

Opportunities and Challenges for Human Capital Development: ASEAN Perspective

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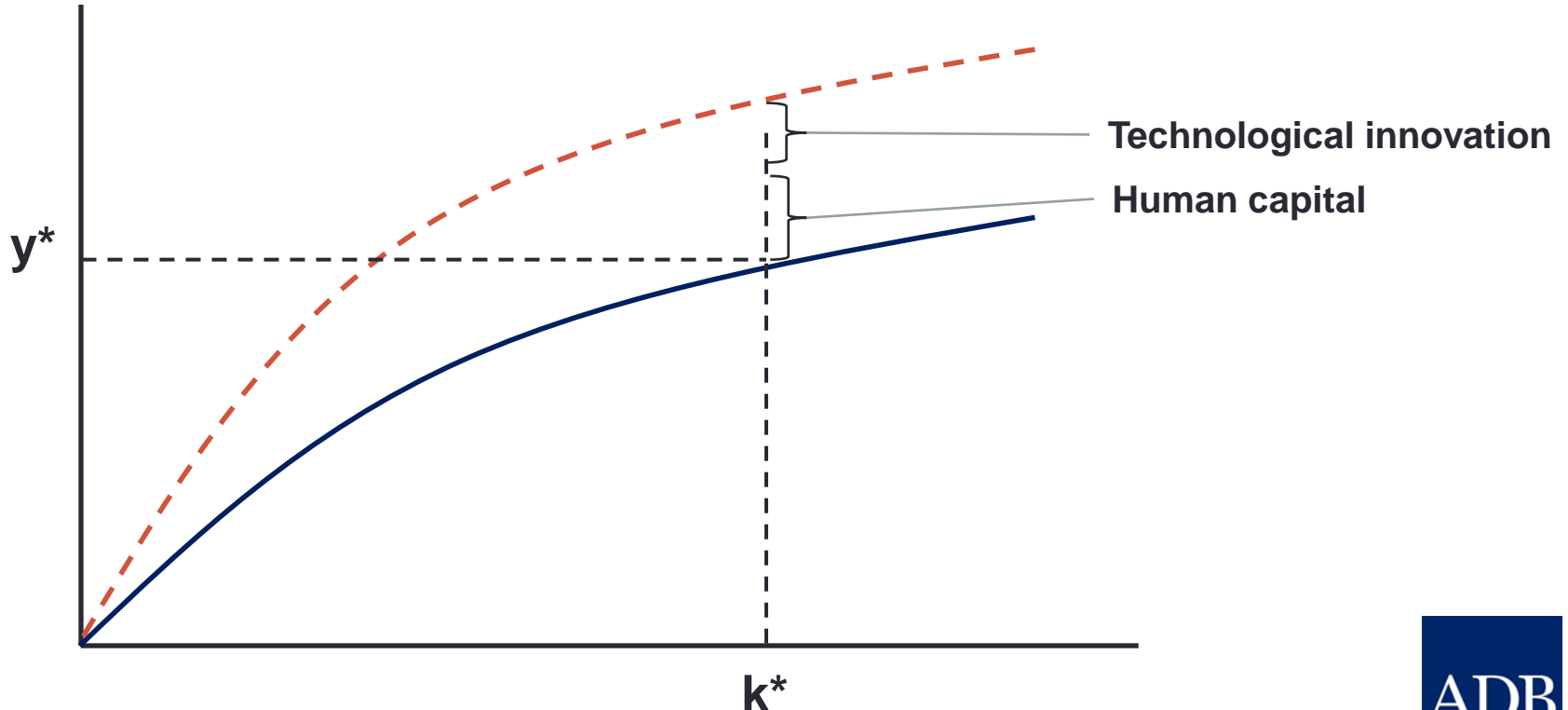
Overview

- Why?
- Context
- How?

