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ILO Asia-Pacific Working Paper Series

Survey of ASEAN employers on skills and competitiveness

Emerging Markets Consulting

May 2014



Regional Office for Asia and the Pacific and
Bureau for Employers' Activities

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Preface

The integration of the ASEAN Economic Community (AEC), scheduled for 2015, raises many questions about potential challenges and impacts faced by enterprises operating in this geographic territory. This survey report aims to capture perceptions of Association of Southeast Asian Nations (ASEAN) employers with respect to the perceived challenges and concerns of enterprises across the regional labour market, and to assess the human resource needs of businesses as well as their awareness of and preparedness for AEC 2015.

The International Labour Organization (ILO) Regional Economic and Social Analysis (RESA) Unit of the Regional Office for Asia and the Pacific commissioned Emerging Markets Consulting (EMC) to conduct this multi-country assessment to better comprehend employer attitudes, to gain insights into current sentiments in the market, to share knowledge and, potentially, to assist in future policy development efforts.

The survey serves as a contribution to the ILO Bureau for Employers' Activities (ACT/EMP) working paper on *The road to the ASEAN Economic Community 2015: The challenges and opportunities for enterprises and their representative organizations* (2014). The results of these survey responses are intended to be used as an instrument to inform regional policy dialogue.

This working paper, prepared by RESA and the employers' specialists of the Decent Work Technical Support Team for South East Asia and the Pacific, is part of the ILO Asia-Pacific Working Paper Series, which is intended to enhance the body of knowledge, stimulate discussion and encourage knowledge sharing and further research for the promotion of decent work in Asia and the Pacific.

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Director, Bureau for Employers' Activities

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- Cambodia Federation of Employers and Business Associations (CAMFEBA)
- Employers' Association of Indonesia (APNIDO)
- Lao People's Democratic Republic National Chamber of Commerce and Industry (LNCCI)
- Malaysia Employers' Federation (MEF)
- Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)
- Employers' Confederation of the Philippines (ECOP)
- Singapore National Employers' Federation (SNEF)
- Employers' Confederation of Thailand (ECOT)
- Viet Nam Chamber of Commerce and Industry (VCCI)

Additionally, we would like to thank Jae-Hee Chang, Employers' Specialist, and Gary Rynhart, Senior Employers' Specialist, for preparing the survey report. Thanks are also due to Hans Bakker for his support, as well to RESA colleagues Sukti Dasgupta, Phu Huynh, and Malte Luebker for their technical input. All these contributions are gratefully acknowledged.

Abstract

The *Survey of ASEAN employers on skills and competitiveness* has collected insights from business leaders regarding current labour force trends and anticipated effects associated with the 2015 integration of the ten ASEAN countries. The primary areas assessed by the Survey include regional integration effects on human resources, labour mobility, commercial enterprise development, and competitiveness.

This survey shows that, on the whole, employers in the region tend to remain uneducated about the potential opportunities and challenges presented by ASEAN integration. Uncertainty prevails regarding the universal impact stemming from the ASEAN Economic Community 2015 undertaking. Nonetheless, employers express optimism, and agree that increased workforce mobility, lower trade barriers and liberalized investment flows will prove positive for their businesses. Most employers believe that regional integration will boost their competitiveness, particularly if coupled with investments in training and educational programmes. Encouragingly, employers report that, rather than apply cost-cutting measures to enhance productivity, they are more likely to invest in programmes to build capacity around management and leadership skills.

About the authors

Emerging Markets Consulting (EMC) provides business consulting and advisory services for the development and private sector in ASEAN, with offices in Cambodia, Lao People's Democratic Republic, and Myanmar. The ILO commissioned EMC to conduct the survey, conduct the analysis, and prepare the survey report.

The responsibility for opinions expressed in articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them, or of any products, processes or geographical designations mentioned.

Acronyms

AANZFTA	ASEAN-Australia-New Zealand Free Trade Area
ACIA	ASEAN Comprehensive Investment Agreement
AEC	ASEAN Economic Community
AFAS	ASEAN Framework Agreement on Services
AHTN	ASEAN Harmonised Tariff Nomenclature
APACC	Asia Pacific Accreditation and Certification Commission
AQRF	ASEAN Qualifications Reference Framework
ASEAN	Association of Southeast Asian Nations
ASW	ASEAN Single Window
CEP	comprehensive economic partnership
CLMV	Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam
CPSC	Colombo Plan Staff College
EMC	Emerging Markets Consulting
EO	national business and employers' organization
FDI	foreign direct investment
FTA	free trade agreement
GDP	gross domestic product
IAI	Initiative for ASEAN Integration
ILO	International Labour Organization
IOE	International Organisation of Employers
IPR	intellectual property rights
KILM	Key Indicators of the Labour Market
LABORSTA	International Labour Office Database
LNCCI	Lao People's Democratic Republic National Chamber of Commerce and Industry
MNE	multinational enterprise
MRA	mutual recognition arrangement
RESA	Regional Economic and Social Analysis
SME	small and medium-sized enterprise
SOE	state-owned enterprise

1. Introduction

In 2003, commercial leaders from the Association of Southeast Asian Nations (ASEAN) united in their commitment to establishing an ASEAN community, with an overarching goal of promoting regional integration with the global economy.

