



FEBRUARY 2018

## Workforce ready challenges in the Asia Pacific: A regional wicked problem

By Dr. Subas P. Dhakal, School of Management, Curtin University Bentley WA 6102

The successful transition of recent graduates from education to job is central to achieving sustainable development and building resilient economies. However, most of the countries across the Asia Pacific region are facing considerable challenges linked to ageing populations and skill shortages. On the one hand, graduates are finding increasing difficulty in attaining post-qualification employment. On the other, relatively high youth unemployment rates have persisted across the region.

Some of the reasons for this persistence include supply-side variables, such as the lack of work experience and skills of graduates as well as a disconnect between tertiary education outcomes and the needs of employers. The demand-side variables include employers' perception of inexperience as a barrier, the costs of training as not being justifiable investments, and a raft of attitudinal issues around the commitment and behaviour of graduates themselves. The paradox of decreasing graduate work readiness<sup>i</sup> and increasing youth unemployment therefore creates a wicked problem<sup>ii</sup> that is persistent and often resistant to policy solutions that attempt to fill the gap between young people's expectations of attaining post-qualification jobs and their ability to achieve employment.

The nine-country (Table 1) comparative analysis presented in a recently published book, *Transitions from Education to Work: Workforce ready challenges in the Asia Pacific*<sup>iii</sup>, suggest that the scope and the magnitude of the graduate work readiness challenge requires the key stakeholders to effectively communicate and co-operate for effective policy formulation and implementation. It is in this context, two of the key challenges: (a) skills-shortages, and (b) policy gaps across the region are highlighted next before discussing a potential way forward.

Table 1: GNI-based World Bank classification of case countries in Asia and the Pacific<sup>iv</sup>

Low (\$1,025 or less)	Lower Middle (\$1,026 and \$4,035)	Upper Middle (\$4,036 and \$12,475)	High (\$12,476 or more)
Nepal	India	Malaysia	Australia
	Lao PDR		Singapore
	Indonesia		Taiwan
	Vietnam		



## Skills shortages

The varying stages of economic development of the nine case countries translates into diverse labour mobility opportunities and skill shortages. While the recently established ASEAN Economic Community can be viewed as a potentially positive step towards increasing flows of trade and investment as well as enabling the freer movement of skilled workers,<sup>v</sup> it is likely that there will be winners and losers in this increasingly competitive labour market at the regional level. Consequently, issues related to jobs, work readiness of recent graduates, capacity building of developing countries in the region and intra-regional migration are likely to remain volatile for several employment sectors.

**Table 2: Skills shortages and main causes of case countries in the Asia Pacific<sup>vi</sup>**

<i>Country</i>	<i>Skill shortages</i>	<i>Main causes</i>
Nepal	Construction, Tourism	Outbound migration
Lao PDR	Construction, Agriculture/Forestry	Mis-alignment between skills needed and VET graduates
Vietnam	Manufacturing, IT sector	Mis-alignment between skills needed and VET graduates
India	Infrastructure, Auto-manufacturing, Construction	Demand supply mismatch, Low enrolment in vocational courses
Indonesia	Tourism, Agriculture/Forestry	Differences in the quality of training between private and public sectors
Malaysia	Healthcare, Finance	Reliance on foreign labour
Singapore	Construction, Tourism	Reliance on foreign labour
Australia	Construction, Professional Services	Maintaining employment rate
Taiwan	Manufacturing, Professional Services	Attracting foreign labour; long hours low pay



As Table 2 depicts, construction, tourism, manufacturing and professional services are the top four sectors facing skill shortages across the region. The extent of these challenges varies to a large extent even within the same sector. For example, the construction sector has become a priority in Nepal following the 2015 earthquake. It has been estimated that over two million jobs will be required for the reconstruction and disaster recovery efforts. With an unemployment rate of less than 3 percent, primarily because of outbound migration, the Nepalese government is facing difficulties to find and train local workers for the reconstruction.<sup>vii</sup> In contrast, nearly one-third of construction labour is comprised of foreign workers in Singapore, which is facing increasing competition from within and outside the region to secure much needed labour to boost economic growth.<sup>viii</sup>

The varied nature of skill shortages has emerged as a thorny issue for both Higher Education (HE) and Vocational Education and Training (VET) sectors across the region. For example, lower middle economies such as India and Indonesia suffer from the lack of ability to provide students with appropriate industry relevant skills, mainly because of outdated curriculum together with a lack of industry engagement.<sup>ix,x</sup> These challenges, albeit slightly different, also exist in other countries of the region, including the higher income ones such as Australia<sup>xi</sup> and Taiwan<sup>xii</sup>. Nonetheless, the misalignment between labour market needs and graduates, to varying degrees, can be identified as the single most important common thread across the countries.

## Policy gaps

Although the demand for expanding HE and VET Education Service Providers (ESP) has increased in the region, the quality and market relevance of the ESPs remains a matter of concern.<sup>xiii</sup> In this context, it is imperative to assess the state of policies and priorities to better serve the needs of labour markets and foster or sustain growth. Several similarities as well as differences in policies in terms of gaps can be noted across the region. The comparative analysis indicates that countries like Lao PDR, Nepal and Vietnam do not have a national qualification framework at the time of this research. Since the primary purpose of the framework is to raise quality and drive continuous improvement and consistency in education services and delivery, its absence suggests that policy impetus is rather weak in these nations.

