in Latin America, stricter regulations have to be communicated and enforced among the private players.

With this, constant quality checks of the courses, teaching methodologies, infrastructure, and skills of the trainers and the students are needed. These quality checks are seen during the actual implementation, and more importantly during the *Evaluation Stage*.

Such analyses and considerations develop and strengthen the argument for pursuing a PPP for talent development initiatives such as the Finishing Schools. The complementing roles, functions and strengths of each stakeholder will become the key factor to fully embark the Finishing Schools program in Latin America. Nevertheless, this entails strong institutions, openness to partnerships and collaboration, transparency and effective communication. Leveraging on the PPP, the subsequent recommendations are formed in the context of a PPP arrangement.

Financing for Finishing Schools

The participating stakeholders, especially the principal stakeholder, should be able to determine the *financing solution strategy* for Finishing Schools. In terms of the financing, two important



angles are to be considered – *the early stages and the continuing stages*. As mentioned in the section on PPP, determining this necessitates the proper identification of the institutions that will carry out the program as well as those who are eligible to and will finance it. The producer or implementer of Finishing Schools may also opt to become the financiers of the training program.

Different countries adopt various methods in financing their education and talent development initiatives. Traditionally, the implementer and financier of training and development programs is the Public Sector. The main reason for this is the public sector's ability for financing and regulating the program. With authority in a country, government bodies also have a secure source of funds, of which some can be allocated for the implementation of Finishing Schools. However, the government often faces constraints and longer institutional bottlenecks that impede the execution of various TVET or training and development initiatives. Solely relying on the government under-optimizes the capacities of other institutions or organizations in actively taking part in the entire process. This may change through an established PPP arrangement.

A number of significant factors are needed to consider in determining the best financing framework and solution to start and sustain the implementation of the programs as well as to help the students gain access to education and training. The extent of PPP is one significant factor on the level of financing support that stakeholders can give. Stakeholders face financial limitations in engaging into training and development programs – they can support the Finishing Schools program within their respective financing capacities. This consideration gives way for proper recognition of methods in providing better access to training among the students.

For example, OECD countries have varying approaches in financing their upper secondary TVET programs. In the case of Japan, about 1%-25% of the training programs have *grant* support from the government, while most of the programs can be availed through *loans* (76%-100% of the programs). Japan also involves the private sector, since majority of these programs are provided by institutions charging fees. Another example is Austria, where most training programs are supported through grants, but only fewer programs are provided by private institutions.³⁴

To a certain extent, financing responsibilities should be shared with the interested and qualified students. Allocating the financing responsibilities to institutional stakeholders alone does not engage the students to fully develop their skills. An empirical observation for this strategy attests that the students may not form a sense of responsibility in maximizing the opportunity and benefits from these training and development programs. Stakeholders should aim to find the balance in shouldering expenses among them, and allocate some to the participants. These factors should be clearly identified in the *stakeholder analysis*, wherein financing capacities of the involved institutions are examined.

In every training program, the early stages should bear strategic financing weight. Based on the framework, early stages include Stage 1 and 2, where heavy planning and industry landscape analysis occurs. These activities entail financing, as they necessitate profiling the students and participants, commencing actual skills assessment, updating of educational statistics, inviting other stakeholders to participate, devising appropriate curricula, searching for qualified trainers, and embarking in a pilot program phase.

³⁴ OECD Learning for Jobs 2010



An example for this implication is the implementation of the pilot program. As mentioned in the earlier sections, pilot programs can become a tool in minimizing costs in the actual implementation of the Finishing Schools. Nevertheless, significant investment and capital outlay are still necessary to realize this initiative. The public sector may provide financial support for this activity, but solely relying on the public sector is often not the most viable option – the private sector can extend assistance by providing supplementary funding for establishing locations that will host the pilot program.

On the other hand, financing extends up to continuing stages, which mostly include steps in Stages 3 and 4 in the presented Finishing Schools framework. In fact, financing effectiveness during the early stages will be the critical leverage in minimizing costs in the continuing stages. Moreover, continuing stages will commence after the pilot program for finishing schools. Wider implementation actions will happen after the pilot program.

For example, an efficient marketing and promotions strategy (Stage 3) banks on sound labor pool analysis (Stage 1). Knowing the specific needs of a labor pool segment and its interest in joining a training program serves as an informed advantage in devising marketing and promotions. It will also serve as a tool in identifying which particular locations will need Finishing Schools to develop their workforces for IT Services.

Funding priority under these stages is equally important, as these stages will sustain the milestones achieved in the early stages. The difference lies on *where the funding will go*. Expenses incurred during the continuing stages involve running expenses for the pilot locations, as well as additional investments for new locations.

These dynamics prove the greater need for private sector involvement, as they can support extensive financing for wider scale implementation. Through PPP, stakeholders can identify the areas which needed more support, according to their financial capacities and well as industry expertise. Private sector involvement becomes a tactical approach to support a more holistic and more sustainable training program, as compared with those previously carried out in the region.

These considerations, and in consideration of proper timing, are crucial when implementing a Finishing Schools framework. Without proper timing, procedures undertaken might be *too immature* for stakeholders to embark on or to sustain. Likewise, loose timing considerations might hinder the achievement of the expected results in each step of the Finishing Schools framework. It is imperative for stakeholders to clearly identify the most appropriate steps at the most relevant times, when executing the action plans of the program.

Conducting Skills Assessment

A critical component in carrying out Finishing Schools in a location is the skills assessment exercise. Skills assessment gauges the current competencies of the labor pool for employment. As explained in the framework section (Stage 1), skills assessment is imperative since a thorough knowledge of the labor pool will serve as a foundation for developing the most appropriate programs for Finishing Schools for the IT Services industry. Skills assessment is simultaneously done for the Industry (employed workforce in the IT Services industry) and Academe (students).



Academe-Industry Participation

Initial stages for skills assessment includes the comprehensive profiling of the current students. This means that involved stakeholders, especially those with relevant roles in the academe, education and training of the labor pool. Profiling of the students requires up-to-date enrolment and graduate data statistics on academic disciplines. The rationale for this is to gauge the direction of the future supply of workers for the IT Services industry, which can then be used to identify opportunities that this particular industry can potentially tap.

In addition, industry employment assessment is necessary. For this labor pool segment, industry participation is necessary, as data on the headcount of the companies are not immediately available. This also entails developing a *standard industry taxonomy* - identifying and segmenting which disciplines correspond to the particular service lines within the industry – whether BPO, KPO, ITO, or others. This process will also provide indication to which segment would be more likely to generate higher opportunities for employment. In effect, the results of the industry profiling check what kinds of businesses are coming into the country, and what academic disciplines are currently present within the labor pool. Below is a sample table illustrating the mapping of academic disciplines in specific BPO, KPO, and ITO service lines.

