

From the Desk of Mario E. Ebanks

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Cayman Islands Chamber of Commerce – Economic Forum 29th-30th May 2003
Strategies and challenges of economic diversification and change

Salutation:

To clarify my credentials as a panelist at this Forum, I am the 2002-04 President of the Cayman Islands Society of Human Resource Professionals, and also a Senior Manager for Human Capital Advisory Services at Deloitte & Touche.

For the avoidance of doubt, at this Forum I am speaking only in my capacity as President of CISHRP.

As a previous Manager of the Cayman Islands Chamber of Commerce (1988-91) I commend the Chamber for organizing this Forum.

INTRODUCTION:

Two leading questions of this Forum are: What are the major challenges facing businesses today? and, what can be done to attract international investors?

Today I will comment on these two questions from a “human capital” perspective, particularly: first, the need to reform the institutions governing human capital development in these Islands, including the Immigration Board, the Employment Relations Department, and the various training systems. And, second, the importance of promoting a “learning organization” within a national culture of excellence and competition.

What exactly is human capital?

Human Capital is that input into an enterprise or an economy that results in the development of tangible or intangible capital or assets. Human Capital is as valuable to an enterprise or to the economy as is financial and physical capital or assets. Human Capital therefore is essentially the collective sum of the attributes, life experiences, knowledge, creativity, energy, and enthusiasm which people choose to invest in an enterprise on a daily basis.

INSTITUTIONAL REFORM:

In relation to my proposition, that to foster continued sustainable economic growth and investment promotion we must reform some of our human capital institutions, I feel that the current Immigration Board practices and procedures are an obsolete 1972 model which can no longer serve the needs of the Cayman Islands in the year 2003. It is time for this serious deficiency to be addressed, as the current operational maze will stifle the Islands ability to compete in a dynamic regional and global service-oriented marketplace. The Cayman Islands is a service economy, our two main industries – Financial Services and Tourism, together with its supporting sectors can only survive if they can respond quickly to customer expectations. With the increased pressures on the financial services sectors from initiatives such as the FAFT, it is imperative to ensure that the territory has a critical mass of first-rate professionals to efficiently service current and future business opportunities.

I have always been a champion of the upward mobility of able, equipped, and willing Caymanians. However, we must be realistic in the competitive new “global village” with its ease of mobility of operations and capital. Where such Caymanians are not readily available, it is ill advised for any politically appointed Board (or any particular member or members therein) to

adopt procedures or exercise discretion (however well-intentioned) which do not add-value and which may strangle a business' ability to compete and succeed.

Hurdles such as the unwieldy flow of paper and files throughout the Immigration Department, the delays in the processing of Work Permit applications and notification of the status of those, the delays in obtaining the new waiver from the Employment Relations Department, the lackluster competency levels of staff within those Departments, and the unreasonable expectation that the current Immigration Department's infrastructure is able to handle the ever-increasing workload, results in bureaucratic paralysis.

RECENT IMPROVEMENTS:

In recent years, there have been a number of improvements in the Immigration "infrastructure" and processes:

- ✓ A new website was launched in January 2001 to provide subscribers with secure next-day updates on the scheduling and outcome of Work Permit applications. This website has been well received, despite the fact that there are a number accompanying tasks which should also be automated in order to achieve the full benefit of this enhancement;
- ✓ The Business Staffing Plans concept was also launched in 2001, which is meant to reduce the volume of applications going to the Board, allow the application processing to be more "transparent" by not vesting such as great deal of discretionary power in the hands of political loyalists, as well as accelerate the approval process;
- ✓ A new Appeals Tribunal (pursuant to V2008 Strategy 16 Action Plan 8) was brought into effect in 2002, which replaced Executive Council as the appellate body in relation to decisions of the Immigration Board;
- ✓ The CayPass Visa or Permit system came into effect last year, providing more flexibility for frequent business visitors who have relationships with local businesses or trades;

INSTITUTIONAL REFORM:

Notwithstanding the ongoing work of the Immigration Review Team, I believe that it is high time to strategically revamp the structure of the Immigration Board, its procedures, and its membership composition.

Vision 2008 (the 10 year National Strategic Plan) also recognized the shortcomings of the present institutional framework. Realizing that the remit of the Immigration Department was too broad, the Plan in Strategy 16 Action Plans 7 and 10 proposed a number of useful reforms, including:

- ✓ The amalgamation of the Labour Department and the Immigration Board into a new Human Resources Authority (HRA), with an Executive Director, and an industry-represented Advisory Board, and a more transparent reporting arrangement;
- ✓ Formulation of a comprehensive training and succession planning policy, applying to both the private and public sector.

It is the view of the C.I. Society for Human Resource Professionals that such a bold reform would be timely and would result in greater efficiency as well as enjoying many other synergies in operations, service, as well as cost and revenue management.

There are other short-term interim improvements, which can be embarked upon as well: In my opinion, in view of the awesome volume of paper files and documents which are physically stored at the Immigration headquarters, it would be advisable for a "**document & information management strategy**" to be developed. Components of this strategy could include an Intranet, for internal information, guidelines, updates etc.; as well as an appropriate system for Document Imaging, and information/file Archiving.