Why: Conceptual Framework

Human Capital: knowledge and skills

- Human as knowledge creator (not simply labor force)
- Fostering technological innovation and adoption

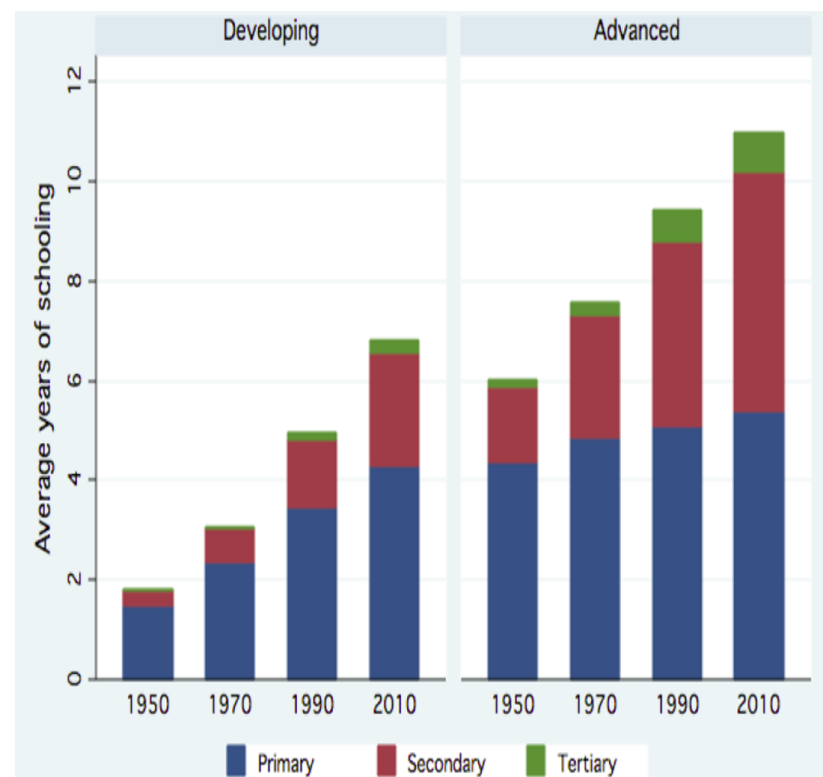
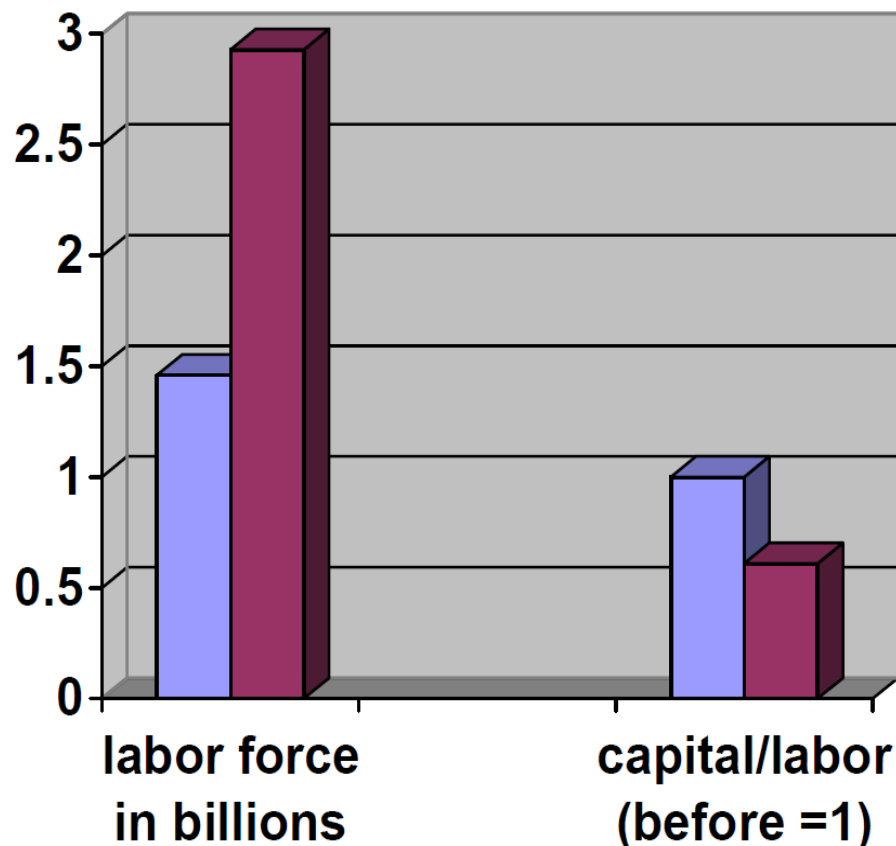


y = output/labor, k = capital/labor.

