

Chapter 5

Human Resource Development Strategies: Some Conceptual Issues and their Implications

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Introduction

The link between a country's potential for economic growth and full employment and its capacity to develop the skills and knowledge of its population is now recognised by governments of virtually every country, as well as by all the major international agencies. Although in the broadest sense this link is not a new discovery, some researchers (for example Ashton, 1999) see the new focus by governments on human resources development (HRD) as a fundamental shift in the conceptualisation of the links between economic growth and the skills and knowledge of the workforce. Ashton contrasts the focus on skills as an attribute of individual and narrowly-circumscribed job descriptions, a highly specialised division of labour, and command approaches to management that were characteristic of human capital theories with the new emphasis on linking cultural, political and economic strategies in a more co-ordinated way. South Africa's new HRD strategy, *A Nation at Work* (Departments of Education and Labour, 2001), reflects this paradigm shift and shares the view widely held internationally that in the future a country's ability to achieve economic growth (and therefore to maintain and increase employment) will depend on its *human* rather than its *natural* resources. This shift reflects changes in the global economy that impact on all countries. However, while highlighting the importance of HRD issues and the increasing importance of the role of governments, the same global changes are influencing capital and consumer markets in ways that are outside the control of national governments.¹

Comparative research is beginning to show that there appears to be no alternative in the future to a 'high skills' approach to economic growth, regardless of the extent to which this may clash in the short term with other goals such as equity and redress. At the same time, different countries are adopting very different strategies in developing a high skills approach. The differences between, for example, the countries in continental Europe, Asia and America appear to reflect a combination of historical legacies that are extremely difficult to change by even the most well-designed HRD strategy and the current political priorities of governments. This chapter considers some of the implications of the growing interest in an HRD approach to education and training policy and was written initially for the HSRC's Round Table discussion

¹ I am thinking of the movement of capital and the development of markets for consumer goods.

of the new South African HRD strategy. The chapter begins by exploring the issue of priorities, by drawing on recent comparative research on the very different international strategies for moving towards a high skills economy. It goes on to consider the increasingly unquestioned assumption that HRD priorities should underpin education and training policy and the extent to which this may undermine other education policy goals, and develops the argument – often neglected by HRD strategists – that the supply of skills and knowledge is only one element of a broader HRD strategy. The chapter then moves from strategic issues to questions of implementation, and argues for the crucial importance of institutional capacity. The final section of the chapter considers some of the implications of the previous analysis for taking forward the proposals in *A Nation at Work*.

The international experience

Two general conclusions can be drawn from the international experience. The first is that approaches to HRD, despite the convergence of global economic pressures, are extremely diverse even among relatively similar countries (even those that have been successful in achieving significant economic growth). These differences invariably reflect the different histories and cultures of each country, and raise serious problems for any attempts at ‘policy borrowing’. The second conclusion is that there appear to be only a limited number of strategies that provide the basis for moving to a high skill economy and that these point to the need for quite specific priorities in education and training policy.

In considering which countries might provide lessons for South Africa, it is possible to identify a number of groups of countries. There are those countries, like the UK, that do have some structural features in common with South Africa, despite obvious historical differences. Examples of such features are relatively high levels of education and income inequality, a largely voluntarist approach to the role of employers in vocational education and training that in each country has left a system of low status and low capacity, and a relatively well-developed tertiary education sector. Second, there are the ‘success stories’ such as Germany, some other EU countries and the countries of South East Asia, each of which represent a version of a high skill economy and which face distinct problems in the new global economic circumstances. Third, there are the ‘failures’ such as the Latin American countries, Russia, the Middle East, and most if not all African countries, which also have some features in common with South Africa. I will not deal further with this last group of countries except to make two points. First, they are almost all countries with substantial natural resources that they have either failed to develop (as in the case of Russia), or have exploited their natural resources without development (Nigeria, Algeria and possibly Angola, are examples). The experience of this latter group of countries lends support to the argument of those economists who state that the main condition for economic growth for developing countries is the existence of the rule of law, especially as applied to economic activities.

