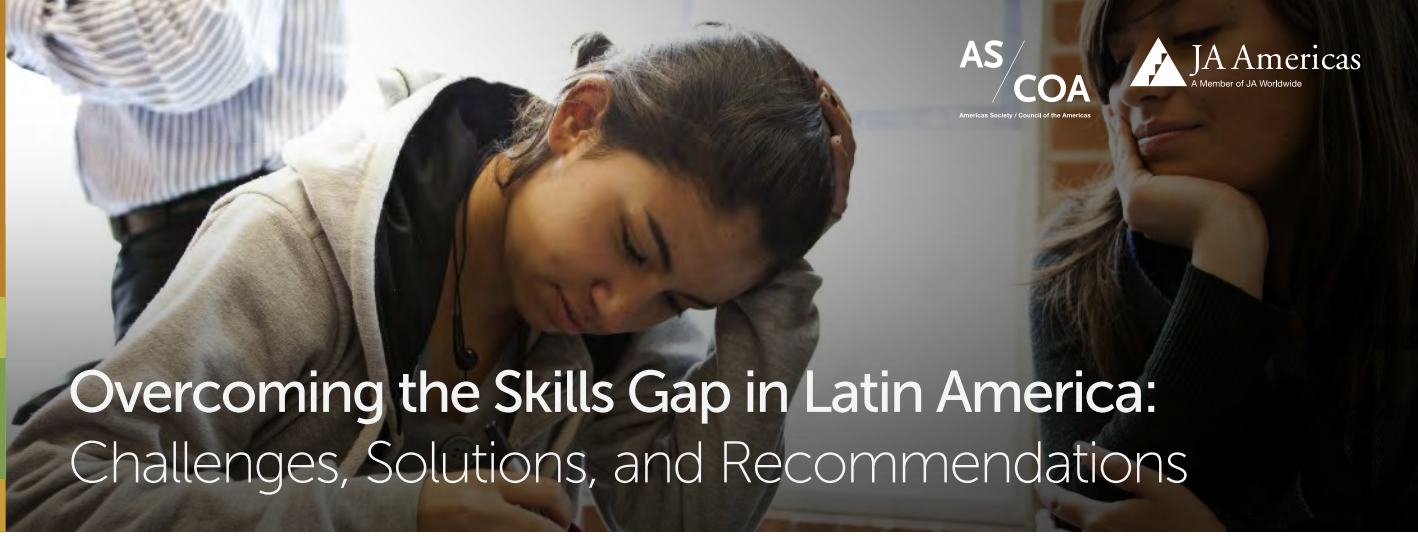

Overcoming the Skills Gap in Latin America: Challenges, Solutions, and Recommendations

Americas Society / Council of the Americas (AS/COA) and Junior Achievement Americas led a roundtable discussion on Closing the Skills Gap in Latin America at Miami Dade College on July 24, 2017. The purpose of the discussion was to identify and discuss the key factors behind the widening skills gap in the region, as well as to explore constructive solutions among the public, private, non-profit, academia, and multilateral sectors that can enhance youth skills training and job placement. Each of these sectors plays a vital role in addressing this regional challenge, and must work together to improve existing initiatives and implement effective new ones.

The discussion identified several issues and challenges that have aggravated the widening skills gap in the region. In his keynote remarks, Dr. Eduardo J. Padrón, President of Miami Dade College, explained that at the government level, the region faces a great lag in innovation, which stems from insufficient research and development (R&D). He indicated that, on average, Latin American countries designate a meager 0.5% of GDP to R&D, whereas that number is more than 4% of GDP in countries such as Israel. Governments in the region have also failed at reducing costly bureaucratic hurdles and corruption, which, in many cases, discourages business creation and reduces competitiveness and innovation.

In terms of education, the region has fallen behind in implementing a competitive education model, which is causing thousands of students to remain unemployed following graduation. Archaic university systems continue to utilize passive learning and are encouraging students to pursue careers that are not in high demand. Simply put, students are unprepared for jobs in the growing digital and service economy, of which an estimated 500,000 positions are currently unfilled across the region. This issue is particularly relevant among young women, according to Monica Flores, President, Latin America, ManpowerGroup, who noted that this group is often burdened by cultural views that limit its participation in the workforce. Soft-skills, which are as fundamental as technical skills, are not being developed properly among youth and have not been stressed enough in education systems.

On the private sector side, there is a notable lack of venture capital to propel new enterprises and faster innovation, which could increase employment and training opportunities for youth. Although there have been successful programs on skills development and training, the private sector has not advanced in these programs with the strength and speed necessary to shrink the skills gap. The roundtable discussion provided thorough analysis of strategies, best practices, and possible solutions to overcome this systemic regional issue. They can be summarized in three main takeaways:

Roundtable on Closing the Skills Gap in Latin America

July 24, 2017

SPEAKERS

- Dr. Eduardo Padrón, President, Miami Dade College
- Claudio Muruzábal, President, SAP Latin America & Caribbean
- Monica Flores, Regional Managing Director, Latin America, ManpowerGroup
- Smeldy Ramirez Rufino, Private Sector Development Specialist, Multilateral Investment Fund, Inter-American Development Bank (IDB)
- Nancy Anderson Bolton, Senior Director, AS/COA Miami (moderator)

