

INSTITUTIONAL ALLIANCES AND SKILL DEVELOPMENT IN AFRICA.

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ABSTRACT

Economic development has been advocated as vital to Africa's integration in the world economy. Using a Labour and Employment Relations perspective as well as institutional and cooperative theories, I propose a conceptual model that links institutional alliance for skill development (ASD) proximally to labour market systems, and distally to economic development of African countries. The nature, outcomes of ASD, and contributions to economic development are discussed. Finally, I offer propositions on the relationship between ASD and economic development in the interest of encouraging empirical investigation of skill development in African countries.

Keywords: Institutions, Alliances, Skill Development, Labour Market Efficiency, Economic development.

1.0 INTRODUCTION

Due to globalization, technological innovations, and increased competition, skill and economic developments of African nations have become very important (Celestin, 1983). Effective skill development has greater likelihood of assisting African countries join the new international economic order (Asante, 1986). First, it enables African countries become attractive to foreign investment (Ndekwe, 1986). Investments in social and economic institutions contribute to industrial growth, which in turn leads to job creation. Second, effective skill development optimizes the competitive positions of African nations (Gruhn, 1986). The literature on multinational corporations (MNC) identifies the availability of competency sets as a determinant of MNC presence (i.e. establishment of subsidiaries) (Barlett and Ghoshal, 2002). From a macro perspective, skill sets signal production capacity. Even though African countries have

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mass labour competencies, the skills of employees seem low which minimizes the productivity of African workers. In other words, the low degree of competencies of African workers minimizes their ability to participate effectively in production processes (Hollingsworth & Boyer, 1999).

Obviously productivity of industrial systems contributes to economic development (the process of improving the quality of human life through increasing per capita income, reducing poverty, and enhancing individual economic opportunities) (Spero and Hart, 2004). Economic development includes better education, improved health and nutrition, conservation of natural resources, a cleaner environment, and a richer cultural life (Hyden, 1986), and acquisition of those resources and skills necessary to ensure that economic activity has moved from predominantly agricultural work to industrial work (Fredland, 2001). There is no doubt that economic development is very vital to African countries. Deteriorating educational, industrial, and social systems beckon for improvement (Hyden, 1986, Whitaker, 1986). The ability of African countries to restore these systems very much depends on their ability to develop economically.

Unfortunately, African countries face significant difficulties developing economically despite decades of international attempts (Lewis, 1986; Whitaker, 1986). The source of these difficulties has not been unequivocally established. While some scholars attribute the difficulties to natural and unnatural factors internal to African countries such as political instabilities, ethnic upheavals, lack of sustained policies, mismanagement; drought, natural disasters, dearth of energy and other natural resources (Celestin, 1983; Johnston, 1986) others attribute them to external factors such colonial legacy, external donors, economic restrictions of developed countries, trade imbalances (Lewis, 1986; Ojo, 1986; Onwuka, 1986). There is consensus, however, that skill development and institutions can play significant roles in the economic development of African countries (World Bank, 2002; 1994). This need has been manifest

since the 1980s but has gained ascendancy in this era of knowledge-based competition and globalization (Berg, 1986).

Therefore, I present a model that shows how cooperation between African institutions (i.e. institutional alliances) may contribute to economic development in African nations through skill development architecture. Effective skill development architectures contribute to efficient labor markets and ultimately to economic development. Cooperation also reduces transaction costs incurred by institutions, leads to double- and triple loop learning and, results in innovation. Generally, African countries are constrained by institutional, market, resource, cost, and policy problems (Johanson & Adams, 2001). In addition, there seems to be lack of (1) functional interdependence between the institutions integral to economic development, and (2) sustainable policies by succeeding governments resulting in abandoned projects (King, 1986). All the above suggest that transaction costs of development initiatives in African countries may be high (Williamson, 1985). High transaction costs negatively affect the ability of African countries to develop economically.