Additionally, the Immigration Board, or the new HRA, should promote the **full automation of the application and processing procedures for Work Permit grants and renewals**, this could be done through a secure website, where most of the tasks involved could be done on-line with the customer (employer) doing most of the work (self-serve) – in exchange for quicker decisions.

A final idea for reform is the development, by each industry sector, of specific requirements for each job, accompanied by a **checklist** of expectations, which would be adopted by the Immigration Board. Once the employer meets all of these requirements then the application process would be administrative, and could be **handled “on-line”** by a designated staff member for each industry/sector.

Let’s now look at the second area of human capital intervention, to facilitate economic growth and investment in these Islands.

THE LEARNING ORGANIZATION:

I have always been of the view that effective management of human resources requires the deployment of a “management by objectives” philosophy, augmented by a holistic approach which is “from the cradle to the grave”, which means that consistency and transparency must prevail throughout all areas: recruitment, performance management, professional and career development, succession planning, and retirement. In practice therefore, this philosophy could be applied as follows:

- ◆ Competencies (or expectations) are developed and promulgated for all jobs; this provides guidance for recruitment, promotions, etc.;
- ◆ Mentoring and coaching – the employee (at all levels) is monitored on a regular basis against his specific competency framework, and feedback given to him or her;
- ◆ Intervention – problem areas or conflicts are identified and corrected before it is too late, and such intervention can include training, cross-training, and re-training;
- ◆ A training needs analysis or “gap analysis” is developed for each affected employee, in order to assist with achieving the technical or other competencies required for each job;
- ◆ A “learning map” or a directory of available courses is published for each employee or group of employees, allowing them to access the courses which they need;
- ◆ Succession planning – this essentially allows for vertical or lateral movements of the employee throughout his career, in accordance with his or her competencies.
[Normally, with proper succession planning there would be no sudden action or surprises, such as someone being terminated or retired without a successor being identified or available to replace him or her].

But why should businesses in Cayman be concerned about becoming a “learning organization”? Well, as a service economy which recruits its human resources from around the world, it is in our best interest to provide for and manage the knowledge within your organization so as to ensure increased levels of productivity and profitability. Assuming that our pre-tertiary school system is producing sufficiently prepared graduates, then employers should have a mutual commitment to training and competency development, which makes good business sense.... and is also consistent with the Immigration Law and the Business Staffing Plans concept.

Furthermore, the international firm Watson Wyatt launched a Human Capital Index study, now in its fourth year, which is the most comprehensive global study of the impact of human capital on business and which analyzes shareholder performance. The study produced a number of global findings, including:

- ✓ Companies with superior human capital practices can create more than double the shareholder value than companies with average human capital practices;
- ✓ Great human capital practices prevail, regardless of economic conditions.

In addition to this study, I have seen many other studies which clearly point to the overwhelming positive business case which arise from a holistic and long-range investment in human capital and/or the adoption of best practices and human capital management.

In the book, *Built to Last*, in Chapter 10 (“The end of the beginning”), discussion continues in regard to *Preserving the Core and Stimulating Progress*. It concludes that “the essence of successful visionary companies comes in the translation of its core ideology and its own unique drive for progress into the very fabric of the organization..... strategies, management behaviors, job design etc.... essentially into everything it does”.

As many of you know, the Ministry of Human Resources is seeking to introduce the Investors in People standard into Cayman’s workplace. Investors In People is a commonsense standard of “best practices” in human resources and organizational management; the CISHRP is generally supportive of this initiative and I serve on the Steering Committee. The Society is also encouraging the Employment Relations Department to commission of new “manpower and skills needs survey of employers”, in order for employers to grade the skill levels of high school graduates coming into the workforce, and to inform education policy-makers of the skills which employers are demanding.

In my opinion, the solution to Cayman’s labour and human resource readiness is to foster an environment of best practices and employer-employee partnership, instead of the antiquated and bureaucratic approach being envisioned in the Ministry’s White Paper on Labour legislation, which seeks to promote trade unions, and will introduce new reporting regimes due to Cayman’s resurrected membership in the International Labour Organization.

Mr. Chairman, ladies and gentlemen, in considering the human capital challenges and opportunities with respect to its interrelationship with economic growth and diversification, I am encouraged by Joshua Lawrence Chamberlain’s words when he spoke in May 1863 to his team during the preparation leading to the battle of Little Round Top – a battle which proved critical to holding the Union line, which in turn proved critical to victory at Gettysburg – a turning point in the American Civil War, Chamberlain said “We know not the future, and cannot plan for it much. But we can.... determine and know what manner of men we will be whenever and wherever the hour strikes”.

In 2003, 140 years since those words were spoken by Chamberlain, for these Islands, I submit that we must actively invest in human capital and its support infrastructure, if we are to secure a strong economy for future generations of citizens and investors.

Thank you for your attention.

Mario E. Ebanks

President 2002-04, Cayman Islands Society for Human Resource Professionals