The conventional mindset in many of the lower and lower middle-income countries such as Indonesia and India have been such that HE is often deemed more important and valuable than VET. Although there have been significant changes in this regard based on the evidence of linkages between a vibrant VET sector and



rapid economic development, VET sector policy reforms remain sluggish in the region. This attitude, at least partially, explains the lack of an adequate emphasis on developing VET policies and linking it with national sustainable developmental priorities. Even a high-income economy like Australia has had its fair share of political interference, especially with respect to a focus on the privatisation of VET sector, which has had a significantly adverse impact on policy formulation and implementation, as well as graduate outcomes.<sup>xi</sup> However, it is Singapore that has emerged as a front runner in the region, primarily due to significant investments in research and innovation activities and through complementing policy rhetoric with actions, thus preparing its workforce more effectively for the future. Since both HE and VET sector policies in Singapore are geared toward creating a flexible lifelong system of education with a focus on futuristic skills,<sup>viii</sup> it can certainly serve as a model for the rest of the region.

## Way forward

The issues around workforce readiness across the Asia Pacific serve as a reminder that addressing the wicked challenge of work-readiness and skill mismatches in the Asia Pacific region is likely to be much more effective with a concerted policy emphasis on stakeholder engagement. Since work readiness is a global issue as well, countries in the region need to look both inward and outward to work together with stakeholders to foster regional sustainable development. For example, if universities cannot meet the different skill requirements of tens of thousands of individual businesses, peak business groups can identify and communicate to universities the core skill and competency requirements of their constituencies. These business associations are critical links between education providers and businesses employing graduates. Formal ties through advisory boards and committees are one avenue for taking into account the perspectives of business, but other informal relationships including reference groups, industry forums and workshops are important ways of supporting knowledge transfer and learning. Policy initiatives that support a forward-thinking knowledge economy require a move away from bureaucratic and outdated HE and VET approaches to a learning environment that is flexible, responsive and accessible to meet the needs and demands of contemporary graduates and employers. There is no mistaking the urgency in relation to investing in human capital to build sustainable communities and resilient economies across the region.



This article is a synthesis of a comparative analysis included in the recently published book Cameron, R., Dhakal, S., & Burgess, J. (Eds.). (2017). *Transitions from Education to Work: Workforce Ready Challenges in the Asia Pacific*. Routledge. For more on the book <https://www.routledge.com/Transitions-from-Education-to-Work-Workforce-Ready-Challenges-in-the-Asia/Cameron-Dhakal-Burgess/p/book/9781138691759>

<sup>i</sup> Hillage, J., & Pollard, E. (1998). *Employability: developing a framework for policy analysis*. London: DfEE.

<sup>ii</sup> Clarke, M. and Stewart, J. (1997). *Handling the wicked issues: A challenge for government in INLOGOV Discussion Paper*, University of Birmingham, UK.

<sup>iii</sup> Cameron, R., Dhakal, S. P. and Burgess, J. (Eds. 2018). *Transitions from Education to Work: Workforce ready challenges in the Asia Pacific*. Routledge, UK.

<sup>iv</sup> World Bank (2017). *World Bank country and lending groups country classification*. Available at: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

<sup>v</sup> ILO/ADB (2014). *ASEAN community 2015: Managing integration for better jobs and shared prosperity*, Bangkok, International Labour Organization and Asian Development Bank.

<sup>vi</sup> Dhakal, S. P., Burgess, J., and Cameron, R. (2018). *A Comparative Perspective on Work-Readiness Challenges in the Asia Pacific Region*. In Cameron et al. (Eds) *Transitions from Education to Work: Workforce ready challenges in the Asia Pacific* (Chap 12). Routledge, UK.

<sup>vii</sup> Dhakal, S. P. (2018). *The State of Higher Education and Vocational Education and Training Sectors in Nepal: Implications for Graduate Work-Readiness and Sustainable Development*. In Cameron et al. (Eds) *Transitions from Education to Work: Workforce ready challenges in the Asia Pacific* (Chap 10). Routledge, UK

<sup>viii</sup> Waring, P., Vas, C., and Bali, A. S. (2018). *Work Readiness in Singapore*. In Cameron et al. (Eds) *Transitions from Education to Work: Workforce ready challenges in the Asia Pacific* (Chap 7). Routledge, UK.

<sup>ix</sup> Priyono, S. and Nankervis, A. (2018). *The Perfect Storm": Constraints on Indonesian Economic Growth Posed by Graduate Work- readiness Challenges*. In Cameron et al. (Eds) *Transitions from Education to Work: Workforce ready challenges in the Asia Pacific* (Chap 6). Routledge, UK.

<sup>x</sup> Prikshat, V., Kumar, S. and Raje, P. (2018). *Antecedents, Consequences, and Strategic Responses to Graduate Work-Readiness: Challenges in India*. In Cameron et al. (Eds) *Transitions from Education to Work: Workforce ready challenges in the Asia Pacific* (Chap 8). Routledge, UK.

<sup>xi</sup> Montague, A., Connell, J., and Mumme, B. (2018). *Graduate Employability in Australia: Time for a VET and HE Overhaul?* In Cameron et al. (Eds) *Transitions from Education to Work:*

*Workforce ready challenges in the Asia Pacific* (Chap 9). Routledge, UK. <sup>xii</sup> Chang, M.W.S. and Conell, J. (2018). *Labour Market and Work Readiness Challenges: The Case of Taiwan?* In Cameron et al. (Eds) *Transitions from Education to Work: Workforce ready challenges in the Asia Pacific* (Chap 3). Routledge, UK.

<sup>xiii</sup> Burgess, J., Cameron, C., Dhakal, S. and Brown, K. (2018). *Applicant Work-Readiness and Graduate Employability Challenges in the Asia Pacific*. In Cameron et al. (Eds) *Transitions from Education to Work: Workforce ready challenges in the Asia Pacific* (Chap 1). Routledge, UK.