The model presented in this paper may be a better alternative to previous models. Previous models were based on independence of economic development institutions, which tended to be 'silos'. Institutions neither integrated inputs and processes from other institutions nor did they link up their outcomes to those of the latter (Celestin, 1983). Since economic development is a function of interdependence of financial, labour, industrial, social, and cultural institutions, it seems that any solution to developmental problems in African countries will be more effective if it specifies how institutions can work collaboratively to promote economic development. Second, the model takes into consideration industrial organization practices of the 21st century – alliances or partnerships. Finally, it remedies the weaknesses of previous models. For example, some models proposed linking economic development with financial and economic markets (Arbache, 2001). Without developed financial and economic institutions, it seemed unlikely that these models would re-

sult in effective outcomes. Other models proposed linking development with national policies (World Bank, 1994). However, the lack of democratic and stable political institutions as well as the tendency of succeeding governments to jettison previous policies contributes to the ineffectiveness of those models. Recently, some development researchers have suggested creation of enabling environments arguing that environmental factors are more likely to contribute to economic development (Hyden, 1986). Enabling environments require sustained and stable political systems. However, most Africa countries have unstable political systems. First, I present a brief theoretical background. Then I present and discuss the model.

2.0 THEORETICAL BACKGROUND

The model presented in this paper integrates institutional and cooperative theories. In addition, it adopts a labour and employment relations perspective. First, I examine institutional theory.

2.1 INSTITUTIONAL THEORY

Arguably, the Institutional Theory originated with Thorstein Veblen and was supported by C. E. Ayres, and J. R. Commons (Parada, 2001). Other traditions subsequently emerged emphasizing areas of institutions overlooked by some traditions. As a result, institutional theory has been applied in sociology, political science, economics, industrial relations and strategy (Scott, 1995). Regardless of the discipline or tradition, institutionalists agree that institutions contribute to national development. Because his paper adopts a labour and employment relations (LER) perspective, I follow the tradition of John R. Commons. However, I apply modern views of institutions (neo-institutional theory) which seem more germane to the unique context of African countries (Berg, 1986).

According to Commons (1931), institutions are “collective action in control, liberation, and expansion of individual action” (p. 648). The notion of ‘collective will’ refers to the overall outcome of the individual and the collective governmental and judicial, decision

making processes. The relationships between individuals constitute transactions that transfer rights to property resulting in negotiation or control (Hills, 1995). Broadly, property refers to intangible and tangible objects that individuals or entities can possess ownership. Consistent with intellectual property theory, property includes skills endemic to individuals and organizations. As integral members of organizations and institutions, individuals' economic activities (and costs) are linked to those of organizations and institutions (Williamson, 1985). As a result, institutions possess power to influence activities of individuals within their purview. Institutions use legitimating mechanisms such as legal sanctions, moral governance, and cultural support to influence individual behaviours and actions in a way that benefits either the institutions, or individuals or even a third source (e.g. nation) for national development (Scott, 1995). Besides individuals, institutions can also influence other institutions using the same legitimating mechanisms mentioned above (Scott, 1995). Obviously, this assumes that individuals and institutions would be disposable to institutional influence.

Whether individuals or institutions will be responsible or not depends on the extent to which they rely on institutions for resources. In other words, the power of institutions to influence both individuals and other institutions depends on the level of resources the latter possess. Since resource distribution, generally, is disproportional, power imbalances emerge when resources are concentrated in some institutions but not others. Institutions in African countries do not possess sufficient resources to influence effectively national development. As a result, they are less powerful in influencing individuals and institutions both locally and abroad. One mechanism by which institutions can gain power is to cooperate with other institutions (Axelrod, 1984).

2.2. COOPERATION THEORY

Like institutional theory, cooperation theory is multidisciplinary. Economics, psychology, sociology, and strategy researchers have