Table 20: Academic Discipline Matched to Segment and Service Line

Discipline	Segment	Service Lines and Processes
Health - Nursing - Medical technology - Pharmacy - Midwifery - Biology	BPO	Medical Transcription - Encoding - Billing
	KPO	Health Information Management - Patient Information Management - Physician Information Services - Laboratory Information Services
Information Technology - Information Technology - Computer Science - Computer Engineering	BPO	Contact Center Services Technical Support
	ITO	Infrastructure Management Services - Database Management - Network Management - Storage Management - Application Hosting
Engineering and Architecture - Architecture - Mechanical Engineering - Civil Engineering - Chemical Engineering - Electronics and	KPO	Engineering Services - Product and Component Development Maintenance - Embedded Software - Semi-conductors and Computing Systems



Communications Engineering		- Plant Design and Process Engineering - Plant Automation and Maintenance
Business - Business Management - Accountancy - Hotel and Restaurant Management - Economics - Commerce	BPO	Contact Support Services - Customer Support - Telemarketing - Credit and Debit Card Services
	KPO	Market Research Finance and Accounting Services - Accounting - Asset Management - Payroll Processing
Social Sciences and Education - Education (Elementary and Secondary) - Tourism - Sociology - Psychology	BPO	Contact Center Services Customer Support
	KPO	Human Resources Administration Education and Training - e-Training - Curriculum and Test Designs - Content Development
Fine and Applied Arts - Fine Arts - Graphic Design	KPO	Creative Process - Animation - Multimedia Outsourcing

Matching the analyses from the academe and industry paves way for initial gap analyses in the country. This will answers two central questions – if the country currently has the strength to supply the flow of IT Services businesses and if the country is allocating the most appropriate investments for its talent pool.

These initial stages of skills assessment still rests on the quality of the PPP for Finishing Schools in a location, since all stakeholders will benefit from such data and analysis. Without a stable partnership arrangement among stakeholders, the coordination of the statistics will be a challenge. The extent of transparency and communication of the stakeholders becomes the operative tool in collecting such data.

Moreover, this initial skills assessment is an indicator and a filter in evaluating the current talent pipeline of the country. Such initiative verifies which academic fields and industry segments are most amenable to participate in actual testing for their competencies in the IT Services industry. Actual testing of the students and employed people provides a more specific assessment in the skills sets of the individual.



Skills Assessment Tests

The preliminary skills profiling mentioned above serves as leverage for stakeholders to commence actual skills assessment. Similar to the skills profiling, skills assessment involves testing a representative labor pool segment. It is recommended that stakeholders assess graduating students and fresh graduates (within one year from graduation date, and without any work experience) as well as recently hired employees. Comparing the results of these two particular labor pool segment paves way for the identification of the *industry hiring standards* and the *academe supply quality*.³⁵

Launching skills assessment test suites will become a more comprehensive step in mapping out the competencies of the students and the employed IT Services workforce. Several benefits can be taken from this recommendation. First, results from skills assessment are more reflective of the skills situation among the labor pool. Skills assessment can happen regardless of the national educational statistics in the country, and to a certain extent correlative analysis hinges on the historical dynamics of the labor pool. For example, the level of verbal competency of the workforce (as seen in the skills assessment results) is reflective of the effect of language training of the students over the years.

In addition, skills assessment provides higher precision in identifying the skills that stakeholders should opt to improve. Results in skills assessment will yield *skills gaps* among the labor pool, and will verify the skills sets which need to be immediately developed. This gap analysis aids the stakeholders in formulating working curricula for Finishing Schools, which will address the needs in the skills sets of the location's IT Services workforce.

Conducting actual skills assessment tests can be done in two ways. Stakeholders can identify their own capabilities in devising and implementing skills assessment tests. They may opt to implement this if results in the *stakeholder analysis* reveal a capacities and competencies to do it. Otherwise, these stakeholders may seek for third party provider to help them assist in the skills assessment and consequent gap analysis in their locations.

Appropriate Finishing Schools Program Design

In designing the programs of the Finishing Schools, it is important to consider the target labor pool segment. Definitely, Finishing Schools should be aimed towards the fresh graduates of the country, as they are the immediate support in delivering IT Services (being the new hires). However, due to the increasing complexity of the IT Services industry, other segments of the labor pool deserve to have a specialized Finishing Schools program design. For example, near-hires have different skills needs which should be addressed, compared to the fresh graduates, while current IT Services employees have more interest in up-skilling and re-skilling activities.

The curriculum and program design of the Finishing Schools should be a balance between the industry demands and supply gaps of the country. While being industry-driven, the overall design of Finishing Schools should be countered with the results generated by the supply gap analysis

³⁵ This approach is called *Skills Assessment Framework*, which Tholons uses in assessing the skills sets of the labor pool. The framework has been repeatedly tested in various locations in the Philippines.



indicated in the skills assessment phase. This balance in education and training is a value-add of Finishing Schools against formal academic institutions, since they can respond more aggressively and accurately to industry demands and prevailing skills needs of the labor pool.

To a certain extent, the program should also include the personal aspects of the target labor pool. Soft skills development is crucial integration to the entire curriculum, as the learners are eager to become employable for the industry. Without such consideration, training courses under the Finishing Schools may not completely become a pragmatic HRCD program for IT Services.

These considerations will not be comprehensively fulfilled without the extensive involvement of the stakeholders. Identification of the most appropriate Finishing School program and curriculum design hinges on the level of partnership developed between the private and public sectors. In devising the entire program, feedback from the industry players should be fostered as they have the most to gain in the results of the Finishing Schools.

The following sub-sections will explain the different yet related factors in developing an appropriate program and curriculum design for Finishing Schools.

Curriculum Development

In any education and training development initiative, a working curriculum is considered a fundamental component. This phase involves crafting an overall content and lesson plan to address the skills gap in the students. Elements such as course duration, manner of teaching, target competencies, and necessary equipment should be clearly detailed and agreed by all implementing stakeholders. These factors are needed in order to devise a standard Finishing Schools program in the country.

As previously mentioned, a large extent of the curriculum of Finishing Schools should come from the industry. This recommendation is rooted from the thorough knowledge of industry players about the skills of the labor pool. In fact, the industry has three sources from which it can identify skills that need to be developed – *hiring activities*, *client engagement*, and *current worker performance*.

Table 21: Industry Identification of Skills to Develop

Industry Identification of Skills to be Developed	
Hiring Activities	• Inflow of applicants in IT services companies will be a source of information on actual available and unavailable skills in the labor pool • Near-hires will also be identified, as well as the skills they lack in order to be hired • Skills sets of the unqualified applicants will be verified



Client Engagement	• Current client demand for services dictates labor pool needs of a service provider • Forecasted client demand will become an integral key in determining up-skilling activities among the employees • Forecasted client demand will aid in determining the hiring strategies
Current Worker Performance	• The IT services company's own workforce may act as a gauge on the current skills that they can deliver • The current workers' skills will determine the skills which have to be improved to increase service delivery capabilities

The table above presents a brief explanation on these three sources of information on the labor pool. Being an indicative observation, *hiring activities* have a more direct approach in analyzing the skills deficiencies of the country's workforce. This is an immediate gauge on the country's capabilities in supplying an employable labor pool to the industry needs. In fact, industry service providers can classify the near-hires from other applicants who still have to develop more competencies for the IT Services industry. Skills identified in these three areas may range from soft skills to specialized service line skills. Once these skills and competencies have been identified, the industry can now create modules for skills development. These ideas will be elaborated in the next sub-section.

In addition, their client engagements and current worker performance are the other sources of their knowledge about the skills of the labor pool. The current extent of their engagements determines the strength of their employed workforces in delivering specific services. This will eventually become a key point in understanding the pattern and progression of services among industry players. Such areas should be an included area of investigation among stakeholders in developing the curriculum.

