

Training and integrating local people into the workforce

This note provides guidance on how to assist people from surrounding areas in gaining formal employment at the investment.

Formal employment is a major expected benefit of agricultural investments. Yet investors experience difficulties in employing people from surrounding areas due to gaps in skills and education. The inclusion of local people in the formal workforce is a key element of partnerships between local communities and investors. This inclusion can be facilitated by dedicated training programs and strategies to improve integration.



For the full Notes series please go to the Notes web page: www.worldbank.org/responsibleinvestment
Alternatively use the QR code above.

RESPONSIBLE AGRICULTURAL INVESTMENT (RAI)

KNOWLEDGE INTO ACTION NOTES

The **UNCTAD–World Bank *Knowledge Into Action Note Series*** is a compendium of practical, thematic guidance documents for use by governments, investors, and other stakeholders in the implementation of responsible agricultural investment principles. Background and a complete list of notes are in *Note 1: Introduction*.



WHAT DOES FIELD RESEARCH SHOW?

The focus of this note is formal employment in which the employee has an employment contract with the investor, whether temporary, permanent, or casual. Outgrower schemes, or contract farming arrangements, are covered in *Note 4: Outgrower schemes*.

First-time employees. At project sites in remote or postconflict areas, local people may have limited or no experience of formal, waged employment. New employees may have limited to no exposure to the protocols and behavior expected, such as complying with an employment contract, adhering to set working hours, being punctual, wearing protective clothing, taking instruction, and resolving work-related disputes in a professional manner. These challenges can cause project implementation delays and lower returns on investments.

Skill barriers for local people. Often local communities do not gain employment due to a lack of requisite skills. They may qualify only for menial and temporary jobs. Investors are criticized for failing to provide employment to those most directly affected. Where the host country has a significant skills shortage in the functions the business requires, an investor will bring in expatriate staff or people from capital cities or regional hubs, where education levels are higher and people are more accustomed to the demands of formal employment. This lack of jobs, especially skilled jobs, for locals can sour investor-community relations and leave local people feeling marginalized.

Cultural barriers. Customs and societal norms may frown on employment of certain categories of people, such as women. Although it is important to consider the employment of marginalized groups within local communities, including women (see *Note 20: Empowering women*), investors may be unaware of which groups are marginalized. Investors are also confronted with the challenges of managing employees and need to understand the cultural sensitivities and social structures in which they are operating.

Youth employment. Young people may also face barriers to entry into the workforce and efforts need to be made to integrate them. The arrival of an investor can also offer an opportunity for young people of local origin who previously migrated away in search of employment to return to the area.

Identifying who the “local” and “marginalized” are. Opinions differ on who is considered local and who are considered marginalized. It could be argued that all indigenous people of a country are “local.” In some cases, however, it is important to distinguish between those living in the immediate surrounds of the project and those from elsewhere, especially when those living nearby have experienced a reduction in available land and could therefore be prioritized as beneficiaries of employment opportunities. Local communities may themselves discriminate against minority ethnic groups or migrants who have recently moved into the area. Investors may not be aware of all these nuances.

✓ GUIDELINES ON GOOD PRACTICE

Examples of good practice in training local people

Targeted training programs. To address the challenges and barriers to entry, investors should establish targeted training programs and human resources policies that promote the integration of locals, especially youth, women, and marginalized groups, into the formal workforce. This may need to be an iterative process that evolves, initially employing people in unskilled positions and then providing training that allows for internal promotion to skilled, managerial, and technical positions (box 1). Investors should consider developing training programs in partnership with universities and nongovernmental organizations (box 2).