COMMENTATORS

- Asheesh Advani, CEO, JA Worldwide
- Laura Maydon, Managing Director, Endeavor Miami
- Rajendra Sisodia, Professor, Babson College
- Gustavo Sorgente, Managing Director of Central America, Northern South America, and Caribbean Region, Cisco Systems

1 Public sector commitment is crucial

One of the main takeaways from the discussion was that the public sector, governments and institutions in the region must redouble their efforts to shrink the skills gap. The goal should be to develop comprehensive policy solutions that boost competitiveness, as well as increase investments in innovation and R&D. According to the Accelerated Pathways study by the Citi Foundation, 62% of employed youth in developing nations worldwide view technology skills as the single most valuable asset in their work. Youth access to connectivity is critical to develop their technology skills. The public sector must channel efforts to increase connectivity, which in turn can build competitiveness, innovation, and economic growth. Likewise, the public sector must work to create efficiencies, reduce bureaucratic hurdles around business creation, and tackle corruption—currently a major obstacle in promoting a favorable business environment. Latin American youth have one of the world's greatest entrepreneurial spirits. According to the Citi Foundation, 89% of the Latin American youth would want to own their own business. Having fewer barriers and more incentives to promote and create business could allow this dynamic region to achieve its greatest potential.

2 Increase Partnerships Across Sectors

Partnerships among the public, private, academia, NGOs, as well as multilateral sectors are at the core of reducing the skills gap in the region. For example, during the discussion, Claudio Muruzabal, SAP President for Latin America & Caribbean, highlighted the importance of academia and the private sector working together to develop human capital that can fulfill the ample demand for jobs in the tech sector. He emphasized the importance of taking advantage of the new technology-driven economy by blending human skills with innovative technologies, such as artificial intelligence. He also highlighted the example of educational institutions such as the Tecnológico de Monterrey in Mexico, which has created more than fifteen campuses providing technical education that has eased entry into the labor force in recent years.

Through public-private partnerships, multilaterals such as the Inter-American Development Bank (IDB), are also focused on closing the skills gap. The IDB has worked on pilot programs aimed at training and developing skills among youth in Latin America. Smeldy Ramirez Rufino, Private Sector Development Specialist for the Multilateral Investment Fund at the IDB, indicated that, so far, these pilot programs have been implemented in ten countries and aspire to identify on-demand skills, train youth accordingly, and fulfill thousands of employment opportunities across the region.

Private sector training initiatives are also significantly contributing to closing the skills gap for underserved youth. Gustavo Sorgente, President & General Manager, Cisco, Cansac Region, Latin America, highlighted the tech company's efforts in Peru, where the Cisco Networking Academy has provided access to training programs on digital literacy, entrepreneurship, and personal development to over 130,000 youth. The private sector should therefore, continue to invest in human capital, while efforts to create partnerships should be multiplied and replicated across Latin America.

Roundtable on Closing the Skills Gap in Latin America at Miami Dade College (Photo: Grupo Gort).

3 Refocus the Education Model

The education model in the region is currently lagging behind and unable to keep up with the increasing demand for jobs in the digital and service economies. Action must be taken to ensure education models incorporate a technological focus that can help youth in the region become competitive talent. Asheesh Advani, CEO and President of JA Worldwide, explained the importance of soft-skills training and how critical the effort is to incorporate them in education models in the region, both in schools and universities. These skills, which include creativity, communication, problem solving, and language skills (especially English proficiency), are fundamental to creating a more competitive workforce. Jennifer Brooks, Regional Director, Microsoft Philanthropies, reiterated as well the importance of developing creativity as a critical skill through the learning of Computer Science. This will help develop a more competitive youth workforce in Latin America. She elevated the concern on the decline of creativity tests in the region, and of the urgency of introducing Computer Science for formal and non-formal education, as every child who is not learning digital skills today could be left behind in the 4th industrial revolution. Latin American youth are more optimistic than ever before. For instance, according to the Global Youth Survey, 94% of low-income youth in the city of Lima are hopeful about their economic future, compared to 83% in São Paulo and 91% in Bogotá. The confidence reflected by the region's youth is truly valuable, and it could help drive young people to seek empowerment and education while advancing towards economic prosperity.

Closing the skills gap in the region is an enormous challenge that requires collaboration among key stakeholders. To achieve this, the region's public sector must unequivocally commit to increasing internet connectivity, invest in R&D, as well implement policy that reduces bureaucratic inefficiencies and allow favorable business conditions for job creation. Moreover, private sector, multilateral organizations, NGO's, and relevant stakeholders need to continue strengthening partnerships that allow the region's youth to fill jobs in the new tech-driven economy via training, education, and other programs for skills development. Finally, governments and educational institutions in the region must work on orienting the education model to incorporate both technology skills as well as critical soft-skills to develop a more competitive workforce. Americas Society/Council of the Americas, along with Junior Achievement Americas, looks forward to continuing this important dialogue and advancing skills training in Latin America.

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JA Americas *is the largest NGO in Canada, Latin America and the Caribbean region dedicated to inspiring and preparing young people to succeed in a global economy. Each year, JA Americas serves 1.1 Million youth in 31 countries, thanks to more than 38,000 volunteers. More information at www.jaamericas.org*