The industry-driven curriculum should be done in partnership with a recognized training institution as the industry might not have the applicable capabilities in terms of education. The industry has the specific ideas on the content of the curriculum, yet it has no authoritative capabilities in institutionalizing and aligning the curriculum according to educational standards. The following is an excerpt of modules developed by industry players in the Philippines in partnership with TESDA for Training in Contact Center Services.

Table 22: Excerpt of TESDA Modules for Contact Center Services

TESDA Modules for Contact Center Services (Excerpt)		
Unit of Competency	Learning Outcome	Nominal Hours
1. Communicate Effectively in a Customer Contact Center	• Analyze communication process • Communicate and listen actively • Identify and use paralanguage communication cues	120



2. Deliver Quality Customer Service	• Demonstrate understanding of the BPO/Call Center industry • Transmit/Receive calls to/from customers • Handle customer complaints • Provide after-sales support and document services	120
3. Perform Basic Computer Operation and Internet Navigation	• Apply computer basic operation procedures • Organize and manipulate files • Install, configure, and work with the application • Work with internet • Log off from a computer	40

Source: TESDA Contact Center Service NC II

To provide a more pragmatic and applicable curriculum, IT Services companies will be required to provide internships, especially in training entry-level applicants (or fresh graduates). Such stipulation should be included in the agreed program design. Without hands-on experience, these applicants would only benefit on the *theoretical* level of the courses, diminishing the greater positive effects of the Finishing Schools program.

In addition, internships will be a welcome addition to the curriculum as students will gain firsthand experience on working in IT Services companies. It will be an application of what they have learned during the Finishing School program as well as an opportunity for the service providers to gauge their actual performance in the workplace.

The devised curriculum should be complimented by the most appropriate program format for the students of Finishing Schools. With a careful analysis of the labor pool, mapping the most applicable model in conducting Finishing Schools can happen. This strategy takes into consideration the differences of the needs of the labor pool segments in the IT Services industry.

The sub-sections elaborate on the various models and related aspects in forming the program design for Finishing Schools.

Three Models for Finishing Schools

The first model for the Finishing School is targeted towards the fresh graduates or near-hires of the industry. In designing a program for this particular labor pool segment, an important consideration is their personal objective for taking a course in Finishing Schools – *to gain immediate employment*. As such, courses in this model should not only comprise of core and technical skills but also on the soft skills of the students.

Moreover, the program design for the fresh graduates should be *service line-specific*. For example, analytics training may have courses and subjects different from software programming training. Another contrast is the requirements of voice-based BPO services where speech clarity is *more* necessary compared to the requirements of non-voice BPO such as data processing.



However, there are still common subjects that should be included in any Finishing Schools program. These should address the needs in the basic skills of the labor pool.

For Latin America, it is important to give emphasis on providing courses on English language development, as part of the basic skills of the labor pool. From the previous section of this report (*HRCD in Latin American IT Services Industry*), English development initiatives have been implemented in the region, but many of these programs remain lacking. It is notable that the region has put weight on improving the English skills of the people, and that some countries like Chile have already included English language training in the primary level. Nonetheless, most English language training program still need to be focused and reorganized based on the demands of the industry and the needs of the people.

Given this, including an English language course in the Finishing Schools model, especially for the fresh graduates, yields benefits. This inclusion will train the students to use English during trainings and simulation – heightening the student's command in the English language. This segment of the curriculum should also provide specific training on how to use English in the actual process delivery of outsourced services.

As seen in the *Governance of Finishing Schools* section, pragmatic learning approach should be promoted in the Finishing Schools. This means that the students should have a comprehensive theoretical background as well as a level of immersion in the industry processes. Thus, this model of Finishing Schools should include simulation modules, internships, and on-the-job trainings, which can help in preparing the students to acquire primary knowledge about the industry. IN essence, the success of the English training component or module – cannot be left at the theoretical level. For it to be of use, it must have a practical and real-world nature to it.

The second model of the Finishing Schools focuses on the employees and middle managers of the industry. This model minimizes knowledge obsolescence as they will be trained with recent service delivery and management concepts that can be applied in their respective workplace. Equally important, these managers will be trained in honing their leadership abilities that can affect the productivity of the managers as well as their team members, when they apply their learning in the workplace.



Case Study 7: MIT and Accenture Collaboration

Receptiveness in Industry Needs The Collaboration between MIT and Accenture

The Massachusetts Institute of Technology – a renowned technical academic institution in the US – is in collaboration with Accenture in up-skilling the corporation's employees. In 2007, Accenture and MIT designed a training and certification program. Called as the Accenture Solutions Delivery Academy (ASDA), this training program aims to certify the skills of the employees as Application Developer, Application Designer, Application Tester, or Application Test Designer. As of 2010, about 20,000 employees worldwide were actively participating in the program and nearly 3,000 employees completed the program.

The success of the initiative to up-skill the employees rooted in the close partnership between MIT and Accenture. Given the expertise of MIT in providing education and training for IT and related subjects and the support of Accenture, the entire program was given a comprehensive structure and curriculum. In 2009, Accenture gave a total of US\$900 million funding to carry out this initiative. Specialized courses in Java, C++, SAP and other software technologies were integrated and contextualized in the program. In order to reach to other employees, Accenture encouraged and supported MIT lecturers to travel among its global delivery centers to provide the latest training in IT. This was attended by around 10,000 employees – either through live lecture or in video.

Such feat sheds light that Finishing Schools can be continually expanded to various segments of the labor pool. Finishing Schools are not only applicable for the fresh graduates and near-hires (as this is the initial intention), but also flexible enough to cater to the growing skills needs of the IT Services labor pool.

Moreover, such feat can be a pattern in developing a Finishing School curriculum for the labor pool of Latin America. The complimenting strengths and functions of MIT and Accenture led to the realization of the entire program. This example clarifies that such collaboration can take place through proper identification of the needs of the industry service provider, understanding the competency levels of the target labor pool, as well as the analysis of the extent of training services the academe or training center can give. The lack of one partner can be supplemented by the other.

Source: MIT 2007, MIT 2010

The third model of the Finishing Schools entails a deeper partnership with the private sector and focuses on the skills of the trainer. In this model, the private sector can provide ways in up-skilling the training capabilities of the trainers. Partner service providers can offer training, administered by their tenured personnel, such as team leaders and supervisors. By immersing them in the actual delivery service processes and experiences of such people, trainers will acquire a deeper understanding of the industry and the intricacies of day-to-day operations. This will increase their competency in forming the industry-specific skills of the target labor pool.

Several benefits arise from the third model, aside from the up-skilled trainers. With high specificity to their requirements, service providers would have a higher level of assurance that the acquired skills of the students are in line with their demands. Second, students will gain a wider perspective in delivering outsourced services. More importantly, the level of partnerships among private and public stakeholders will foster more holistic development, as both are engaging the implementation of the Finishing Schools program.