Context

1. “The Great Doubling”
2. Increased Labor and Capital Mobility
3. Technology Advancement
4. Changing Skills Demands
5. ASEAN Skills Development
6. Challenges to Skills Development

Context 1. “The Great Doubling”



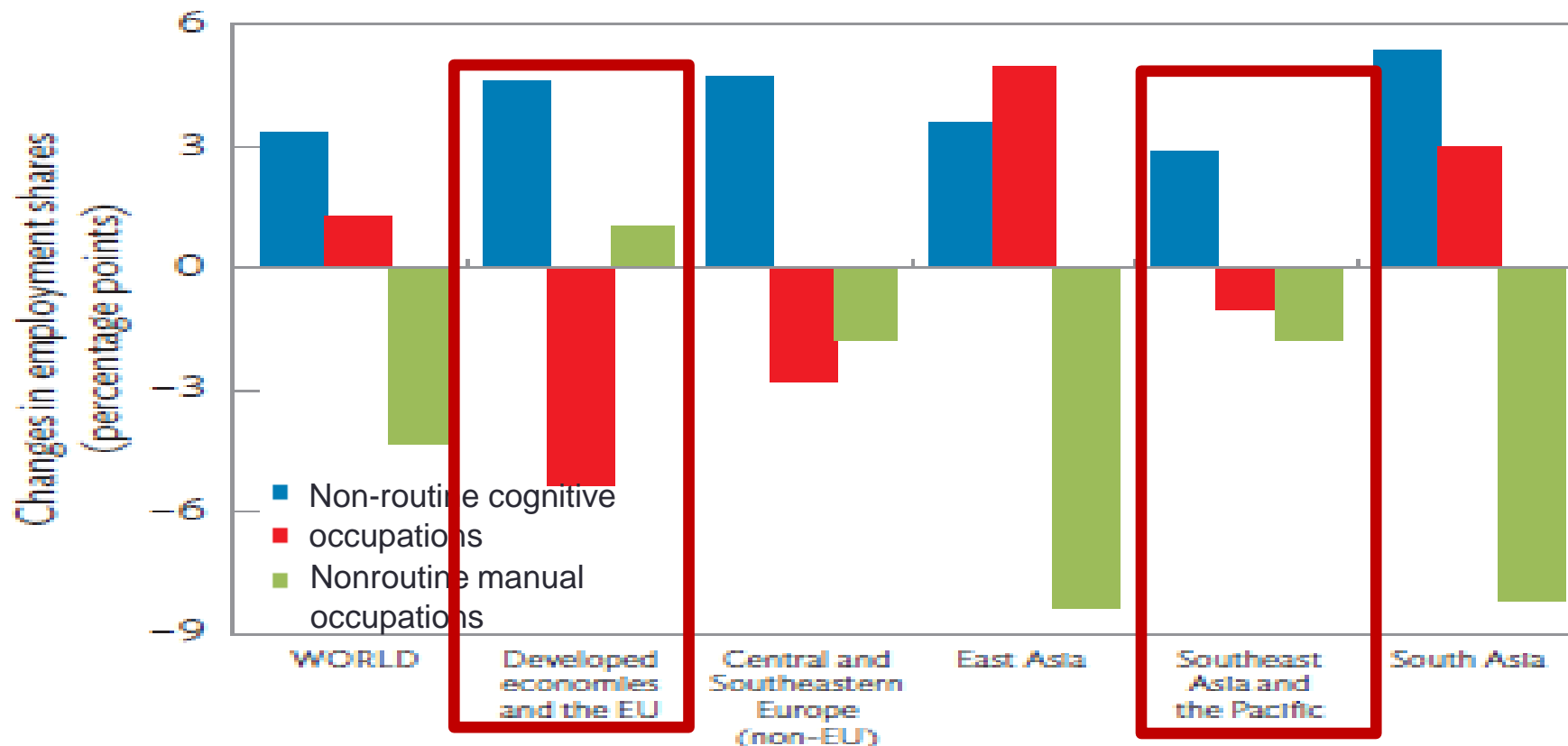
Source: Freeman, R (2006). The Great Doubling: The Challenge of the New Global Labor Market. *Employment from ILO data, laborsta.ilo.org/ Millions of Economically Active Persons, 2000 Capital-labor ratio, calculated from Penn World Tables as described in Freeman 2005, scaled so before is 1.00*