Researchers on the UK-based Education and Training for a High Skills Economy Project (Green & Sakamoto, 2000)² distinguish between four distinct national strategies among the countries they studied. They are:

- *the High Skills Society (HSS) model*: This model is represented in ideal typical form by Germany. The researchers identified its key features as: a high-quality manufacturing sector; a strong scientific and technological elite; high levels of intermediate (craft and technician) skills; relatively large differences between high and low wages; and high levels of trust based on social partnerships between the state, employers and employees. Although the researchers do not say so, my view is that there are other EU countries that represent variants of the HSS model. The major difference between these countries and Germany are the relative absence of forms of social partnership involving employers and employee organisations and the corresponding greater role for government agencies.
- *the High Skills Diffusion (HSD) model*: The ideal type of the HSD model is represented by Japan (and in a slightly different variant, by Korea). The researchers identify its main characteristics as: a high-quality manufacturing sector; high levels of intermediate skills; widely diffused high-quality general education; high levels of employee co-operation and loyalty to companies linked to a distinctive approach to management; a relatively poor-quality scientific and technological elite; and reliance on efficient large firms delivering high-quality employee training.
- *the Developmental State (DS) model*: The DS model is represented in the research by Singapore, but Taiwan has similar characteristics and the model has inspired other South East Asian countries such as Malaysia. The main characteristics of the DS model are: wage competitiveness; competent elite bureaucrats and engineers; imported specialist skills and high levels of foreign investment; improving state provision of general education and initial vocational education and training; and a strong and relatively authoritarian state. Like the HSD model, the DS model is highly dependent on distinctive features of South East Asian culture, and from a European or South African perspective appears very undemocratic.
- *the High Skills Elite (HSE) model*: This model is represented by the UK (and, in a variant, by the USA). Its main characteristics are: high levels of innovation in selective manufacturing and service sectors; high levels of capital productivity; high-quality scientific and entrepreneurial elites; weak state regulation; weak

² The High Skills Economy project is a research project funded by the Economic and Social Research Council in the UK and is jointly led by Professors Phil Brown (University of Cardiff), Hugh Lauder (University of Bath) and Andy Green, Institute of Education, University of Bath. The project's initial findings are the subject of a special issue of the *Journal of Education and Work* (Volume 12, 1999).

employer-employee partnerships; labour flexibility; polarisation between a high skill elite and a large unskilled labour force; a poorly diffused system of general education; and high income inequality.

The researchers note a striking symmetry between the four national skills profiles, the dominant competition strategies, the skill demands they generate and the patterns of sectoral competitiveness. They suggest that different high skill approaches can be divided into *polarised skill regimes* and *diffused skill regimes* and the different competitive strategies that take advantage of them. So for example, the UK produces highly skilled and creative elites for the pharmaceutical, media and financial services sectors and cheap low skilled, flexible labour for most other sectors such as car manufacture and building construction.

The researchers remain undecided about which of the regimes will fare better in the new economic climate of global economic competitiveness. The HSE model has produced high levels of employment but largely through creating low-wage, low skill jobs. The HSS and HSD models have sustained higher living standards and lower levels of inequality but are under growing strain from global economic pressures (especially in the capital market). Green and Sakamoto draw several conclusions that are of relevance to South Africa.

- ❑ There are different routes to economic competitiveness and growth with different demands on skills.
- ❑ The conditions for the HSS model are rare, so it is unlikely to be the basis for a realistic strategy.
- ❑ There is no one 'high skills' model.
- ❑ Each of the models identified is under strain in the emerging global economy.

In relation to the tension between the high skill models and the new demands of economic globalisation, neither Germany nor Japan shows signs of convergence towards a HSE model. Whereas strong employer-employee partnerships continue in Germany, Japan maintains its commitment to high levels of general education and the promotion of a common approach to citizenship.

In the UK and the USA, by contrast, although leading-edge service and manufacturing corporations remain strong the bipolarity between an elite and a low skills labour force remains, and income inequality is increasing. The problem of lack of demand for skills in the economy suggests that a strategy based on improved supply and more efficient markets for skills is not enough to raise skill levels, especially when general education is weakly diffused and increasingly driven by an economic rationale.

Although the research is based on a limited number of essentially 'developed' countries, the conclusions have a number of implications for South Africa. They suggest a number of key conditions that appear to be necessary for developing a high skill economy. These are:

- ❑ a scientific elite and sources of innovation/entrepreneurship (UK/USA);
- ❑ a relatively loyal and co-operative workforce with high levels of general education (Japan); and/or
- ❑ well-developed social partnerships and the availability of high levels of intermediate skills and knowledge (Germany).