These three models of Finishing Schools should be carefully considered before fully implementing in a location. Each model aims to meet the skills needs of a certain labor pool segment; hence, locations should be cognizant to the extent and combination of implementation of these models. *For the case of the Latin American region, it is recommended that the region should have greater focus on using the first model of Finishing Schools – a program appropriated for the fresh graduates and near-hires of the industry. The rationale for this is to immediately develop a roster of employable labor pool. Securing a stream of employable talent increases the attractiveness of the location as an IT Services destination.*

Program Standardization

In relation to the models explained above, another necessary step in creating a program for the Finishing Schools is setting the standards for the courses. Standardization ensures that the quality of training is consciously upheld among training institutions and centers. In fact, standardization entails the Public Sector's authority in coordinating the activities and courses of the Finishing Schools.

Program standards should be agreed by the stakeholders, especially the industry players. Aside from the content of the curriculum (i.e., the courses and the targeted skills), these include the number of hours and weekly schedules in attending the courses. Although providers have different skills demands from the labor pool, program standards serve as a *minimum threshold requirement* that implementing training institutions should comply. Standards are compliance regulation tool of the public sector to ensure quality training for the labor pool. However, this does not diminish the *flexibility* of the program, as considerations and tweaking of the curriculum and program as a whole are allowed (and encouraged) in order to meet the needs of the service providers.

For example, in the Philippines, TESDA implements a finishing course for call center work³⁶ with 356 hours of course work. This program was modified in the *Training for Work Scholarship program*³⁷ for the near-hires of the industry, trimming down to 160 hours. The rationale for this is to immediately respond to industry needs of new recruits – course duration needed to be cut in half to increase the employable pool for the Contact Support industry. The rationale also considers the capabilities of the near-hires – they would need less training time to be employed in the industry compared to others. In addition, the reduction in the number of hours was stipulated by the industry, in line with TESDA's overall mandate of fostering a private sector-led and market-driven training and development programs.

Related to the factors mentioned, the implementation of Finishing Schools should likewise consider the facilitating locations. Both the public and the private sectors can contribute to the facilitating location. For the public sector, training centers can serve as a feasible location for Finishing Schools. The private sector can lend their own facilities to become training centers, especially for the near-hires that they will train for employment. This way, the trainees or learners

³⁶ Finishing courses in the Philippines are not limited to the BPO industry of the country, but also for other industries like Agriculture and Manufacturing. Courses for welders, butchers, mechanics, electricians and similar workers are also being provided by TESDA.

³⁷ The Training for Work Scholarship is an example of a Student Assistance program.



will have a better understanding and expectations in their work environment. In addition, distance/online learning should be encouraged in the program standards. Being open to this medium of learning contributes to the other efforts in increasing the access to education and training through Finishing Schools.

Qualifications of the Trainers

In relation to the design and creation of the programs, stakeholders should be mindful of the trainers administering the program. As the trainers are the primary medium of skills transfer, these trainers should have gained the adequate skills that the students can learn from. In fact, stricter guidelines should be given to the selection of trainers for the Finishing Schools. Below is a sample qualifications guide in selecting trainers for the Finishing Schools program, based on a thorough survey of best practices from international examples.

- Must have undergone training for specific IT Service lines and processes
- Must have recognized national certification on the completion of training
- Must have basic knowledge on computers and IT Services
- Must be physically and mentally fit
- Must have at least 2 years job/industry experience

From the general guidelines above, the ideal situation is that the trainers should have gained industry experience of at least 2 years. The central reason for this is that previous employment in the industry is the primary leverage in imparting the learning to the students. Industry practitioners have credible work experiences that can be shared with the students. Nevertheless, this criterion often bears challenges as few instructors are willing to become full-time trainers for Finishing Schools.

Given this challenge in selecting trainers with this qualification, stakeholders in the country should opt to uphold stricter requirements that can be equivalent to this industry experience. Acquiring national certification on trainers for IT Services should be implemented in selection. Competency-based certification validates the technical capabilities of the trainer to effectively train the students, according to national standards. Stakeholders should also be mindful of promoting and encouraging trainers to attain competency certifications.

To a certain extent, participating stakeholders should aim to expose the prospective trainers in the industry's services and processes. Without a certain level of experience in the industry, these trainers may still not be competent to train the students according to the prevailing IT Services industry needs and expectations. This is another area where PPP has to be used in order to provide sufficient industry exposure.

Qualifications of the Students

Equally important is the qualifications of the students who are eligible to participate in the Finishing Schools program. Based on the main objective of the Finishing Schools and various best practices from international examples, the following are the general qualifications in determining the type of students who can attend a Finishing School course.



- Belong to the age bracket of 18 to 50 years old
- Possess basic reading, writing, language and communication skills
- Completed 2 years of tertiary education
- Physically and mentally fit
- Have no pending criminal and administrative cases

Age qualifications encompass a wide range of the labor pool. The reason for this is that the program should be non-discriminatory on the students, though other qualifications areas technically can narrow down this range. Basic skills should be present among the prospective students, since these will be the primary leverage of the students to understand and learn from the course. Students with significant reading and writing skills challenges may have a hard time in absorbing the learning from Finishing Schools. In addition, qualification guidelines restrict selection of students to tertiary education, since Finishing Schools aim to augment the employable IT Services labor pool. Attaining and completing tertiary education provides a level of assurance that more specialized skills are instilled among prospective participants. This will likewise pave way for Finishing Schools to be effective in the labor pool with immediate eligibility for employment.

Adopting Certifications

Certifications will be another area of consideration in the program and curriculum creation. Having a certifications framework is necessary for specific reasons. First and foremost, certifications serve as the student's proof of acquiring certain skills from the Finishing Schools as well as the stakeholders' recognition in their improved capacities and competencies in delivering specific IT-aligned processes. Individual-level certifications will become a distinguishing factor of the participants of the Finishing Schools against other members of the workforce.

Formulating individual-level certifications necessitates comprehensive review of the curriculum. Stakeholders should be able to identify which skills have to be certified that will give better returns both to them and to the students. Properly certifying skills takes into consideration upholding quality standards among the participants of the Finishing Schools program, matching them with the specific service processes. For instance, certifying English proficiency is needed in voice-based BPO catering to the English-speaking markets. On the other hand, the ITO field may be more focused on certifications in terms of programming proficiency (.NET, Java, C++, etc.) over English skills.

Likewise, the individual-level certifications depend on the scope of the skills that will be certified. Standards and certifications in language specific skills can be maintained across different fields in IT Services industry, but skills such as financial analysis, legal management, and engineering are process-specific. Thus, stakeholders should be aware of these dynamics in formulating certifications and standards in Finishing Schools program.

In addition, international recognition and accreditation of Finishing Schools will likewise be helpful to ensure teaching quality. International recognition proves that these learning institutions are upholding quality in the courses offered, and will certainly be helpful in augmenting the employable talent pool in the country. Recognition from international institutions (like EdExcel)



also serves as a promotional tool for Finishing Schools to attract the students to develop their skills sets for the IT Services industry.

More importantly, these certifications – both the individual and the institutional – should serve as a link to develop an overall qualifications framework. As a pathway from competency-based training (TVET) to formal academic institutions (like universities), qualifications framework ensures the possibility of crediting the courses for the feasibility of continuing the training and education. Credit transfer is a challenging feat, since this entails strict coordination and compliance in Finishing Schools to be recognized in formal education curriculum. Nevertheless, with a comprehensive qualifications framework, students are encouraged to perform better in training and in employment since institutions are recognizing and accrediting their acquired skills.

The public sector should have an active role in developing the entire qualifications framework. According to the OECD policy brief for lifelong learning, skills gathered in a training program should be aligned with the existing national qualifications framework. A successful country implementing a national qualifications system for its labor pool is Australia.