examined cooperation theory (Axelrod, 2000). For my purpose I adopt economic and strategy perspectives because cooperation between institutions should be strategic (i.e. highly integral to the economic development of African countries) (Buckley and Casson, 1988). Cooperation theory addresses the basic problem of why individual institutions are better off collectively in the end when they cooperate. The conditions, benefits, and dynamic processes supportive of cooperation have been examined extensively (see Axelrod, 2000 for details). Cooperation refers to "coordination effected through mutual forbearance" where coordination refers to pareto-improvement in the allocation of resources such that institutions are better off, and no one worse off, than they would otherwise be (Buckley & Casson, 1988; p.32). Precluded from this definition are externals, duress, vanity, and autonomous preferences. Externals refer to institutions that are not involved in the cooperation venture. Unlike internals (i.e. those involved in the venture) who gain from cooperation, externals generally lose because they are excluded from the venture. Duress relates to the voluntary characteristics of cooperation. Vanity refers to the elimination of empty threats and disappointments in the cooperative venture. Finally, autonomous preferences refer to the fact that the wishes of institutions in the cooperation are not altered because of the cooperation. Forbearance refers to the absence of cheating. In other words, some institutions will not cheat other institutions in the cooperative venture.

The cooperation literature amply shows cooperation will benefit African institutions and countries in several ways (Axelrod, 2000). Cooperation will enable institutions reduce transaction costs (Williamson, 1985); help them effectively negotiate intra-institutional and inter-institutional conflicts related to development activities and processes; empower both the institutions and nations; lead to increased wealth creation thereby providing some economic power (the ability to influence the way the economy operates to carry out assigned tasks) to African countries and institutions within them. In addition, cooperation may positively affect economic efficiency (the optimal production and consumption of goods and ser-

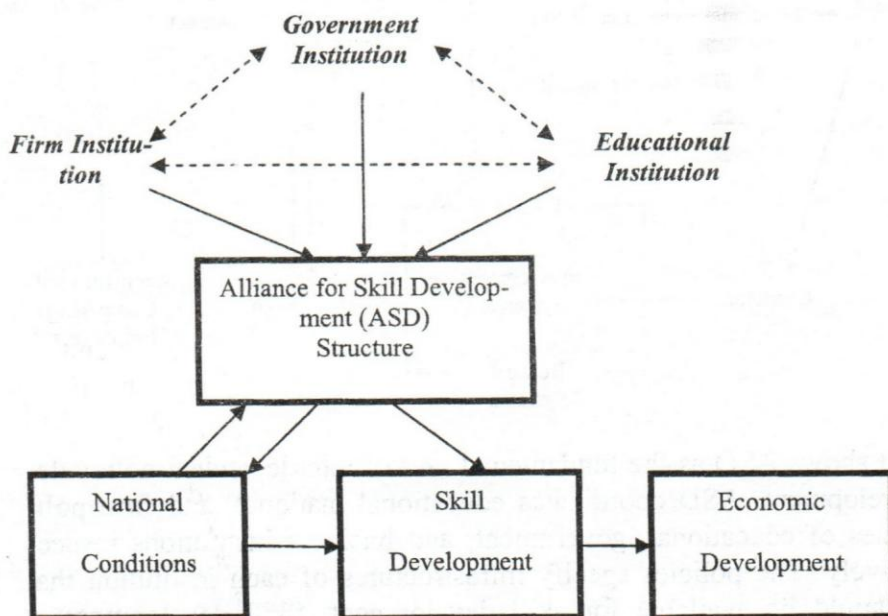
vices, includes labour market efficiency) as well as labour market efficiency. Labour market efficiency refers to the relationship between the flow of filled vacancies and regional stocks of unemployed job seekers and vacant jobs (i.e. the relationship between potential employees and potential employers). Further, cooperation may facilitate ease of learning as institutions share knowledge and capabilities. It may also contribute to technology transfer to African countries. Indeed cooperation between institutions has been advanced as the principal reason for the economic development of Singapore (Kuruvilla, Erickson, & Hwang, 2000). The Singapore Model, which was developed as a dynamic system, enabled Singapore to progress from an agricultural state through an industrial state to a technological state (Kuruvilla et al, 2002).