The main factors leading to the adoption of different high skills models are associated with the history and culture of the countries concerned and it is for this reason that policy borrowing is so fraught with difficulties.³ However, this does not mean that a country cannot move out of a 'low skill equilibrium', as shown by the transformation of the South East Asian countries. In the 1950s and 1960s the populations of these countries were characterised by extremely low levels of skill and general education.

The international experience highlights two lessons for South Africa. The first is that there is no one model for South Africa or any other country to adopt, regardless of circumstances. The dimensions by which national strategies vary include:

- ❑ the balance between the role of the state and the market;
- ❑ the emphasis on school-based or work-based initial vocational education and training;
- ❑ the emphasis on developing general education in schools or expanding access to vocational education and lifelong learning;
- ❑ national attitudes to the emergence of a bipolar skill regime; and
- ❑ the approach to inward foreign investment.

The second lesson is made clear by Ashton (1999) in a recent article commenting on the research on different approaches to a high skill economy. He makes the obvious though often forgotten point that no economies consist only of high skill jobs, however they are defined. For all kinds of reasons – some historical, some political, and some economic – all societies will have a balance of high skill and low skill jobs. The issue is the relative proportion of these jobs and the opportunity of those in low skill jobs for moving out of them.

HRD and education and training policies

In a sense, the promotion of a country's human resources is such an uncontroversial idea that it seems almost perverse to question it. It appears to be part of a progressive move away from the Fordist era of mass production when the main efforts of employers were directed to replacing human labour with machines. The idea of an HRD strategy recognises that in today's economies it is the skills and knowledge of company's employees that create its wealth, and that the efforts of management must be on enabling them to realise their potential rather than trying to replace

³ The UK experience of attempting to 'import' Japanese management methods and the German dual system for vocational education are two examples.

them with machines. A point of no less importance is that new information-based technologies – unlike the old machine-based technologies – do not lead to increases in productivity primarily by displacing labour but by enhancing its capacities. The HRD view of employment is symbolised by the famous words of the Chairman of Toyota who said, ‘We want the *gold in their heads*’ [my italics], and less starkly by the director of a multinational bank. In explaining why they gave such a high priority to their HRD strategy he said, ‘It is our staff that provide our added value and give us our competitive edge’. The idea of HRD appears well-suited to the demands of the global ‘knowledge economy’ and not surprisingly is readily welcomed by educationalists not only because it appears to endorse the need for more education but because it provides a possible link between the idea of a high skill economy and the educational goal of the personal and intellectual development of all students.

However, it is worth digging a bit deeper into the origins of the idea of HRD, into what is involved in the growing use of HRD language in business, into the extension of its use to public sector organisations,⁴ and into its further extension to be a framework for national policies for education and training. I want, therefore, to distinguish between:

- the business origins of the idea of HRD and its link to new approaches to production and the delivery of services,
- conflicting interpretations of HRD, and
- the application of an HRD approach to the staff of educational institutions and to the labour force generally in national educational policies.

A number of issues arise from the business origins of HRD. First, interest in HRD undoubtedly reflects the emergence of knowledge economies, the growing numbers of ‘knowledge workers’ and the recognition of the strategic importance of the capabilities of a company’s workforce for its ability to compete in global as well as in national markets. Company HRD strategies lead to the transformation of the traditionally marginal roles of Personnel staff involved in training and recruitment, and HRD directors become as important as directors of marketing, production, and R&D. Second, the new emphasis on HRD is undoubtedly related to another aspect of global economic change – the growing competitiveness of markets as companies in even such traditionally localised service sectors as retail, hospitality and office cleaning become targets for takeover by multinational corporations. The increasingly strategic role for company HRD policies leads to an increasingly tight link between their investment in training and development and the contribution this investment makes to the profitability of the company.⁵ Third, HRD priorities are inextricably linked to how a company organises work, its form of management, and its decisions on how

4 For example, in the UK universities Personnel Officers are being renamed Directors of Human Resources.

5 An example of this in the UK is the extent to which specific business priorities determine whether or not a company recruits apprentices.

6 The difficult problem facing governments is how to promote the latter.

to compete in markets. Ewart Keep (1999) makes a distinction between companies that compete primarily on *price* (when HRD is viewed as a cost to be kept down), and those that compete on the *value* and *quality* of their products (when HRD is viewed as an investment that enables a company to be more competitive).⁶ These two views of HRD parallel *human capital* and *skill formation* approaches to education and training. Whereas the former focuses on individual skills and knowledge and relates education and training to its rate of return in terms of wages and salaries, the latter adopts a much broader approach that Brown (1999) has expressed as ‘developing the social capacity [of a nation or a company] for learning, innovation and productivity’. The skill formation approach involves a different set of priorities that are not easily expressed in traditional kinds of objectives and targets associated with measures of individual skills and qualifications.