Context 3. Technology Advancement

- Industry 4.0
- Automation
- Knowledge-technology intensive industry increases
- Outsourcing made possible

Context 4. Changing Skills Demand

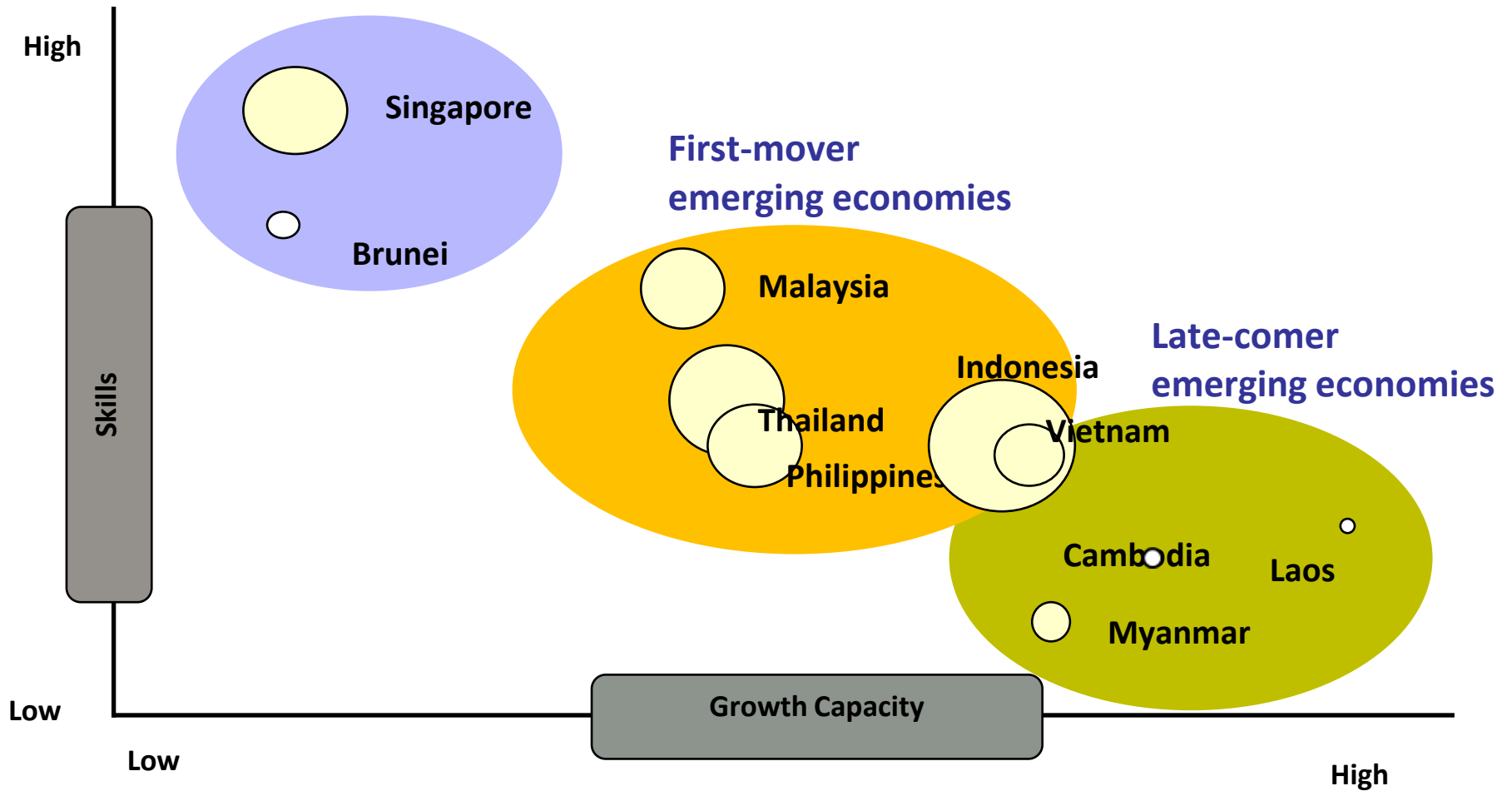
How technology changes the nature of work: Changing Demand for Skills