Box 1. Education partnerships with universities

One investor established partnerships with nongovernmental organizations and universities to fund the training of local people in agribusiness and other skills so that they are more employable. The regional university signed a memorandum of understanding with the company, whereby students (mainly from the university’s Management and Economics Department) are receiving experience as paid interns for a short-term period (up to nine months). Students assist company staff members in supervising field and other workers. They also keep daily records of work done (such as the number of trees pruned or volume of crop harvested). Results are presented daily in management staff meetings. Since 2012 the company has provided traineeships to 20 students, and 10 of them were offered permanent positions. Two students interviewed by the research team expect to become permanent agricultural specialists staff at the company.

Source: UNCTAD–World Bank Responsible Agricultural Investment Database.

On-the-job training. In isolated areas, far from institutions that offer technical training, the most effective method remains the “train-while-doing” approach. This requires a mind-set of managers and supervisors that is patient and supportive—a challenge when under pressure to reach productivity targets, especially in the development of new operations. Without this approach, employees can feel unappreciated and unsupported in achieving daily tasks, especially if they are not equipped with the requisite skills or the understanding of what they are contributing to. Setting supervisors’ performance targets and incentives to include outcomes of skills development, measured in terms of productivity gains and reduction of operational errors, helps to encourage a learning environment, while not losing sight of the importance of achieving daily tasks.

Support for local schools. Investors should consider including support to local primary and secondary schools as part of their community development programs (for further detail, see *Note 18: Community development agreements*).

Meeting the requirements of the investment contract. The investment contract with the government should build in the provision of dedicated training programs to assist with local communities’ integration into the workforce (for further information, see *Note 8: Investment contracts*). For example, in a contract for a palm oil plantation, the investor is required to prepare detailed plans and programs for on-the-job training. The timetable and schedule are listed in the contract. Vocational

Box 2. Example of an internal promotion program for a former daily field worker

On a maize plantation, the incumbent responsible for supervising the administration of agrochemicals has been promoted three times in 14 years. He was born and grew up on the farm. He started as a daily worker. He was provided training in integrated pest management, including agrochemicals storage, handling, and safe use. Then he was promoted to supervisor before reaching his current position. As a result, his living standard has improved significantly, with him saving about 50 per cent of his wage.

He noted that, “I have experienced many difficulties with new pests, hence continuous training is needed.” The company offers to cover 50 per cent of tuition fees for distance education programs when the field of study is related to the current position.

Source: UNCTAD–World Bank Responsible Agricultural Investment Database.

training and adult literacy programs are available to all employees as well as the local community. The investor is required to spend a minimum amount per year on vocational training programs and scholarships for members of the local community to attend a nearby technical college. The investor is also required to provide job training and teach employees new techniques which would allow them to take on more senior-level and skilled positions in the company.

Examples of good practice in integrating local people

Prioritization of locals in internal recruitment policies. This can have positive relational impacts with local communities and farmers. On a maize farm, for example, the company's recruitment policies give priority to locals in cases where job applicants are rated equally in terms of education. This ensured the company was still able to employ people with the requisite minimum entry qualifications but with the advantage that local farmers believed that this policy provides long-term benefits for them. Local people gained good work experience and agricultural knowledge, which they shared with their neighbors through their regular social interactions. Investors should be attentive to whether there are different perceptions of who is "local."

Induction programs. A well-structured and comprehensive induction program is a very useful tool for integrating local people into the culture of the organization. Similarly, programs that introduce expatriate staff to local culture and traditions serve to enhance relations between investors, employees, and communities. One investor has a comprehensive program that is compulsory for all employees, covering issues such as who the investor is, its corporate values, what it is striving to achieve, health and safety procedures, and disciplinary and grievance procedures. Another investor, operating in a postconflict zone, had to develop an induction program that included reporting for work on time; remaining at work until the official closing time; following instructions from supervisors; raising disagreements through proper communication channels; and following proper procedures to request approval for absences from work. In one case, an investor's employees would not return to work after payday; they started trickling back when their wages were depleted and were surprised when they were disciplined. Investors should develop the codes of conduct and the sanctions for noncompliance at the outset and communicate them clearly. Employees should sign (even if with a cross or thumbprint for illiterate employees) acknowledgement that they have received and understood the content. Supervisors will need to repeat the codes of conduct content to reinforce the message during the monthly work cycle.