Commencing in 1995, the Australian Qualifications Framework is a regulated policy to bridge formal education and TVET. The framework has ten qualifications levels, corresponding to eighteen qualifications types and titles. The qualifications framework has been extended from certificate courses to doctoral degree recognition. This qualifications framework also promotes lifelong learning, as skills gotten from the industry experience can be translated into accreditations in the formal education system.

It is important to note that the qualifications framework should be agreed by all stakeholders, especially the Academe (universities and other educational institutions). Without the proper recognition of the Academe, the entire framework will not be effective in crediting the students' courses in the Finishing Schools as well as their respective skills acquired during and through the program. Academe endorsement and approval will certainly become a challenging point for stakeholders to prioritize on.

When the qualifications framework is applied in the context of Finishing Schools, the entire program can be even more productive and can better bridge the human capital development in Latin America. Qualifications framework and certifications will become key points in linking the students to the formal education system through Finishing Schools.

Conducting Pilot Programs

The presented framework provides the importance of implementing Finishing Schools through pilot locations. The entire Finishing Schools framework should be tested, in order to sift the loopholes and areas which were not expected in the assumptions of the model. Pilot programs also examine the real situation of the IT Services labor pool in a location. They validate the research and methodologies used by stakeholders in adapting and contextualizing the framework in their respective locations.

Given the financial and evaluative features of running pilot programs, stakeholders should be mindful of the selection points and guidelines. Selection of the pilot locations is crucial in order to



simulate the entire Finishing School program. There are four major considerations in selecting pilot locations.

First, pilot cities for Finishing Schools should consider the talent pool availability. Across outsourcing locations around the globe, educational and business locations have the immediate target talent pool. Educational institutions provide the students that can be trained for the IT Services industry according to the first model of Finishing Schools. In addition, close proximity to the service providers create avenues to deploy the second model of Finishing Schools.

Moreover, pilot cities fitting these characteristics are useful for the skills assessment exercise. Coordinating participants from the academe and industry service providers is relatively easier, as the prospective students of Finishing Schools are proximate to the testing centers of skills assessment. Stakeholders can mobilize the talent pool to be proactive in the skills assessment.

Second, pilot cities should have reliable physical and IT infrastructure. As this is the medium in implementing Finishing Schools in a country, pilot cities should have quality infrastructure to conduct pilot programs. Running pilot programs at locations with sub-par infrastructure may diminish the observations gathered to evaluate the effectiveness of Finishing Schools.

Third, participating stakeholders from these pilot locations should have high commitment in running the entire Finishing Schools framework. Without the extensive support of local stakeholders, implementing Finishing Schools will be very challenging, as resource mobilization may take time to fulfill. In addition, the level of commitment of the local stakeholders translates to the value they place in developing the talent pipeline for IT Services industry. This will ensure a sustainability of the program.

Lastly, the number and extent of pilot programs in a country will depend on the financing capabilities of the principal stakeholder and the participating stakeholders. Pilot programs still entail financing from stakeholders, wherein its expenses can be considered as needful costs that these stakeholders will need to incur in order to observe the effects of the program in the labor pool. Thus, stakeholders should clearly identify the opportunity costs in rolling out pilot programs across the country – enabling them to minimize costs from pilot programs.

These four considerations create a push-pull dynamic in finalizing the decision for stakeholders. Stakeholders should be able to weigh these considerations in choosing the pilot location. In fact, Tier I locations qualify to these requirements, and can become the pilot cities in implementing Finishing Schools. The success point in Tier I pilot cities should become the benchmark in Tier II and Tier III, while the challenges should translate to areas stakeholders should carefully watch out for.

Such considerations should lead to the importance of thorough evaluation of the results of the pilot programs. The results from Tier I locations mirror the labor pool condition of the particular city, and should become a benchmark as to how other cities perform. Thus, the results will serve as an evaluative measure for Tier I locations and a preliminary indicator of the performance of other cities. The learning from pilot programs should act as an anchor in implementing Finishing Schools in more challenging cities in a country.



Case Study 8: Finishing Schools' Pilot Program in India

India's Pilot Programs for Finishing Schools A Bridge towards Full Implementation

In 2007, India's Ministry of Human Resource Development (MHRD) implemented pilot programs in testing the effectiveness of Finishing Schools in the country. The pilot programs, specifically for engineering graduates, were done through the partnership of All India Council for Technical Education (AICTE), Department of Information technology, NASSCOM and seven central technical institutions (one IIT and six NITs). The IITs and NITs are large public technical institutions in India, with branches in key cities of the country. The goal remains – to help fresh engineering graduates be industry-employable, as only one in four engineers are employable in the IT industry.

The success of the pilot program came with the joint decision of the government of India and MHRD to repeat the Finishing School program for Engineering students. In effect, this feat resounded to a greater scale. The government ordered to formally establish the *Finishing School program* in government, government-aided and private (self-financing) colleges starting May 2008. The order stipulated that each institution should implement a Finishing School course for 50-100 students within a 5-week period.

Without the implementation of pilot Finishing Schools program, India might not be able to see its importance in increasing the skills sets of the people. In effect, India saw the necessity of coordinating and mobilizing the relevant stakeholders in the public sector to implement the pilot programs. With this, private players were encouraged to support the Finishing Schools program. India proved that these pilot programs served as the big push to implement a wider scale Finishing Schools program.

Industry-Specific Linkages and Endorsement

Industry-specific linkages are lacking in many Latin American countries' HRCD programs. A large number of these capacity-building programs are spearheaded and run solely by the public sector. While there are initiatives to involve the private sector, it is often given a minimal role of identifying labor pool demand and not much else. A model such as this underutilizes the potential of HRCD initiatives.

The industry should play a critical role in the success of the Finishing Schools as an HRCD program. It has the capacity to directly guide the project proponents towards the development of their current workforce needs. They are in the best position to say which specific skills are needed in how much of a capacity and in what time frame. Thus, the IT Services industry should have a proactive role in the Finishing Schools program. In fact, the involvement of the industry should be intertwined in almost all aspects of the program. Curriculum development is once instance wherein the industry takes the lead role. Beside this, the following phases of the Finishing School require the industry to take a proactive role.



Program Endorsement

One of the primary aims of Finishing School graduates is to gain employment in IT services companies. For this reason, it is important that relevant industry players should provide their “stamp of approval” on the Finishing School program. This will be act as an informal kind of certification on the Finishing School’s processes, courses, and teaching methods. Various means in approaching program endorsement are detailed in this section.

IT services industry associations, as the approved conglomeration of major IT services stakeholders, will be able to best represent the industry’s endorsement of the Finishing Schools program. This can be done through official partnerships with the program’s executors. As such, the partnership should be clearly visible in the eyes of the participants in all materials made for the promotion of the Finishing School.

Case Study 9: Industry Linkages in Sri Lanka

Industry Endorsement of HRCD Initiatives Sri Lanka’s Vocational Training Partnership

The Sri Lankan government’s largest state-owned training institution, the Vocational Training Authority (VTA), is currently aiming to provide training opportunities to augment the labor pool of the country’s IT services industry. With this aim in mind, it had partnered with the Sri Lanka Association of Software and Services Companies (SLASSCOM) which is an organization comprising IT services providers and major stakeholders of the IT services industry in Sri Lanka.