Source: ILO (2014) Trends Econometric Models.

Development of Employment by Type of Occupation, 2000 - 2013

Context 5. ASEAN Skills Development



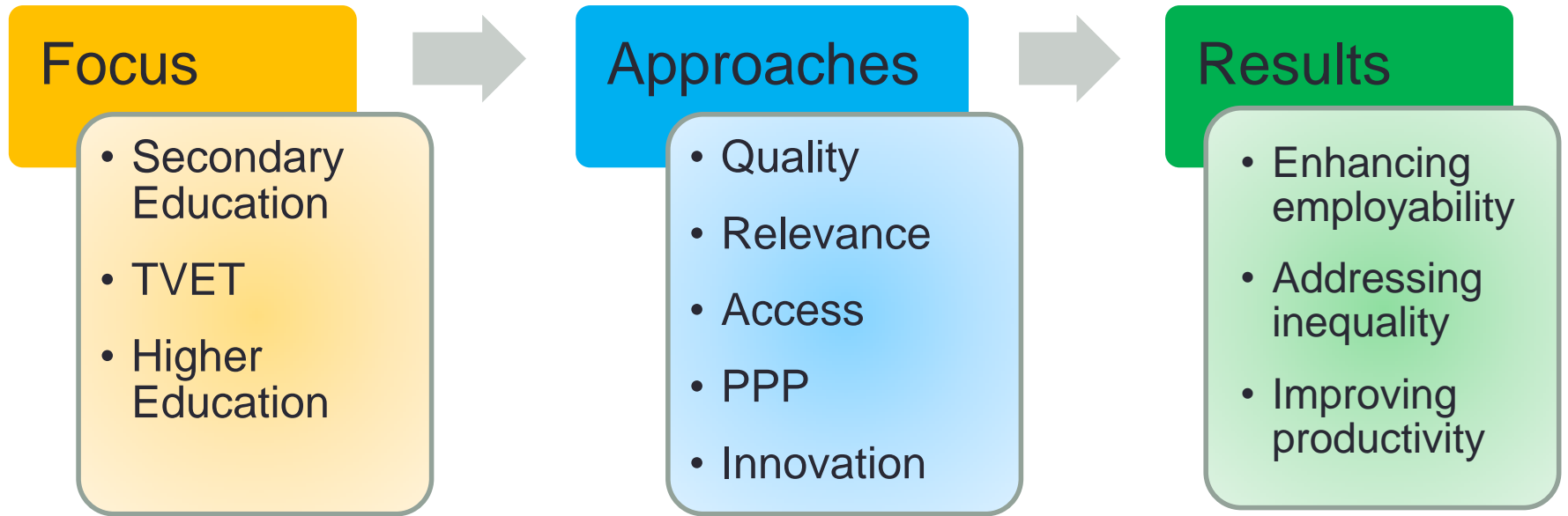
Source: "Potential of ASEAN Economy Revisited" (Korea Economic Trends Weekly Insight, Feb 2013)

Context 6. Challenges to Skills Development

- Skills formation/development for a high-productivity economy
 - Skills linked to innovation, new production techniques and processes
 - Skills that ensure firms can take full advantage of inward foreign direct investment
- Lack of Industrial Partnership
 - Lack of industry and government partnerships in skills development
- Mismatches (persistent un/underemployment)
 - SS+DD
 - Sectoral
 - Geographic (domestic, regional)
- Weak institutional capacity
 - Policy
 - Coordination
 - Quality assurance

How?