3.0 MODEL OF ALLIANCE FOR SKILL DEVELOPMENT (ASD) AND ECONOMIC DEVELOPMENT

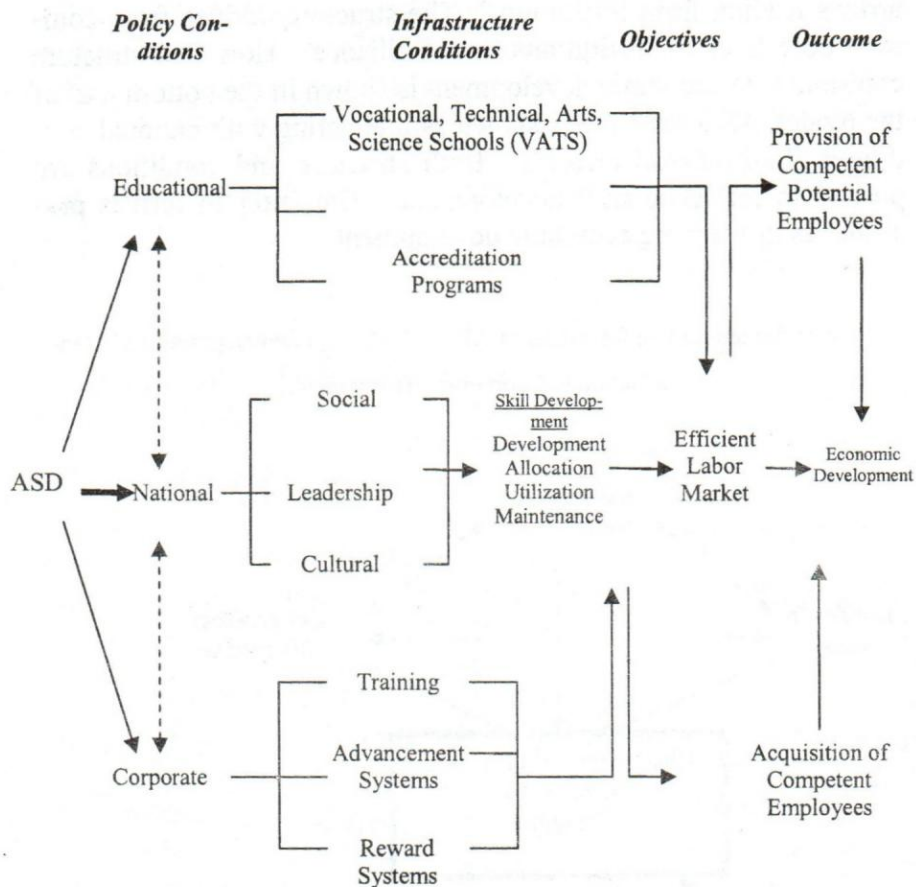
The model presented here is predicated on the following assumptions and boundaries. First, I assume that African institutions have the capacity (i.e. willingness and desire) to cooperate. Second, I assume a congenial environment that is susceptible to institutional cooperation. My third assumption is that African governments envision their economic development to be projected for the long term. Another assumption I make is that all institutions in the cooperative venture will have congruent objectives. In addition, the model adopts a system's view of cooperation, skill development architecture, and economic development. A system is generally characterized as having inputs that are transformed through processes into outcomes with feedback loops that adjust any deviations. Finally, the application of the model to other geographic and disciplinary contexts is not precluded even though it is bounded within perspectives of labour relations and African countries. Figures 1 and 2 show graphically the relationships in the model. Figure 1 presents the general model of the structure of institutional alliance for skill development (ASD) and its contribution to economic development. ASD comprises governmental, firm, and educational institutional

cooperation. Cooperation between the institutions is indicated by the double arrows linking each pair of institutions. A structure evolves from the collective involvement of the institutions (single arrows leading from institutions). The structure derives from common objectives of institutions in the alliance. How this structure contributes to economic development is shown in the bottom part of the model. ASD structure is shown as interacting with national conditions (bidirectional arrows). Both structure and conditions are posited to influence skill development. The latter in turn is presented as influencing economic development.

Figure 1: Structural Configuration of Alliance for Skill Development and Contribution to Economic Effectiveness.



The contribution of ASD to economic development of African countries is shown in Figure 2.



