

Singapore Management University

Institutional Knowledge at Singapore Management University

Perspectives@SMU

Centre for Management Practice

3-2016

AEC: Mind the skilled labour gap

Singapore Management University

Follow this and additional works at: <https://ink.library.smu.edu.sg/pers>



Part of the [Asian Studies Commons](#), and the [International and Comparative Labor Relations Commons](#)

Citation

Singapore Management University. AEC: Mind the skilled labour gap. (2016).

Available at: <https://ink.library.smu.edu.sg/pers/192>

This Journal Article is brought to you for free and open access by the Centre for Management Practice at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Perspectives@SMU by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email cherylds@smu.edu.sg.

AEC: MIND THE SKILLED LABOUR GAP

Published:
30 Mar 2016



Mobility of qualified professionals between ASEAN countries was meant to lift the region. Despite the signing of MRAs, things are not moving as fast as they could be

In an [often-cited study](#) by the International Labour Organisation (ILO) and the Asian Development Bank (ADB), the formation of the ASEAN Economic Community (AEC) could generate up to 14 million jobs across South-east Asia. In an ideal scenario, the free flow of skilled labour – along with goods, services, and capital – will fuel robust regional growth, which came in at 4.5 percent in 2015.

In reality, freedom of movement for skilled labour remains a distant dream. Mutual recognition agreements (MRAs) have been established for eight professions – engineers, nursing, architects, surveyors, doctors, dentists, accountants, and tourism professional – but work permits are still necessary before commencing employment, on top of having to pass local professional examinations.

Underlying all this is political pressure to protect citizens on their home turf, which begs the following question: Is ASEAN integrated enough in harmonising labour policies? Is there enough political will to make freedom of movement easier?

“The political will is there but politicians have to take care of domestic politics, so that becomes the focus,” muses **Veerinderjeet Singh**, Executive Chairman of business consultancy AxcelAsia. “Attention on the region becomes number two, or three or way down the list.”

“There is no doubt that ASEAN leaders are politically in tune with the reality, but when it comes to implementation they are looking for guidance. This is where the private sector and NGOs have a role to push things forward and policies along. I don’t think you can sit there and wait for the politicians to start the process.”

DEVELOPING AND KEEPING ASEAN'S BEST IN ASEAN

Singh made those remarks at the recent recording of a discussion panel for Singapore-based station Channel NewsAsia's Perspectives programme, "Upskilling ASEAN for growth". Picking up on that sentiment, **Stephen Groff**, Vice President of operations at the ADB highlighted the economic and demographic diversity that fuels fears of more attractive cities taking all the best talent, thus creating entrenched inequality.

"You have an ageing population in Singapore and Thailand, but you have youthful ones in the Philippines, Indonesia, and Vietnam," Groff said. "You need to take advantage of these demographic changes [in ASEAN] to get an optimum distribution of labour. Yes, it's important to not lose your best talents to countries outside of ASEAN, it's also important that you distribute that demographic shift better in order to realise its benefits."

"Mobility across the region is a good thing," said Singh with regard to promoting labour mobility to prevent brain drain. "The danger is that ASEAN doesn't consolidate its efforts. If you want to look at ASEAN as being the playground where only ASEAN's best work, you may not see it. That's because you'll see lots of professionals from other countries coming to ASEAN to work."

"If you're looking at having only young people of ASEAN working in ASEAN, that's not something we can achieve. We have to encourage it [young ASEAN working in ASEAN] but we have to open up the opportunities across the world."

Regardless of popular sentiment, there is little doubt that human capital development will be crucial to the AEC's feasibility. While globalisation has made it easier for companies to fill positions by looking beyond ASEAN, continued reliance on such a strategy will be unsustainable. So what is stopping ASEAN governments from addressing this obvious obstacle to the AEC's success?

"First of all, we recruit from a globalised workforce because the ASEAN workforce is globalised," explains **Arnoud De Meyer**, President of Singapore Management University. "Lots of Singaporeans, Thais, and Malaysians work overseas and therefore we contribute to the global workforce, and so it's logical that we take some from the globalised workforce. We need to think in flows instead of 'we are gaining or losing people'."

He adds, "Secondly – and I say this as the President of a university – we have to invest in updating our universities. I think Singapore has an interesting landscape of higher education but there are a number of good universities that are sprinkled around ASEAN. The current supply is not high enough for the demand of good people studying in them. You need to create a number of very good universities within ASEAN."

"Third, we should stop being so defeatist about ourselves. Let's be convinced about the fact that we have very good people, and let's give them the opportunities to develop. If we constantly return to the United States or Australia and say, 'We can find people [to hire] from there', we are shooting ourselves in the foot!"

JUST HOW INTEGRATED IS THE AEC LABOUR MARKET?

Beyond MRAs, Singh highlighted qualifications benchmarking as the next step in the development of the AEC's labour policy.

"Case in point: We have an ASEAN federation of Accountants that was formed 12 years ago," Singh says. "It was a slow process but they've agreed to the concept of an ASEAN Chartered Accountant. They've agreed that that's the qualification they would like in the region. The next step is about benchmarking what that qualification means. It took 12 years to get to this point."

Given the widely mentioned [AEC Blueprint 2025](#), ASEAN might need to accelerate its pace of integration not just in labour terms to achieve its goals of “economic growth by increasing trade, investment, and job creation”. The ultimate determinant of when, and if, the AEC really takes off boils down to political will to open up domestic markets.

“Total migration across ASEAN is 18.8 million, and only 6.5 million of those are formal labour migrants,” Groff said. “You have huge numbers of people in construction, household help, fisheries and other sectors that aren’t covered by binding ASEAN agreements. I’m not convinced the political will is there. I think we need the political will and recognition of where the labour is and formalise that.”

De Meyer was definitive in his assessment: “There is no political will to do this. I don’t see how any ASEAN politician can talk about free movement of labour – it’s just not conceivable in the short run.” He pauses before adding, sparking chuckles amongst the audience, “We will still be discussing this topic in 2025.”

But to millions of job seekers, it will remain serious business.

Veerinderjeet Singh, Stephen Groff, and Arnoud De Meyer were part of a discussion panel, “Upskilling ASEAN for growth” for the SMU-Channel NewsAsia programme Perspectives that was recorded at SMU Labs, Singapore Management University.