In 2007, the leaders reaffirmed this commitment, and agreed on an ASEAN Economic Community (AEC) master plan with a target date of 2015. This AEC framework set guidelines to enhance regional cooperation and catalyse social and economic development. This consensus was inspired by a vision of transforming ASEAN into a region with free movement of skilled labour, services, goods, investment, and (to some extent) capital.

With expectations high and deadlines approaching, the ILO commissioned the *Survey of ASEAN employers on skills and competitiveness* with the aim of determining how enterprises and their organizations perceived the coming challenges and opportunities across the regional labour market, and to assess the human resource needs of businesses as well as their awareness and preparedness for regional integration. Considering the diverse markets within the ASEAN community, sentiments regarding the coming integration varied, and the *Survey* also sought to gauge to what extent and how the commercial sector understood the potential impacts of the AEC in 2015.

“I agree with the importance of this questionnaire to provide opportunities for members of chambers of commerce and industry to exchange dialogue as industry prepares for ASEAN economic integration (AEC) 2015.”

Respondent from Lao People’s Democratic Republic

The *Survey* collected insights from business leaders regarding current labour-force trends and anticipated effects of integration of the ten ASEAN nations. The primary focuses for assessment were the following: (i) quality of the labour force; (ii) human resource development and training; (iii) concerns about competitiveness; and (iv) productivity issues related to ASEAN integration. More specifically, questions were designed to serve these goals: (i) reveal emerging issues and trends in the regional labour market; (ii) assess how much the business community knew about the AEC; (iii) project post-integration opportunities and challenges for the domestic and regional labour markets; (iv) determine perceptions among business people of workforce quality and issues related to capacity building; and, ultimately, (v) identify new interventions the public and private sector should consider investing in, if they are to maximize opportunities to transform the labour market.

The survey results should also prove useful inputs to regional policy dialogues.

1.1 The survey population

This survey included 240 professionals from enterprises and business associations spanning all ten ASEAN countries. Most of the respondents were from Cambodia, Indonesia, Lao People’s Democratic Republic, Malaysia, Myanmar, the Philippines, and Singapore. Three-quarters of those surveyed worked in manufacturing, finance, insurance, technology, communications, mining, agriculture, and service activities. More than 80 per cent of these employers represented either privately owned domestic enterprises or wholly owned foreign

“To prepare for AEC we must try to develop more skills for our employees including ASEAN language capacities, cross-cultural work sensitivities and management skills.”

Respondent from Thailand

enterprises. Most participants worked for mature establishments with an average operational age of 22 years. Most organizations surveyed were fairly large, with 41 per cent employing over 300 workers and 32 per cent engaging between 50 and 300 employees.

1.2 Overall 2013 employer survey highlights

Collectively, these enterprises appeared uneducated about the potential gains and drawbacks of ASEAN integration, and uncertainty prevailed regarding what to expect, after 2015, from the overall impact of the AEC. Nonetheless, enterprises expressed optimism, agreeing that their businesses would benefit from the ensuing increase in workforce mobility, lesser trade barriers, and liberalized investment flows. Most of these enterprises believed that regional integration would boost their competitiveness, particularly when coupled with investments in training and educational programmes. Another encouraging outcome was that most respondents said that, rather than apply cost-cutting measures to enhance productivity, they were instead likely to invest in programmes to build capacity around management and leadership.

Respondents observed that workers with only a high-school degree were falling short of expectations, and public education was failing to prepare students for the workplace. This scepticism was not reflected in the skills level of workers with university and private school diplomas, though a general view prevailed that overall measures to prepare students for the workforce across ASEAN need to be improved and modernized.

“ASEAN integration lies just around the corner. The fast-approaching deadline of AEC 2015 means that businesses in the ten ASEAN countries and those representing them need to prepare themselves for the free flow of goods and services, as well as for the unavoidable movement of labour and the challenges facing labour market integration. Labour markets are being transformed across the region as many countries, driven by strong growth over the last decade, ascend the economic value chain. Yet there are significant threats to the seemingly ‘inevitable’ ASEAN future. In rising to these various challenges and opportunities, the performance of the business community is critical. Businesses and those that represent them are key stakeholders in the ASEAN integration process, and it is imperative they understand the directions of change in workplaces and employment patterns around the region.”