It shows ASD as the fundamental unit of interdependent policy development. ASD coordinates educational, national, and firm policies of educational, government, and business institutions respectively. The policies specify infrastructures of each institution that should be available for skill development. Skill development is shown as a national system that comprises development, allocation, utilization, and maintenance (DAUM) components. It is also shown to contribute to economic development through a labour market

system that links both potential employees (i.e. labour supply) to potential employers (i.e. labour demand). A labour market system serves as a common objective for government, educational, and firm institutions. The efficiency of that system seems critical to the development of African economies. ASD is posited to contribute to efficient labour market systems and economic development indirectly.

3.1 STRUCTURE OF INSTITUTIONAL ALLIANCE

Consistent with previous research on organizational structure I define ASD structure as the constituent components of the alliance that combine to regulate, norm, and culturally support national skill development with the objective of positively influencing economic development in African countries. The type of cooperation I advocate centres on a structured system of interlinked institutions that coordinate inputs, processes and outcomes of skill development in a planned and organized manner. ASD's ability to influence economic development depends on three fundamental elements: policies, infrastructure and funding. There has to be financial resources to engineer skill development on a national level. That necessitates the involvement of financial institutions (governmental or otherwise) in the alliance. In addition, there has to be policies and infrastructure dedicated to skill development with oversight vested in ASD. As a result, I envision the alliance to include government institutions such as Ministries of Trade and Industry, Technology, Manpower Development. Educational institutions include universities, technical, vocational, and secondary establishments. Even though Ministries of Education are concerned with educational functions, they are governmental institutions. Business institutions include all firm-related agents (represented by Employers Associations, Trades Union Congresses). Included in this category are domestic and foreign firms conducting business in African countries. Specifically, I suggest ASD be responsible for establishing coordination units that link government (e.g. Manpower Development), education (e.g. Association of Universities and colleges, Trades Un-

ion Congress), and business (e.g. Employers Associations, Association of Foreign Businesses) institutions. The configuration of ASD therefore depends on the structural composition of institutions in the alliance.

3.2 MOTIVATIONS OF INSTITUTIONAL PARTNERS

The structure presented above presupposes that institutions in the alliance have common objectives. However, what are those objectives? Generally, government objectives with regard to skill development include full employment and economic welfare. Achieving these objectives depends on the level of economic development, which, on the aggregate, depends to some extent on the existence of requisite skills that continuously generate and distribute resources to economic sectors. By collaborating with business and educational institutions, government is able to establish policies and infrastructures that facilitate the requisite quantity and quality of skills in African economies. The common objectives of government, educational, and business institutions, therefore, are facilitating the availability of, and in the right quantity and quality, skill sets that contribute to organizational and economic productivity.

3.3 CONTRIBUTION OF ASD TO ECONOMIC DEVELOPMENT

ASD influences economic development of African countries indirectly through skill development and efficient labour markets (see Figure 2).

3.3.1. MAJOR CONTRIBUTIONS.

As shown in Figure 2, two major contributions of ASD include manipulating national conditions and facilitating a system of skill development architecture. As suggested earlier, the inability of African countries to develop economically results from internal and external conditions (Celestin, 1983), lacked of skilled manpower, ru-

ral-urban migration which creates skill misallocation skills (Hawkins, 1986), labour imbalances that result in what Ballantine (1983) calls *under-usage* of labour, and problems maintaining social and economic systems including skill development systems (Court and Kinyanjui, 1986). ASD has to interact with these conditions as well as policy and infrastructure to minimize any negative effects.

Conditions. I focus on policy and infrastructural conditions. Generally, policies specify actionable processes and programs. Unfortunately, policy development in Africa has always been problematic (Whitaker, 1986). Often times, they are politically motivated; oriented toward the short term; and independently developed by institutions. This tendency has been criticized by development scholars as undermining the ability of African countries to develop effectively (Whitaker, 1986). As a result, I suggest interdependent policy development. Instead of each institution developing its own skill development policies independent of other institutions, ASD facilitates development of an overarching policy that combines specific but interrelated objectives of each institution in a way that matches the skill development architecture. For example, in the DAUM model, interrelated objectives about development or allocation could be harnessed into an overarching policy.

