

Capacity building



It is the essential contribution of training and development, says **Steve Priddy**

In an article such as this, the disclaimer that I speak in a personal capacity is always important. In this specific context, what I set down here needs to be clearly linked to the disclaimer since, at the outset, I wish to propose two inconvenient truths of our time.

The first of these is that London is the world's leading city, and is likely to remain so for the foreseeable future. The second is that English is the global language of business and commerce and is likely to remain so for the foreseeable future. These two truths bring with them some very uncomfortable implications.

Let's start with London. Winston Churchill famously declared that democracy is an imperfect political system, it is simply that all the rest are far worse. London has many imperfections – its infrastructure; its extremes of inequality; its dubious over-reliance on a rotten banking system, and, not least, its relationship to the other cities and regions of the United Kingdom. On the other hand, London probably has the most ethnically diverse population of any city in the world; it is home to a rule of law and institutions that are the envy of the world; it can host great pageants in its often appalling weather during which security does not break down, and, in the right light, walking down Charlotte Street towards Oxford Street on an early morning in June, one might be forgiven for thinking one was walking the pavements of Milan.

As for English, it has become a global language on the back of two more or less bloody empires. In part, it succeeds because of the logistics of



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translation. In the early days of the formation of the United Nations, it was quickly recognised that requiring cross-translations of multiple languages into multiple other languages opened up IT problems that even today would be difficult to overcome. The result is that there is a more or less grudging acceptance that the English language is our lingua franca, and that almost all of our problems as a species will be thought through in that language – at least for as long as I am alive.

I am going to argue in this article that these two inconvenient truths can provide a tremendous opportunity for training and trainers to build

capacity in people, institutions and societies around the world. The emphasis is on ‘can’ since there is every opportunity to deploy the truths in a destructive and negative way and, by so doing, perpetuate the darkness of poverty, ignorance and war around the world.

I begin by defining what I mean by ‘capacity building’ before considering the opportunities and threats posed to training and development and its role in the building of capacity. I conclude with some recommendations that will allow us to move forward.

Capacity building – a definition

A typical definition of ‘capacity’ is that of the United Nations Development Programme (2002): “The ability of people, institutions and societies to perform functions, solve problems and set and achieve objectives.”

For me, the addition of ‘building’ simply means being able to provide the resources and skills to realise that ability.

Capacity building, STEM and implementation

The notion of capacity building should sit well with one of the central aims of an educational system, namely the enhanced employability that should come about as a result of taking up training and development opportunities. Yet a recent piece of research from the consulting firm McKinsey shows that, around the world, this is far from being the case¹.

The authors offer the image of a three-lane highway: in one lane are students and their parents, in the second learning providers and, in the third, employers. The problem is that there is little crossover between the lanes. Students and their parents represent naïve consumers, customers or clients of educational services. Providers see nothing amiss – they are providing qualifications that will lead to employability – though their evidence base is somewhat flimsy. And employers repeatedly complain that new employees simply do not come equipped with the skills required in the world of business and finance.

Perhaps a good example of this lack of joining-up is the policy pronouncements and commentary around the global shortage of science, technology, engineering and mathematics (STEM) skills. Repeatedly, this lack is an object of public policy and regulation. Yet the acronym itself hides a wide disparity in terms of its constituent parts. While mathematics is a unified discipline with well-established branches and sub branches, science, engineering and most of all technology lack the

Reference

- 1 Mourshed M et al *Education to Employment: Designing a System that Works* McKinsey Centre for Government (2013)



same coherence. And engineering may be taken to cover disciplines – civil, structural, services, process, electrical etc – as well as distinctive objects – buildings, bridges, railways, information technology projects and computing. Engineering, that is to say, may easily spill over into technology.

If we lack a clear concept of what STEM is at the outset, our policy and training practice will be subsequently flawed.

And while we might well be able to define and develop a rigorous STEM model in one country, we will quickly come adrift seeking to implement it in many different countries in different states of economic development.

A further complication is that a so-called STEM shortage is not to be fixed by a series of university or college degrees, diplomas, certificates or apprenticeships. A STEM shortage applies not simply to the current cohort of young people in society. It is as relevant for the vast majority of the workforce at various stages in their lives and careers and, therefore, must be tailored to cross generations. Building capacity in STEM training and development therefore demands a) a clear scope at the outset, b) a clear idea of what is to be delivered, and c) an effective implementation plan.