International Labour Organization

1.3 The 2013 employer survey: Key findings¹

1.3.1 ASEAN integration

- Uncertainty prevails regarding the impact of AEC integration in 2015. Fewer than half the respondents (46 per cent) understand the potential effects of AEC on their businesses. The remainder do not understand, or else express uncertainty about, what the effect of ASEAN integration will be.
- Most respondents feel that reduced barriers to trade in goods and services, together with freer flow of investment and capital, will likely have the most positive impacts on their enterprises. Reduced trade barriers are expected to have the greatest potential impact on ASEAN companies, since it is assumed that this factor will decrease the cost of imported goods. Nearly 70 per cent feel this will have a positive impact on their business. As a potential result of integration, nearly

¹ ILO: *Survey of ASEAN employers on skills and competitiveness* (2013).

65 per cent feel that freer investment flow will have a positive impact, although 30 per cent are uncertain what impact, if any, this will have.

- Respondents agree that greater mobility of the pool of high-skilled workers will have a greater impact on enterprises than will other labour pools. Most respondents feel that the mobility of low-skilled workers will have the least impact.
- Nearly half (47 per cent) feel that, after integration, their company will have to offer higher wages to retain skilled workers.

1.3.2 Competitiveness

- Again, nearly half (44 per cent) of respondents believe their enterprise will be more competitive due to AEC integration. Only 16 per cent of respondents feel AEC integration will not enhance competitiveness. The other 41 per cent of respondents are uncertain whether competitiveness will be enhanced or diminished by AEC integration.
- Employers say they are most likely to invest in better skills training for workers as a means to becoming more competitive, followed by investments in innovation and paying higher wages.
- The least popular measures to enhance competitiveness are reducing wages followed by reducing production costs.
- If there were a 10 per cent increase in minimum wages, 92 per cent of respondents indicated that they would be likely to invest in skills training for their employees, and 91 per cent would be likely to improve efficiency by reorganizing work-flow and production processes.

1.3.3 Skills and training

- A large proportion of enterprises (80 per cent) consider it important to invest in human resource development.
- Fully 90 per cent of respondents feel that investment in training is an important way to address performance gaps, promote continuous development of the workforce, and improve productivity.
- The leading factor in enterprises choosing not to invest in training is lack of time (22 per cent), followed by such constraints as high employee turnover and lack of worker motivation.
- Management and leadership preparation is reportedly the most widely needed type of training (29 per cent of responses), followed by vocational training (17 per cent), and customer service (15 per cent).
- Encouragingly, 84 per cent indicate that the quality of private education and training providers is average or above. But 35 per cent of respondents feel the quality of public education is poor.
- Over half the respondents feel vocational education and training are adequate in their countries.
- Most companies do not feel that high-school graduates add value to their workplace, and most believe that university graduates are much more capable of meeting their needs.
- Only 32 per cent agree that high-school graduates have adequate skills to work in their institution.
- About half (53 per cent) agree that university graduates are well equipped with skills to work in their company.

2. Project background

The ILO administers an array of projects in Asia Pacific that aim to reduce poverty and achieve inclusive and sustainable development. The ILO's flagship endeavour, the Decent Work Agenda, takes a programmatic approach to realizing the goals of productive employment and decent work for all. The regional office, in Bangkok, supports work in 34 member countries and operates or liaises with project offices in 17 countries regionally.

In 2007, the ILO and the Secretariat of ASEAN signed a Cooperation Agreement to reinforce and more clearly define their collaboration. That pact represented a strategic step for both organizations in identifying and addressing employment matters in the ASEAN region. It also demonstrated the commitment of both entities to properly evaluating the issues related to regional integration, while facilitating the public and private sectors on the path towards fair globalization.

Given impending integration, the ILO saw potential benefit to ASEAN nations in the assessment of regional labour conditions and concerns from a specifically commercial perspective. To better understand the diverse labour issues that ASEAN businesses will face, the ILO compiled first-hand feedback from enterprises across the region, seeking their views on human resources and ASEAN integration. In large part this involved a survey of the business community across all ten ASEAN nations, one that provided insights and evidence that might ground policy recommendations for both the public and private sectors.

Table 1. Project overview

Background	
The ILO commissioned a multi-country survey to assess employer perceptions regarding the current state of the workforce and anticipated effects on human resources from the impending ASEAN integration.	
Method	Objectives
<ul style="list-style-type: none"> ▪ The survey conducted 240 interviews with employers. ▪ Respondents were surveyed across ten countries in close coordination with ILO counterparts regionally. ▪ The survey also conducted 5 expert interviews. 	<ul style="list-style-type: none"> ▪ Solicit insights from enterprises in ASEAN with regard to skilled labour, human resource development, and competitiveness issues related to regional integration. ▪ Establish a baseline for the ILO in terms of employer perceptions. ▪ Determine current attitudes among employers and anticipate trends. ▪ Provide inputs for a potential risk identification and mitigation programme to guide future ILO work and inform regional policy dialogue.