While training will be executed solely by the VTA, Virtusa, a globally recognized IT services company, will be supplying internship opportunities and reference curricula to further strengthen the HRCD initiatives. In this example, it is clear that the VTA may already directly engage with individual IT services providers such as Virtusa so as to obtain the necessary educational material but it has opted instead to partner with SLASSCOM.

The advantage of commencing in a partnership with the country’s IT Services industry association is paramount. It formalizes the HRCD program’s endorsement by the whole IT Services industry further strengthening the program’s image and reputation as a quality provider of HRCD.

Source: SLASSCOM 2011

While industry associations will handle the endorsement of the Finishing Schools on a larger scale, individual IT Services providers may do their own endorsement in a smaller scale. This can involve the interlinking of the Finishing School program within IT Services providers hiring processes. Further, the Finishing School may also be endorsed through official marketing and promotions initiatives.

Another way in which the industry can endorse the program is to ensure the placement of these Finishing School graduates. The industry has to commit towards placing a high percentage of these graduates within reputable IT Services companies. In India, successful Finishing Schools are able to place a minimum of 60% of their graduates in IT services companies. If this



advantage isn't readily visible or pronounced, student participation would be low. Such endorsement also serves a dual purpose. First, as is the main priority for IT Services providers, it will augment their existing workforce. Second, it will encourage more participants to join the Finishing School program as the perceived higher chance of being employed becomes a compelling draw to aspiring students and applicants.

The endorsement of the Finishing School by the IT Services industry is another prerequisite for the success of the program.

Finishing School Responsiveness

Practicing closely linked operations between the private and public sector should also result in a Finishing School which is responsive to the needs of the industry. Generally, the goal of HRCD initiatives is to address labor pool inadequacies, for this case, in the IT Services industry. Although this goal remains through the life of the program, the specific needs of the industry skills-wise is prone to change. This can be due to different factors such as changing service line demand globally, emerging service line niches, addressed IT Services labor pool needs, and others. Thus, open lines of communication should be fostered throughout the Finishing School program.

A regular labor pool supply checkpoint will foster this responsiveness. This can be done annually or bi-annually to enable a dialogue between the private and public sector to reassess needs. Latin America's IT Services industry association should be able to state if there is a need to continue, downgrade, or completely stop particular courses depending on if the labor pool needs have already been met. Likewise, these mechanisms will allow quick adaptability in case completely new skill requirements are in need, requiring a shift in priority for the Finishing Schools.

Marketing and Promotions for Finishing Schools

During the Implementation stage, a concerted marketing and promotions effort should be initiated by both the public and private sectors to inform potential students of the Finishing School program, its offered services, and intended end results. Mere existence of the Finishing School will not ensure the enrollment of students. These students, at the very least, *have to be actively informed* of the program's existence for them to be able to participate. Moreover, continuous marketing and promotions will help build the program's image and breed its familiarity to the general populace.

Marketing and Promotions interlinked with Hiring Activities

The IT Services industry can play a decisive role in marketing activities as it shares and has access to the same potential target of Finishing Schools – *new graduates and new entrants into the labor pool*. These may also consist of applicants seeking to be employed in IT Services



companies but are slightly lacking in the necessary skill sets. IT Services providers have a continuous inflow of this labor segment from their regular hiring and staffing activities. This target group possesses great potential to participate in Finishing School courses as they have already made the first step indicating their interest towards working in the IT services sector

The position that the *IT Services industry can serve as a funnel for near-hire talent* leads to the notion that marketing and promotion of Finishing Schools could possibly be incorporated in the hiring activities if IT Services firms. This can be done by directing the identified near-hires towards Finishing Schools at the point they are determined to be unqualified.

Promotion through Academic Institutions

Partnerships with reputable academic institutions will act to further strengthen the marketing and promotions initiatives of the Finishing School. Technological colleges and universities specifically are recognized as an ideal source of professionals for IT Services and their existing reputation will help bolster the Finishing School's image as an avenue for HRCD.

Moreover, these academic institutions may also act as a channel for HRCD initiatives so as to make full use of the partnership. These colleges and universities already have the necessary resources to hold training and as such, can be utilized by the Finishing School. These can be pursued by offering training sessions within university premises for example.

Case Study 10: Promotion through Partnership with Academic Institutions in the Philippines

Industry-Academe Partnership for HRCD Huawei & Asia-Pacific College's Philippine Training Center

Huawei is a globally recognized leading IT company specializing in the telecoms infrastructure industry. In its attempt to create a niche in the Philippines' enterprise business market, it had to cultivate the necessary skills within the country's labor pool. For this aim, it invested approximately US\$70,000 to launch a training center within the Asia-Pacific College, an educational institution focused on IT and engineering.

The partnership between the two saw the launch of a two-week Huawei Certified Datacom Associate course which includes courses in IP network basics, Ethernet, WAN, firewall basics, etc. Their aim was to train and certify 200 individuals within the first year of the program.

This partnership has been fruitful as the reputation of Asia Pacific College as a quality provider of education plays towards the IT services firm's training initiative. It has also helped bolster the image and reputation of the college as an HRCD institution, further attracting students.

Source: The Philippine Star 2011

Marketing Shared Experience & Learning

Ultimately, the ability of the Finishing School to reskill and upskill its students with the aim of being employable will be the main determinant to increase participation in the Finishing Schools. Word-of-mouth and social marketing are two powerful tools that can be explored once the



Finishing School graduates themselves are able to gain employment – their personal testimonies on the benefits and successes realized by attending the Finishing School will effectively showcase the value of these training institutions.

Taking a step further, the stories of these graduates can be publicized in media outlets to spread the message that real gains can be made through the Finishing School in terms of improving skills and gaining employment. These benefits are the main appeal of the Finishing School especially to those who are actively looking for work. These anecdotes and personal experiences are easily related to and may push people to participate in the program.

Case Study 11: Anecdotal Experience of Finishing School in the Philippines

Promotion of Programs through First-hand Experiences An Anecdote of an HRCD Program's Graduate

TESDA, a government-owned technical and vocational education institute in the Philippines, ran a story in a major newspaper detailing the experience of one of its graduates. She participated in TESDA's ladderized education program as an alternative to more popular college courses in the country. The newspaper feature focused on how she was able to learn the necessary skills quickly as well as finding employment immediately as a result of the program.

Besides her story, the article also inserts details on what TESDA currently offers in terms of skills development and how the general populace can participate in the government's programs. The personal experience of the graduate further establishes that TESDA's programs work and that the benefits are attainable.

This marketing initiative demonstrates an effective way to promote a Finishing school. Success stories are effective in a way that the reader obtains an idea of what programs are offered and what benefits can be acquired in a more digestible format.

Source: TESDA 2011

Using Program Evaluation Methods

It is important to end each cycle of the Finishing School with an evaluation of the program's performance. Mechanisms towards evaluation should already be identified and put into place from the conceptualization stage. This is a very critical process especially in the early stages of the Finishing School as this is when major issues in the system often appear. Evaluation will allow for necessary adjustments to be made.

The three main components of the Finishing School which should be evaluated are its graduates, its operations, and the project proponents themselves. By evaluating these, trouble spots and points for improvement can be identified and properly adjusted for the next cycle of the Finishing School. This will ensure that the program experiences a continuous flow of improvement until that time that the entire process or platform is refined.