There are two questions in relation to the skill formation approach that may need further consideration. First, its emergence does reflect certain changes in the global economy and is expressed in the strategic approach of leading edge firms. However, in a country like South Africa that still has to create the basic skill formation infrastructure, it may apply only to a small section of the economy. Second, skill formation approaches are often associated with the ‘leap frog’ theory that claims that a developing country can, with massive investment in information technology, miss out the mass production stage of industrialisation. Is this realistic in South Africa, or elsewhere? I doubt it. This kind of leap frog theory fails to address two issues. First, IT investment even in highly industrialised countries creates relatively little new employment (and therefore, in practice, relatively little economic growth). The second issue is that in a country like South Africa there is still an enormous quantitative absence of production for a population of forty million and more. IT does not lay telecommunications cables, build houses or roads, provide cars and buses, TVs or furniture or clothes, or run supermarkets where they do not exist. Another problem associated with the idea of skill formation as a ‘social capacity’ is that there is little in the research literature to suggest how it might be measured. One research direction worth pursuing in South Africa might be to follow up the Department of Labour initiative in introducing Investors in People as a strategy for improving the human resource capacity of firms.

There are a number of reasons why a human capital or a skill formation approach is likely to be dominant in a particular country and it is likely that a mix of the two is the most realistic goal for South Africa. The balance is clearly linked to the culture and history of the private sector and assumptions about the role of the state.

A Nation at Work (Depts of Education and Labour, 2001) represents the increasingly global trend for governments to locate their entire education and training policies – from early childhood education to universities – within the context of a broader HRD strategy designed to achieve certain economic goals. However, it is one thing for a

company to develop an HRD strategy for its own employees in relation to its goal of increasing profits from successful competition. There are quite other implications of extending this logic to a nation's education and training policy. Because the idea of HRD ties *means* (employee's skills and knowledge) and *ends* (how these skills and knowledge are used to achieve particular goals), it cannot be straightforwardly applied to national education and training strategy. There are a number of reasons for this. First, nations are not companies – they have much more diffuse, contradictory and competing goals that are resolved politically, not by the market and what is profitable. HRD approaches treat ends such as skill shortages and economic growth as givens, when there can be very different kinds of growth and very different ways for a country to resolve skill shortages. Thus, HRD strategies can foreclose debates about ends. Second, national goals for education and training are broader than those concerned with the competitiveness of the national economy or individual companies. For example, democratic citizenship, personal development and cultural enrichment are all goals of education policies and though they may well have indirect links with productivity and economic growth in the long term, this is not their primary aim. Third, the idea of HRD assumes a close fit between certain forms of expansion of education and economic growth. However, it may be that long-term goals such as higher levels of general education and greater equality are better achieved if education policies are not tied too closely to economic goals. In the UK there has been much emphasis by government on the direct economic benefits of education to the country and to individuals. This 'economic' rhetoric appears to be influencing the educational decisions of sixteen-year-olds who are opting for business and media studies rather than the sciences and foreign languages that are seen as requiring more studying with no immediate economic payoff. In other words, it may be in a country's long-term interests if their students do not give too much emphasis to the short-term economic goals of their educational choices.

Components of an HRD strategy

A national HRD strategy is undoubtedly important for achieving economic growth. However, an approach to HRD that focuses only (or largely) on the supply of skills in the labour force is likely to have limited effect and can even be counter-productive by unjustifiably raising people's hopes for employment (or better employment). Governments are often reluctant to tackle other reforms that are no less important for economic growth. Examples of such reforms are statutory training rights for young employees, income distribution and investment priorities, all of which shape the demand for skills. The reason for this reluctance is that these reforms are difficult to introduce and may come up against significant opposition from employers. In discussing the components that might be involved in developing an effective HRD strategy, I will draw on a paper produced by the International Labour Organisation (ILO, 2000).

The ILO paper, like *A Nation at Work*, identifies the different sectors or stages of

education and training that an HRD strategy needs to include. They are:

- ❑ basic skills of adults,
- ❑ initial education of young people (including early childhood education),
- ❑ further and higher education and training, and
- ❑ continuing education and training and work-based learning.