Educational policies specify within the educational sector and across other strategically relevant sectors procedures regarding type and quality of skills essential for national development. In addition, effective and permanent government policies (i.e. policies that are not abandoned by succeeding governments) ensure stability in social, cultural, and leadership (SCL) systems. Such policies specify procedures in SCL for skill development. Firm policies about frequency and quality of skill requisition also specify not only procedures by which that can be done but also infrastructure for the allocation, utilization, and maintenance of skills. In sum, educational, government, and business policies institutionalize not only skill development activities but also labour market mechanisms (Whitaker,

1986). Embedded within these policies are infrastructural mechanisms. In policy planning, tasks, expectations, time, procedures and infrastructure are specified (Helboldt, West, and Hardy, 1986).

Infrastructure. Skill development does not occur in a vacuum; it requires infrastructure or mechanisms to yield results. I define infrastructure in this context to include tangible and intangible mechanisms that facilitate skill development. Educational, governmental, and firm infrastructures contribute to establishment of a system of national skill development architecture.

Educational infrastructure. Education infrastructure include schooling materials, equipment, buildings as well as roads and transportation that enable students to commute to and from school, research and development institutes (RDIs) which specialize in knowledge generation as well as climates and cultures that facilitate innovation and creativity. Collectively, these infrastructures may result in increases in the quantity and quality of skill sets in African countries.

Government infrastructures. Government infrastructure also has a major role in skill development. When social, leadership, and cultural infrastructures exist, they support effective skill development architectures in African countries. Social infrastructure refers to social systems (e.g. unrestrained movement of people and commerce; expression of voice, racial and gender equality) that enable individuals and groups to develop their capabilities and creativity. Cultural infrastructures include cultural mechanisms that encourage value systems compatible with skill development that have greater potential in contributing to skill development, as well as economically detrimental traditional values that exclude cultural groups (e.g. tribes) from decision making (Guyer, 1986). Leadership infrastructure, the bane of African countries (Ayttey, 1998) such as succession, accountability, and monitoring mechanisms may facilitate skill and national development, as well as sustain social and cultural infrastructures essential to skill development (Ndulu, 1986).

Firm infrastructure. Firm infrastructure also influences skill and economic developments. Economic development depends on firm activities (production and merchandising) which in turn depend on competency sets available in a nation (Amin, 1999). As a result, firm infrastructure contributes to skill development. Firm infrastructures include training, advancement, and reward systems. Training systems transform general labour to specific labour through socialization practices, which inculcate procedural knowledge to new hires; enable old employees to re-skill or improve their competencies, and provide psychological benefits such as satisfaction and fulfilment (Ridley, 1992). Advancement systems (e.g. promotion) enable employees perceive or actually develop competencies within firms, signal rewards for performance, and fulfil the expectancy needs of employees (Lawler, 1990). Reward systems such as compensation, bonus, etc, maintain employees within firms, function as recognition mechanisms thereby contributing to skill development. They also influence skill development by encouraging employees to acquire and develop new and/or additional skills.

ASD's manipulation of policy and infrastructure conditions may enable African countries effectively establish a system of skill development architecture. Thus, ASD facilitates skill development continuity and ensures that the requisite skills (i.e. skills that are relevant to the specific needs of economic entities) are developed internally. Further, ASD has the potential to match competency needs of potential employers and employees (i.e. an implicit labour market regulation). Labour demand and supply anomalies that would otherwise have led to disequilibria in labour prices (i.e. wages) are therefore controlled. ASD may thus influence the quantity and quality of skill sets in African nations.

Proposition 1: ASD's manipulation of national conditions will lead to skill availability, which will in turn contribute to economic development in African countries.