Use of Performance Indicators and Targets

Evaluation of the Finishing School's operations involves the use of performance indicators and targets. The appropriate performance indicators and targets should be identified during the conceptualization stage and agreed upon by all stakeholders involved. A performance indicator, or, or monitor should be a concrete and quantifiable component of the Finishing School. For instance, the stakeholders may agree on graduating 100 students in its first year. Moreover, other aspects of the Finishing School may be evaluated in such manner. The concrete deliverables identified in the conceptualization stage may be used as a reference. The following is an example of performance indicators and corresponding targets:

Table 23: Sample of Performance Indicators

Performance Indicators Year 1			
	Performance Indicator	Target	Actual Figure
Finishing School Course	No. of students enrolled in Finishing School program	200	
	Percentage of students able to graduate from the Finishing School program	75%	
Employment	Percentage of graduates successfully employed	60%	
	No. of companies participating in a graduate absorption capacity	5	
Marketing and Promotions	Partnerships with Educational Institutions	3	
	Partnerships with Services Providers	3	

At the end of each cycle, actual figures are recorded parallel to the identified targets. If actual figures match or exceed the target, then the performance of that particular aspect is satisfactory. If actual figures are below target, it represents that improvements should be made in the lacking component.

The inability of the actual figures to meet targets only acts as a general indicator towards underperforming components. It does not directly point towards a specific problem. As such, some investigation is necessary to determine problem areas.

Post-Program Skills Assessment

To evaluate the Finishing School students' performance, skills assessment should also be done upon graduation of the program. This will indicate if the curriculum and teaching methods are fundamentally sound. It will also represent the ability of the students to absorb and learn what is taught in the Finishing School.



In the needs assessment stage of the program, a comprehensive skills assessment exercise is done targeting both the core skills and IT Services skills of the students. This will provide the necessary baseline data from which direct comparisons can be made. The exact test should be done post-program to identify the level of development the students have gained.

The result of the post-program skills assessment should be able to provide data on which specific modules or lessons have experienced the most and least improvement in students' skill sets. If little improvement is seen in a particular module, it indicates that the curriculum should be rethought and revamped for students to better learn. Marked improvements, on the other hand, indicate that the specific module is effective in reskilling and up-skilling the students.

Stakeholder Evaluation Scorecard

There is also a need to evaluate all the stakeholders involved in the execution of the Finishing School. In the conceptualization stage of the program, stakeholders are recalibrated and assigned roles as to their involvement in the Finishing School. The stakeholder evaluation phase will be an assessment of the ability of each stakeholder to fulfill its identified role.

These evaluations may be done through a peer review system using a balanced scorecard. Items from which a stakeholder's performance can be evaluated should be identified during the conceptualization stage as well. This will allow stakeholders to have an idea of what is required from them. A balanced scorecard should be given to the stakeholder itself for an opportunity to self-evaluate their performance. Likewise, all other stakeholders should also have an opportunity to score each other's performance forming a peer review system. (See the *Finishing Schools Framework* section to see a sample of a balanced scorecard.)

The resulting scores should be indicative of how a stakeholder fulfilled its role as well as the integration of the stakeholders with each other. Ultimately, it will act as an opportunity to further recalibrate the roles of the proponents resulting in a more efficient working body.



Implementation Roadmap for Finishing Schools

The various recommendations itemized in the preceding section are illustrate the intricate relationship between stakeholders in carrying out the Finishing Schools program in a location. Such recommendations cannot happen immediately; likewise, they should not take so much time in realizing the activities and the output. These recommendations will have greater value if properly contextualized in distinct phases. Thus, proper implementation of Finishing Schools entails a strategic roadmap containing the specific activities that should be accomplished.

Having distinct implementation phases serve as the guidelines in executing the recommendations and finally seeing the fulfillment of Finishing Schools program in a country. These phases are classified into *short term*, *medium term* and *long term*. It is important to note that the phases in the implementation roadmap are mutually interdependent – with each preceding stage as a requisite to the next. In each phase, action items per each stage will be highlighted and referred to their respective stages in the framework.

Short term activities are those that can be accomplished in the span of one to two years. The action points included in this phase can be considered as the immediate and preparatory activities that stakeholders will need to perform. This phase involves the steps in Needs Analysis and Program Conceptualization.

Table 24: Short Term Development Track

Activities for Phase 1 – Short Term Development Track				
Stage	Steps	Main Activities	Stakeholders	Expected Output
Needs Analysis	Stakeholder Analysis	- Identify stakeholders from the Academe, Industry and Public Sector - Investigate institutional capacities of identified stakeholders for industry, labor pool, and infrastructure analyses - Investigate financing capabilities of the identified stakeholders - Investigate institutional openness for partnerships - Investigate objectives, mission, and goals of the stakeholders - Finalize involved stakeholders in the Finishing Schools program	National Agency for Training and Development	- Final list of stakeholders - Identified institutional capacities for Finishing Schools



	Labor Pool Analysis	• Conduct preliminary skills assessment (skills profiling) • Conduct industry/employment profiling • Conduct skills assessment tests to targeted labor pool	• Ministry of Education • Ministry of Labor and Employment • Industry Association(s)	• Comprehensive IT Services Industry's Human Resources Profile
	Industry Analysis	• Identify global IT services industry trends • Identify regional IT services industry trends • Analyze opportunities in IT Services	• Industry Association(s)	• Current industry performance and outlook
	Infrastructure Analysis	• Identify locations that have stable infrastructure features • Identify level of bandwidth and Internet connectivity in key cities • Identify cities with sufficient training centers, buildings and classrooms	• National agency for infrastructure and communication • City governments	• Location profile on infrastructure availability and quality
Program Conceptualization	Stakeholder Participation/Recalibration	• Assign principal stakeholder • Identify PPP structure • Embark on PPP agreement • Define roles and responsibilities of participating stakeholders	• National agency for training and development • Industry Association(s) • Ministry of Education	• Identified principal stakeholder • Identified PPP framework
	Program Development	• Set qualifications for teachers/trainers and students • Devise certifications scheme for Finishing Schools, with reference to national competency-based skills certifications • Identify which skills to certify • Identify accreditations steps for Finishing Schools • Formulate curriculum for Finishing Schools	• Principal Stakeholder	• Qualifications criteria for teachers or trainers and students • Working curriculum for Finishing Schools • Working certifications

The medium term phase is the continuation of the steps conducted in Phase 1. This ensures that more foundational blocks for Finishing Schools will be conducted. In fact, this is primarily concerned in implementing pilot programs, which will serve as a critical simulation activity to test the effectiveness of the entire framework. This will also attest to some institutional and framework deficiencies that will hinder in the further implementation of the program



Table 25: Medium Term Development Track

Activities for Phase 2 – Medium Term Development Track				
Stage	Steps	Main Activities	Stakeholders	Expected Output
Program Conceptualization	Program Development	Create industry networks and linkages for job placements	- Principal stakeholder - Private industry players - Industry association(s)	Job placement strategies
Implementation	Pilot programs	- Identify pilot locations - Commence pilot locations	Principal stakeholder	- Identified pilot locations - Initial implementation of Finishing Schools
	Marketing and Promotions	- Identify labor pool segment who will join in the pilot program - Conduct marketing and promotions strategies for pilot programs	- Principal stakeholder - Industry association(s)	- Identified labor pool segment - Initial marketing and promotions strategy
Evaluation	After-program skills assessment	Assess skills improvement among the students	Principal stakeholder	Report on skills improvement of the sample labor pool
	Stakeholder assessment	Assess stakeholders' implementation capacities	Principal stakeholder	Report on stakeholder performance (balanced scorecard)
	Course curriculum evaluation	- Evaluate course effectiveness through results of industry feedback - Create necessary revisions in the course curriculum	- Principal stakeholder - Private industry players	- Evaluation report on course curriculum - Evaluation report on job placements

Long term activities include steps for wider scope of implementation of Finishing Schools. This phase banks on the results in the first two phases. This phase ensures the continuity of the program as an effective and timely HRCD program in the implementing country. This phase secures that Finishing Schools will be sustainable and will achieve the desired results of having a larger base of employable labor pool.