However, it also stresses that education and training reforms are primarily *supply* factors, and that unless they are integrated into measures for changing the *demand* for a better-educated workforce they will not on their own generate employment or growth. The ILO paper refers to the following elements of an HRD strategy that need to be addressed in promoting the demand for skills:

- ❑ creating incentives for partnerships between employers, trade unions, civic and other local organisations;
- ❑ improving the capacity and skills of workplace trainers and assessors;
- ❑ extending the role of 'licence to practise' in labour markets;
- ❑ reforming investment conditions and the capital market;
- ❑ reforming corporate law; and
- ❑ developing strategic conditions for attracting foreign investment.

In other words, the ILO paper recognises that better human resources in the narrow sense of improving the qualifications of the labour force are inadequate on their own. They need to be seen as a component of a broader strategy that links improvements in the supply of skills and knowledge to new kinds of demand for human resources. It is these latter changes that are difficult to achieve. These difficulties have two aspects, one cultural and one political. The cultural issue refers to deeply-held assumptions by employers (but also in the society generally) about the potential capability of their employees. Such assumptions vary from elitist cultures such as the UK that still have low expectations of the education potential of the majority⁷ to those countries like Japan which assume that the vast majority of the population are educable to what in South Africa would be matric standard. The political issue refers to the legacy of neo-liberal economics and a distrust of Keynesian demand-side interventions, that still shape government policies. An unresolved tension remains between a 'voluntarism' that assumes that employers should be left to decide their own HRD policies and the reality that the 'short-termism' of many employers makes this unlikely.

In the UK this neglect of demand issues by the present government is rationalised as an up-to-date version of Keynesianism. The government contrasts its policy of investing in education and training with the old-style Keynesianism that supported public investment to stimulate demand and with the neo-liberalism of Thatcher that left both supply and demand for skills up to the market. However, researchers such as Keep (1999) have increasingly questioned whether the traditional weaknesses – especially in relation to vocational education and training – are being addressed. Keep

7 A recent survey estimated that seven million adults have problems with reading and writing.

also argues that a supply-side approach leaves unchanged the lack of demand for skill by large sections of industry and services in the UK.

Locating national HRD strategies within a broader historical context can lead to an excessive pessimism that implies that countries are forever trapped in their past. Given South Africa's recent political history, this would be peculiarly inappropriate. It is therefore important to remember that the difficulties identified have been addressed in the past by a number of both European and Asian countries that now have highly qualified labour forces. The point of identifying the constraints of history is to be realistic about what is possible in a short time, but to remain optimistic rather than pessimistic about longer-term possibilities.

Implementation as a key element of an HRD strategy

The question of implementing an HRD strategy cuts across the earlier discussion of goals and components. *A Nation at Work* appears to follow the UK approach in concentrating on objectives, monitoring current provision, and targets. It gives far less attention to the process of implementation and the new activities that would be involved in achieving the targets. In the UK, there has been a major focus on target setting at all levels and all sectors. Implementation has occurred not in accordance with an explicit strategy but almost by default (intentionally or not) and as a result of other policies such as those concerned with funding. Two processes can be identified that relate to how institutions are funded. First, if student numbers are part of the funding formula for institutions such as Further Education Colleges, this will generate institutional competition for students in quasi-markets as the main mechanism by which targets are reached (or not). Second, if institutional funding is linked to the achievement of qualifications, this will also effect the achievement of targets if they are measured in terms of qualifications. One consequence of neglecting the need to improve the capacity of institutions is that fiscal rather than educational priorities come to dominate as educational institutions come to see themselves as businesses struggling for financial survival. This lack of attention to improving the capacity of institutions may explain why in many cases in the UK targets are not reached. In the UK in the 1990s, we have had a proliferation of targets and new systems of monitoring linked to League Tables on various outcome measures. However, there is evidence that the actual quantity and quality of skills being generated, as measured in terms of qualifications obtained, has not changed much. Two examples of this trend are (i) the proportion of young people continuing in full-time education after the age of sixteen has changed little since the early 1990s, and (ii) the numbers achieving 'technician level' qualifications through work-based programmes has remained at about one in three overall and is extremely unevenly distributed across sectors. Another possibility is that a disproportionate emphasis on targets can drive up the number of qualifications achieved but not necessarily improve standards or levels of knowledge and skill.