Overcoming transport constraints. The ability to travel to the investment site can be a significant barrier to employment. Some investors develop roads that better connect the investment to the local town. Other companies subsidize bus transportation for field workers from their homes to the plantation. Companies must decide whether to have their own in-house transport or contract with a local service provider. An investor who elected to use a contracted-in service discovered that owing to poor and ineffective planning by the service provider, transportation services were delayed by up to one hour and were not available to everyone, resulting in late arrivals by staff and a negative impact on productivity. Investors should consider supporting local entrepreneurs to improve the transport services available. The type of transport is also important. The easiest solution for many operations is to use tractor-drawn trailers (some specially modified with safety rails), but one investor found this approach was used by project detractors to claim that staff were being treated like cattle. The issue received press attention and was alerted to the relevant minister. The investor subsequently had to invest in buses and embark on a program of a press and ministerial visits to demonstrate that the company was not mistreating workers.

Creating a sense of common purpose. Higher productivity can usually be achieved when employees understand the purpose of the investment and can align with its values. Communication between leadership and the broader workforce assists in this regard. The face of management, seen daily by more junior employees, contributes to their sense of belonging and commitment to the investor as well as to responsibility and pride in their work. One approach observed was that tasks were set by management and supervisors only after they did them first, thereby setting the standard and having an appreciation of the effort required. Another strategy observed to be successful by an early-stage investor: the managing director held morning briefings with all managers and supervisors, where they were briefed on priority areas. This created a sharing platform for supervisors to raise questions and align their efforts with overall company operational and other priorities. After the meetings, the various section managers would go out and assign tasks to their work teams.

Assistance to overcome bureaucratic barriers to local employment. In one country, only those with identity documentation are eligible for employment but many of the local people (especially women) did not have the required ID cards. The investor took on the burden to assist all applicants for work in completing the necessary paperwork and in completing the process to obtain the ID. This gave people a vision for the future as they became more proactive about seeking employment.

Embedding local employment requirements in the investment contract. An employment provision can be included in the investment contract, with specific targets for number of jobs created, based on the results of the robust feasibility study and realistic business plan, as well as requirements to employ locally, unless it is not possible to do so. The contract can contain specific targets for the investor to ensure that within a certain number of years, a certain percentage of senior management positions are held by nationals. This put an onus on the investor to develop a very clear plan to identify potential local talent and promote its development, with clear succession plans.

REFERENCES AND RESOURCES

This Note is complementary to the literature and guidance documents to which many organizations have contributed, a selection of which is provided below. Further resources are provided in *Note 2: Additional resources*.

COLLETT, K. & C. GALE. (2009). [Training for Rural Development: Agriculture and Enterprise Skills for Women Smallholders](#). (City & Guilds Centre for Skills Development: London).

DEG & BOSTON CONSULTING GROUP. (2016). [Bridging the Skills Gaps in Developing Countries: A Practical Guide for Private-sector Companies](#). (EDFI: Brussels).

FELGENHAUER, K. & D. WOLTER. (2008). [Outgrower Schemes - Why Big Multinationals Link Up with African Smallholders](#). (OECD Development Centre: Paris).

IFC. (2018). [Working with Smallholders: A Handbook for Firms Building Sustainable Value Chains](#). (World Bank: Washington).

IFC. (2013). [Sustainable Agribusiness in Africa: A Getting Started Guide](#). (World Bank: Washington).

ILO. (2017). [Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy](#). (ILO: Geneva).

ILO. (2012). [The Role of Multinational Enterprises in the Promotion of Decent Work in Rural Areas](#). (ILO: Geneva).

ILO. [Decent Work in Agriculture](#). (accessed December 10, 2017).



For more information please visit: www.worldbank.org/responsibleinvestment