I would argue that while a) and b) are more or less well served in the educational world (eventually), implementation is too often left to chance, and where failure to deliver is most common. And this is the point at which the greatest benefits may be derived both for recipients of training services and for training providers.

Implementation, education and training

So, what are the barriers to effective implementation? Paradoxically, the two inconvenient truths do not help us. In recent times there have been criticisms of the British education system from, among others, American and Canadian educators. And one of my former Russian MBA students recently wrote to me and said: “I’m still in Russia, in St Petersburg. Still struggling to find a good job. Market has drastically changed in the last couple of years and now Western education and qualifications don’t have so much value as it used to be (sic). Some believe that Western business approach just doesn’t work in Russia and others have degrees themselves and don’t want competition.”

And when one looks at the syllabi and the programmes of UK business schools, it is remarkable how little seems to have changed in response to a traumatic banking crisis, major failures of governance and audit, and a world in



which all resources – natural, financial, human – are meeting real and pervasive limitations.

Yet business schools still uncritically assume an efficient market hypothesis, that ethics in the workplace is merely a stumbling block to be overcome, and that the ‘invisible hand of the market’ guides all business activity. I would argue that this disconnect between what is actually happening in business and finance, and the ways in which it is taught, stem from a fundamental complacency about the hegemony of British education above all others. The educators, that is to say, have forgotten how to learn.

The learning institution

What we are trying to do in our own small way at the London School of Business and Finance is to open up pathways that cross the artificial divide between the academic and the professional, and to provide opportunities for relevant specialisation. So, for example on our MBA programme, we have introduced two sister electives in contemporary issues in oil, gas and energy, and carbon management and entrepreneurship. The former covers such issues as the evolving international regulatory framework of energy, business development and investment in the upstream oil and gas sector, emerging issues in petroleum taxation, and risk and performance measures in the sector.

This is our offer. What is thrilling to experience is the international outlook of our students’ responses. An example would be around electrical grid connectivity in emerging economies. In the UK, we take it for granted that almost every household is connected to a grid. In many African countries, that is far from the case. But is our duty to train students into a mind-set that says grid connectivity is the only solution for a sustainable energy future? Or might one propose other arrangements and business models that are not driven by total grid connectivity, but rather employ natural resources such as solar or wind, and are billed as pay-as-you-go using a mobile app and a scratch card? And how might such solutions be funded?

We are, that is to say, trying to listen to the student voice, and to learn from their backgrounds and their research projects.

Conclusion: The Audit Society and capacity building

Professor Michael Power wrote his seminal work² at a time when it was felt that professional judgment was being stifled by a bureaucracy of quality and ill-judged regulation. In its time it

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was an appropriate response to what appeared to be an unrelenting trend. However, from where I sit now, looking back over banking carnage and forward to a world increasingly dependent on natural resources to feed, clothe and shelter its citizens, it seems to me, now more than ever, that the building of accountancy and audit, legal and civil society places an enormous burden on us as trainers and capacity builders. These are pressing demands.

I was in Ulaanbaatar, the capital of Mongolia, in the spring of this year. Mongolia was the fastest growing economy in the world in 2012. It is commissioning the opening of the largest copper mine in the world as the prelude to a natural resources play that will run for decades. There will be remarkable flows of wealth. Currently there are only 20 Association of Chartered Certified Accountants qualified members in the country, and zero Chartered Institute of Management Accountants qualified members. Yet the need for audit and accounting capacity will become overwhelming.

To conclude and to reiterate, two inconvenient truths mark this time, which for trainers and educators could become a golden age. This is not an open offer. If we cannot listen to, and learn from, other cultures, if we insist on peddling the same easy thinking that led up to the events of 2007 and 2008, we will be rightly pushed aside in favour of others.

Opening our doors to international students, to those who wish to advance their careers, to be future leaders and global citizens, and ourselves venturing out to those countries lacking all the institutional capacity we take for granted in the UK, becomes a mutually beneficial, and profitable, activity for both student and teacher. **TJ**

The views expressed here are those of the author alone and do not represent the views of either of the organisations referred to above.

Reference

- 2 Power M
The Audit Society: Rituals of Verification Oxford University Press (1997)

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