Recommendation 1: Focus and Approach

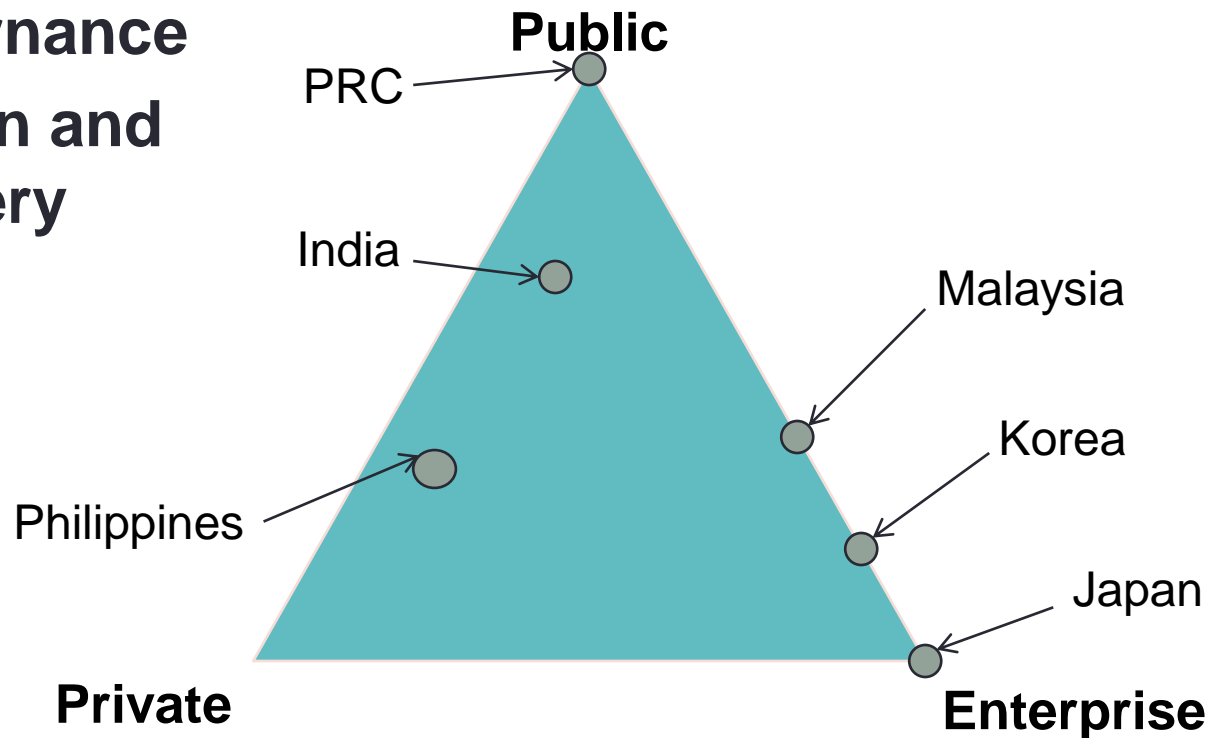


Recommendation 2. Skills development as an integral part of economic or industrial development strategy

	~Mid-1970s	~Mid-1990s	~Mid-2000s	Recent
Industry	Labor-intensive	Capital-intensive	Tech-intensive	Knowledge-based
Technology	Adoption	Development	Innovation	Technology convergence
Core Workforce	Low-skilled workers	Technicians	Engineers	Engineers and scientists
Provision	TV high school level	Junior college level	University level	Academic-industry collaboration