3.3.2 ARCHITECTURE OF SKILL DEVELOPMENT

ASD may also facilitate a system of skill development architecture in African countries. Skill development has been defined as the process of continuous transformation of skills within a nation. This definition assumes effective utilization and allocation of skill sets as well as an already-existing repository of skills. The experiences of African countries, however, show that there are no repositories of skills that have to be continuously transformed nor are African countries able to allocate competency sets to the requisite areas of economic activity, and easily adapt to new competencies. Consequently, I define *skill development as the process by which pertinent institutions acquire, allocate, utilize and maintain competencies within and across economic sectors in African nations*. The definition refers to a national system that encompasses not only competency acquisition but also allocation, utilization, and maintenance of skills in the socio-cultural and economic activities of African countries to facilitate economic development. I refer to this system as skill development architecture.

Development. The first component of the architecture, development, refers to internally generated rather than externally acquired skills. Government-finance training and compulsory education institutions, firm-sponsored and firm-specific training programs are activities that result in acquisition of skills. Educational institutions can also initiate development activities such as continuing education programs, executive-education programs, and 're-start' programs for dropouts. All these activities increase the quantity, quality and variety of skill sets (i.e. potential employees) in public- and private-sector jobs thereby increasing the human capital of African nations (Celestin, 1983). Other ancillary benefits that follow from increased human capital include social, cultural, and organizational capitals.

Allocation. The second component of the architecture, allocation, refers to the distribution of competency sets within African econo-

mies. Traditionally, labour allocation is efficiently executed through the market mechanism. However, the invisible hand has been found to be inefficient sometimes and in some contexts (Amin, 1999). Some allocation activities include government-controlled placements in jobs, internal job posting within government organizations; internal job posting systems, screening and job placements in firms; certification programs, hierarchicalization of degrees (e.g. B.A, M.A, Ph.D. etc) by educational institutions.

Utilization. Skill utilization, the third component, refers to the extent to which competencies are demonstrated or employed in economic activity in African countries. Utilization activities include governmental determination of labour-capital mix; governmental facilitation of technological change, governmental guidance of industrial restructuring, full-employment directed policies, public expenditure, gain-sharing compensation systems in firms, grievance procedures within and between organizations and employees; work rules and job designs, and cultural mechanisms supportive of work. Utilization activities by educational institutions include recertification, curriculum adjustment and renewal; and graduation rates. These activities ensure that work systems work efficiency and effectively with minimum friction (Hills, 1995).

Maintenance. Skills deteriorate over time especially when new areas of competencies emerge. Consequently, skills have to be maintained. Skill maintenance refers to the processes by which competencies are sustained within the economy. "Maintenance activities sustain the employment relationship over time". They also include preservation of citizens' skills and health (Hills, 1995; p. 31). Such activities include government-determined benefits and social insurance, regulation of health and safety; employee assistance programs, which provide information and referrals regarding layoffs and health, needs; company provided health needs, company and government housing. Educational institutions also engage in maintenance activities when they establish boards or councils jointly with business and government agencies. Other activities include

availability of qualified teachers and instructors at all levels of education. Maintenance activities are important because they sustain economic activities over time. In sum, a skill development architecture that ensures that the requisite skills are available, efficiently allocated, utilized and maintained, contributes to economic development. Skill development architecture depends on ASD.

Proposition 2: ASD will contribute to a more effective skill development architecture and economic development.

3.3.3. MINOR CONTRIBUTIONS.

Besides the above contributions, ASD may also contribute to economic development of African countries by providing labour market information (LMI), facilitating coordination of labour market agents and efficiency of labour markets, empowering institutions, enhancing resource allocation, enabling technology transfer, aiding national planning, and improving the competitive positions of African countries. ASD's interaction with national conditions (see Figure 1) enables it to possess labour market information (i.e. the *specialized segment of socioeconomic facts which describes and helps to explain the structure, composition, and functioning of the labour market*). LMI enables effective analysis of labour market, labour demand and supply, as well as labour market efficiency. LMI has also been posited as useful in developing and African (Celestin, 1983) countries. Celestin (1983) suggested that LMI will enable African countries improve inefficient labour markets and mitigate imbalances from migration and informal sectors, as well as "help evolve a structure which will reflect changes in the demand for and supply of different levels of skills and different types of labour" (p. 513).