Table 26: Long Term Development Track

Activities for Phase 3 – Long Term Development Track				
Stage	Steps	Main Activities	Stakeholders	Expected Output
Needs Analysis	Labor Pool Analysis	- Continual skills benchmarking from pilot programs and after-program skills assessment - Expand labor pool analysis to other workforce segments in IT Services industry - Run skills assessment tests to other locations in the country	- Principal stakeholder - Ministry of Labor and Employment	Updated IT Services Industry HR report
	Industry Analysis	Update on forecasted trends in the industry	- Principal stakeholder - Industry Association(s)	Industry Trend Report
Program Conceptualization	Program Development	- Revise curriculum according to skills needs of the labor pool - Provide additional courses - Remove courses which are not important - Pursue accreditations from formal education institutions	- Principal stakeholder - Industry Association(s)	- Revised curriculum - Formal education system recognition
Implementation	Expansion to other locations	- Wider geographical scope of implementation - Open the program to private education and training providers - Embark on online courses and distance learning program formats	- Principal stakeholder - Private education and training providers	More locations for Finishing Schools implementation
	Marketing and promotions	Continuous marketing and promotions	- Principal stakeholder - Private education and training providers - Private industry players - Industry Association(s)	Increased awareness about Finishing Schools as an HRCD tool for IT Services industry
Evaluation	Overall Evaluation	- Continuous evaluation on stakeholders, programs, students and teachers - Quality checks on private Finishing Schools providers	Principal stakeholder	Updated regulatory and governance standards for Finishing Schools



Conclusion

Latin America is poised to be one of the world's foremost nearshore services outsourcing destinations. The region's uniquely characterized talent pool has allowed the Latin America IT Services industry to thrive in a highly competitive global landscape. Despite its impressive growth, Latin America may reach a growth plateau if the region does not address the dwindling supply of employable talent, which being required by growing industry demands. Simply put, its labor supply is simply not able to keep pace with current industry demands. This report proposes that a Finishing Schools approach to HRCD can effectively alleviate the IT Services industry's immediate labor pool concerns.

The Finishing School particularly caters to Latin America's current state of labor pool, since the program is designed as an industry-driven and supplementary short-term approach to HRCD. Its nature as an initiative rooted in the industry allows the program to be responsive to the evolving needs of Latin America. This approach also allows Latin America to *better equip* the region's available, yet still raw talent.

The entire Finishing Schools framework starts and continues with the collaboration and partnerships of stakeholders. PPP have been widely implemented in infrastructure projects, due to financial requisites. For the education and training in the region, PPP will be used to better capture complex industry demands. PPP leverages on the expertise of key stakeholders in the country, which will aid in developing a relevant and efficient training and development program for the IT Services industry.

To a greater extent, the Finishing Schools program necessitates strong institutions which are most capable of the tasks detailed in this report. Transparency and institutional commitment are needed to fully implement the program. PPP become the central factor in identifying the current needs of the labor pool, prevailing industry demands, strategies to enable efficient financing, improving access to Finishing Schools, and pursuing job placements for the students. In one way, the *PPP becomes a tool within the Finishing Schools framework* to mobilize the stakeholders in pursuing human capital development aimed for the IT Services industry but with widespread implications towards capacity development of the region's entire labor force. The ripple effect of this particular training and development program is immeasurable.

Despite this, the Finishing School program is not without its challenges and constraints. Although it initiates an improvement in both the labor pool's soft skills and technical skills, it is a program which specifically tailors to the specific industries, such as IT Services and therefore cannot be a substitute for quality tertiary education. Given this, Latin America should first strive to develop its tertiary education, while implementing such training and development programs. As seen in the report, stakeholders are tasked to link Finishing Schools to formal education system by setting certifications and qualifications frameworks.

In the current state of Latin America's IT Services, the Finishing School's benefits far outweigh the costs. The global outsourcing landscape continues to shift rapidly and Latin America is in the midst of a great opportunity. To be able to take advantage of this, the region has to respond quickly to the labor supply demands and the Finishing School allows exactly that. Short-term talent development is becoming increasingly valuable to the region to foster growth in the long-



term. By addressing this short term challenges, Latin America can better position itself for long term sustainability. In fact, addressing the current skills needs may become the solution in solving tomorrow's industry needs in the region. With the support of both government and the private sector, Latin America can bolster its position to becoming a truly established IT Services destination.



About Tholons

Tholons is a Services Globalization and Investment Advisory firm that combines "Best of Breed" consulting experience with deep execution expertise and investment insights to deliver truly effective services to its clients. Tholons offers a detailed understanding of business processes and combines it with practical hands-on expertise in executing the strategy. Tholons draws upon the considerable experience of a hand-picked team, which has successfully formulated and executed globalization strategies to unlock value for Global Fortune 1000 companies. Service providers leverage Tholons expertise to optimize their global delivery model. Tholons advisors engage with government bodies to build compelling strategies for making countries attractive destination for outsourcing.

THOLONS Global Offices

North America

5 Penn Plaza, 23rd Floor
New York, NY 10001
Phone: +1-646-290-9320
Fax: +1-646-349-3546

South America

Av. Italia 6201
Latu Los Sauces CUTI
11500 Montevideo, Uruguay
Phone: +598-9848-5225

Europe

2505 The Landmark West Tower
22 Marsh Wall, London
E14 9AL
Phone: +44-1628-566140

Asia Office

India

2/10, 2nd Floor, 80 Ft Road
RMV Extension Stage II
Bangalore 560 094, India
Phone: +91-80-23519760

Sri Lanka

Regent Building, No. 345
R A De Mel Mawatha
Colombo 3, Sri Lanka
Phone: +94-777-427761

Philippines

Unit 803, Richmonde Plaza
21 San Miguel Avenue, Ortigas Center
Pasig City 1600, Philippines
Phone: +63-2-635-9236

Copyright Notice

This Tholons document was published as part of the Tholons Advisory, Investments and Research Services portfolio, covering all consulting projects and publications.

For further information related to this document, reprint rights or general inquiries regarding other Tholons services, contact info@tholons.com or call any of our global offices.

Reproduction of this document and all content within is prohibited unless authorized by Tholons. All rights reserved.

For more details about Tholons' Services Globalization and Investment Advisory capabilities, please visit our website at:
www.tholons.com

You may also contact: info@tholons.com