My general argument here, which draws on the UK experience, is that although a

national Human Resources Strategy needs a framework of targets and a system of monitoring, a focus on implementation – and in particular the importance of improving institutional capacity and creating new forms of partnership – is also crucial. This balance between elements within a strategy needs to apply at national level (both in government and in national sectoral organisations), at regional level (involving new capacities and new relationships between provincial governments, providers such as schools, colleges and private training organisations, employers and other stakeholders), and at the institutional level (involving new relationships between providers and local employers, parents and community organisations).

I can only speculate as to where the major focus of HRD initiatives should be in South Africa, but some lessons from the UK experience may be useful. In the UK, a major responsibility for promoting and developing work-related skills and knowledge has been placed by government on what are extremely weak employer-led organisations for the different industrial and service sectors (the National Training Organisations, NTOs, which have some similarities to SETAs in South Africa). The dilemma for the government is trying to remedy a major national weakness in work-related skills through organisations that are themselves a symptom of that weakness. These weaknesses are most marked when there is no tradition of links between professional associations and intermediate jobs and skills, as in many of the service industries.

A Nation at Work does have a section (paragraph 2.4) on implementation that concentrates on two elements – planning and collection of data in relation to twenty-five key indicators. My argument in this section has been that, though these elements are important, they are only a framework for a strategy. In other words, they deal with the goals to be achieved and whether they have been achieved, but not with the changes in institutional practice that will be necessary to achieve the targets. *A Nation at Work* refers to the ‘support of five pillars of Human Resource supply’ but these are expressed extremely generally. One refers to the ‘demand for skills’ but nowhere is there any reference to how this will be achieved except that like the other pillars it will need ‘specific intervention programmes.’

A Nation at Work argues that the first two elements of the strategy – macroeconomic policy and industrial policy – are ‘relatively well developed’ and states that it is concerned with the third. The problem seems to be the separation of the three policy strands so that although demand is referred to there is no strategy for linking supply to how incentives will be created to generate new demands. In the UK policies, supply is supposed somehow to transfer into demand, which it does not; without other changes it can only expand supply and potentially lead to credential inflation.

Conclusions and some comments on *A Nation at Work*

In this chapter, I have attempted to set the decision of the South African government to launch an HRD strategy in a broader international context. I have suggested that

the economic pressures from globalisation have made human resource development increasingly attractive for governments as an approach to education and training policies. Several main conclusions follow from the international experience. First, even if it is accepted that there is no alternative to a strategy geared to a high skills economy, there is no one model to follow and any choice involves a set of priorities. Second, while an important focus for education and training, HRD goals remain only one such focus; in the long term goals not linked so directly to current economic demand may be equally important. Third, HRD strategies stress the importance of co-ordinating education and training with policies that address demand-side issues. However, in practice and for reasons I have alluded to, policies for developing the demand for skills can easily be relegated to the margins of national strategies. Fourth, targets and monitoring are an important part of the framework of any strategy. However, as the most visible side of a strategy and as a mechanism that gives government control of how public funds are used, targets and monitoring can be over-stressed to the neglect of the more difficult institutional changes and new practices that will be needed. This chapter has, therefore, stressed the central role of institutional capacity at every level in implementing the strategy.

These conclusions have a number of implications for the debate about how *A Nation at Work* is taken forward. First, there is need to make explicit the kind of future high skills economy that *A Nation at Work* is seeking to achieve and therefore the kind of priorities that follow. For example, are there existing sectors such as tourism and hospitality or new sectors such as information services that need to be identified and given priority? Second, should the strategy concentrate on developing general education in the school system (like Japan) or on establishing partnerships between providers of VET and social partners (as in Germany)? I have suggested that *A Nation at Work* does not have a clear strategy for promoting demand given the emphasis on increasing supply, and that it identifies a set of targets but not the kind of institutional changes needed to achieve them. This is partly a political issue. Targets and monitoring systems can be put into place relatively quickly without enormous costs or big changes in attitudes. Institutional change is slower and more resource-intensive. It is not surprising that the latter is given less emphasis. However, there are two features that successful systems – such as those in Germany, Japan and the Nordic countries, which differ in many other ways – have in common. These are a high level of institutional capacity and a high level of trust among stakeholders. Both are issues that have been neglected by countries like the UK and the USA that have relied on innovation and competition. It is difficult to see the latter route being viable for South Africa.