Through coordination, ASD provides feedback or control mechanisms about various aspects of skills, which will enable supply and demand side institutions to adjust accordingly. In addition, ASD coordinates any consolidations and reorganizations of the skill de-

velopment architecture, national conditions, and concerted national skill development efforts by institutions peripheral to the alliance. Independent institutional actions in labour market exchanges do not result in efficient labour markets (Parada, 2001). However, through collaborative and interdependent exchanges, institutions can resolve labour problems and improve labour market efficiency (Kuruvilla et al., 2002). Information enables labour markets become efficient. Through LMI, ASD may be able to match employers and employee needs by providing information on what, when, where, who, and where skills are needed. It enables labour markets become efficient.

Cooperation (i.e. ASD) will empower both skill development institutions and African economies. By reducing transaction costs, economic systems of African nations will be efficient which implies they may be less dependent on resource providers. According to resource dependence theory, efficient economic systems provide some power to institutions in those systems by making them less dependent on resource providers (Williamson, 1985). Through institutional alliances, duplications and misallocation of resources, which are commonplace in African countries, may be eliminated if not minimized to a significant degree (Hawkins, 1986). ASD's co-ordination mechanisms provide information and resources to institutions engaged in acquisition, allocation, utilization, and maintenance of skills, and its oversight and accountability mechanisms will ensure that the required resources are allocated to the right sectors.

Technology transfer occurs through foreign direct investment (FDI) (Edoho, 2001). Depending on ASD's orientation and structuring of FDI of foreign firms, particularly multinational corporations (MNCs), it is likely that the latter will transfer technological capabilities to African countries. The type of technologies (i.e. appropriate knowledge) transferred may be influenced by ASD's oversight and regulation (Edoho, 1999). National planning agencies use accurate and up-to-date LMI from businesses and other agencies (i.e. ASD) to facilitate continuous and dynamic integrated national proc-

esses (Celestin, 1983; Ehie, 2001). In addition, LMI enables ASD to influence monitor and modify funding mechanisms to meet national skill needs. So, replacing hitherto independent planning with joint planning may therefore lead to effective national development.

Finally, ASD may enable African countries integrate in international markets. Foreign firms that invest in African countries are often multinational corporations that control significant market share in the international market. They also influence international market pricing. So, when they are actively involved in national planning, it is very likely they would be able to provide expertise in the operations of international markets and thereby positively influence the integration of African countries in international markets (Lewis, 1986). Based on the above discussion I offer the following propositions.

Proposition 3: ASD's manipulation of conditions in Africa will enable African countries develop effective skill systems and improve economic development.

Proposition 4: ASD's use of labour market information will lead to efficient labour markets in African countries and economic development.

Proposition 5: Through coordination, ASD will effectively facilitate technological transfer and flexibility to firm institutions.

4.0 CONCLUSION

Economic development of Africa countries which has been considered essential for Africa's advancement and integration in the world economy (Berg, 1986; Hawkins, 1986; Onwuka, 1986; Whitaker, 1986) depends to some extent on the level of skill development. Using institutional and cooperative theories, I propose a partnership model that links government, firm, and educational institutions in an alliance for skill development. This alliance interacts with national conditions to influence skill development systems, which in turn contribute proximally to efficient labour markets and distally to economic development. It leads to human capital generation and

minimization of skill mismatches in the labour market (Handel, 2003) as well as enhancement of technology transfer (King, 1986; Udo, 2001).

The model presented in this paper is theoretical. However, it can be tested empirically subject to the constraints (assumptions) I identified. First cross-sectional studies can be conducted taking the population of African countries with institutional alliances. Their economic development can then be regressed on their labour markets, skill development architectures, and conditions using the year of alliance formation as the baseline. A review of the skill development literature shows that several African countries adopting models similar to one presented here. Variance accounted for by the determinants may indicate causes of underdevelopment or otherwise (Hoeven & Geest, 1999). Such causes can then be effectively managed. Another approach is a longitudinal study of individual countries. For example, one could examine the economic development of Botswana a decade from now to see the contribution of its institutional alliance to its progress. Again, the base year can be set at the time the alliance was initiated. Until the model is tested, its validity cannot be asserted. Consequently, I encourage empirical testing of the model.

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