Recommendation 3: Public-Private-Enterprise Partnership: Industrial Linkages

- **Financing**
- **Governance**
- **Design and Delivery**



Recommendation 4. Skills for Technology Adoption

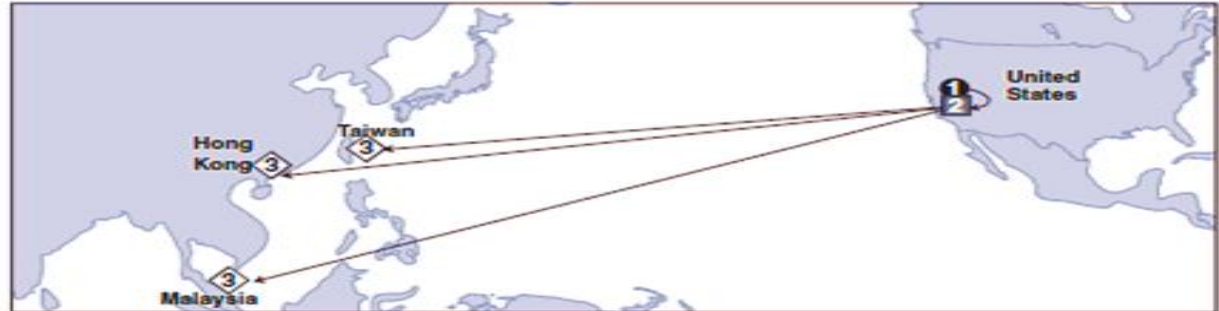
The Case of Semiconductor Industry

1960s to 1980s

3 Assembly abroad

Companies initially moved assembly, testing, and packaging offshore.

Assembly: Low skills



1980s to 2000s

2 Foundries abroad

Companies began contracting with offshore fabrication plants to produce wafers from designs.

Components: K & mid skills

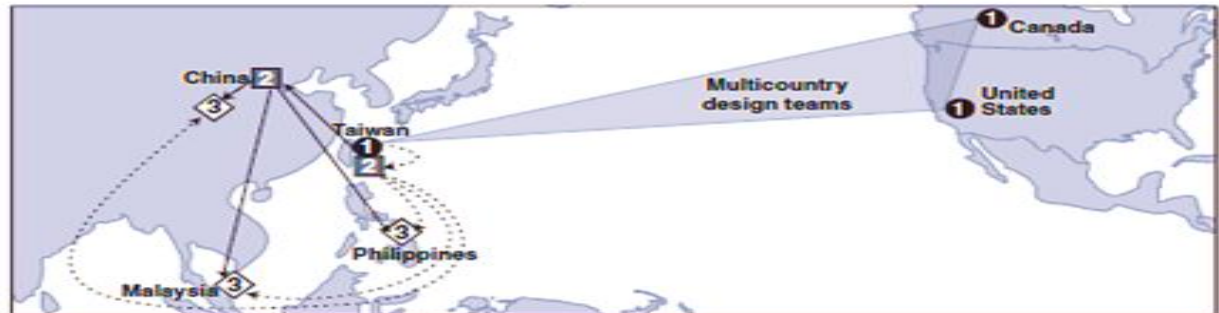


2000s to 2005

1 Design abroad

Some design services were offshored, or a part of global teams operating in many countries.

Complex global production chains developed as designs may be fabricated in different locations, and wafers then sent to still other locations for assembly, testing, and packaging.



- 1 Design teams
- 2 Fabrication
- 3 Assembly, testing, and packaging

Design: Adv skills and R&D

Source: "OFFSHORING-U.S. Semiconductor and Software Industries Increasingly Produce in China and India (US Government Accountability Office, 2006)

Recommendation 5. Flexible and Open System

- **Recognize multiple learning channels**
- **Right mixes of (i) general education vs. specific skills, (ii) soft vs. hard skills, and (iii) rocket scientists and basic skills**

Recommendation 6. ASEAN Mutual Recognition System: Mitigating mismatches

- “Transform ASEAN into a region with free movement of goods, services, investment, skilled labor, and freer flow of capital”
- Recognition of professional qualifications
- Complete mutual recognition arrangements in identified professions
- Develop core competencies and qualifications for job/occupational and trainers skills required in the priority services sectors (healthcare, air transport, e-ASEAN)
- Examine scope to include ASEAN

Thank you