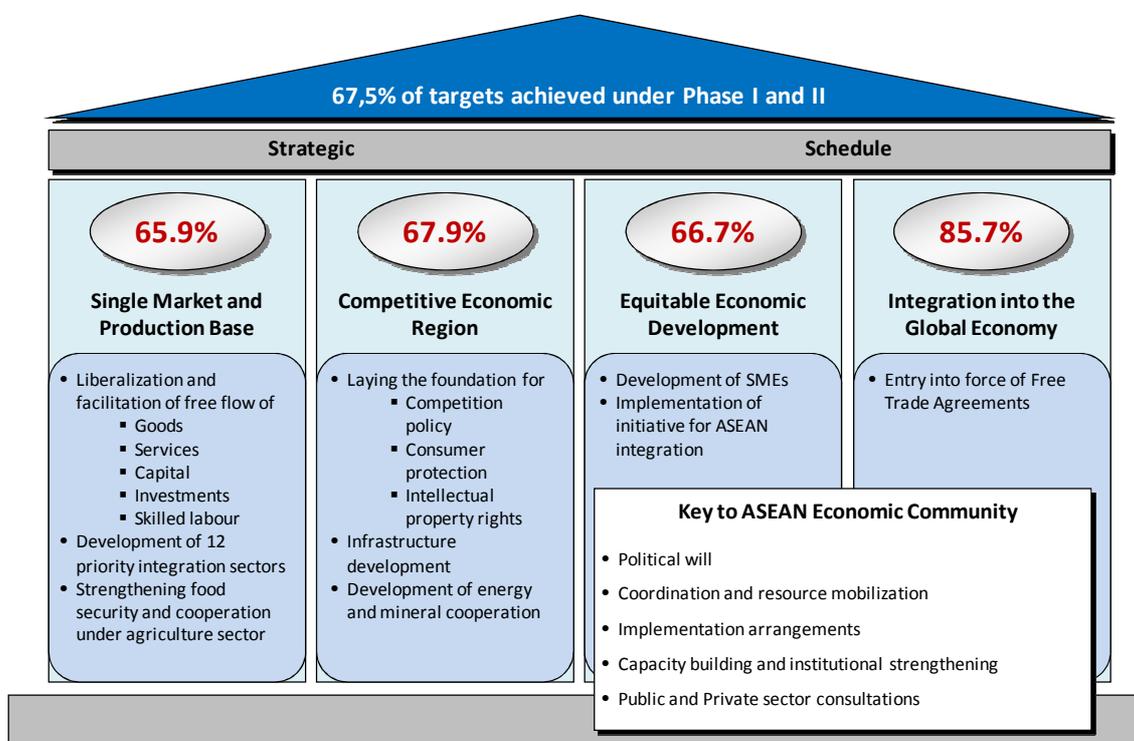
Following a competitive bidding process, the ILO commissioned Emerging Markets Consulting (EMC) to conduct a survey of ASEAN region employers, as well as an assessment report primarily related to business perspectives on the labour market and expected impacts of ASEAN integration as 2015 approaches. This commission included the development and dissemination of a survey tool to gather feedback from employers with regard to the workforce, human resource training, competitiveness, and productivity concerns related to AEC 2015.

2.1 AEC integration framework

Signed by the ASEAN Leaders at the 13th ASEAN Summit on 20 November 2007, the ASEAN Economic Community (AEC) Blueprint lays a foundation for realizing the goal of ASEAN as an integrated economic region by 2015. According to the 2013 ASEAN Economic Community Scorecard, the AEC is characterized by four pillars: (i) a single market and production base; (ii) a highly competitive economic region; (iii) a region of equitable economic development; and (iv) a region fully integrated with the global economy.

A scorecard mechanism has been used to monitor progress since 2008, and Figure 1, below, presents the official implementation of Phase II up until December 2011.

Figure 1. AEC implementation scorecard



Source: CIMB ASEAN Research Institute: *The ASEAN Economic Community (AEC): An alternative scorecard approach. The real status of implementation, challenges and bottlenecks* (2013).

2.1.1 AEC Pillar I: Single market and production base

The goods trade facilitation framework, adopted to address such issues as customs procedures, has established the ASEAN Single Window (ASW) programme, enhancing preferential tariff certification procedures and harmonizing standards and conformance procedures. The AEC aims to provide easier customs procedures through the ASEAN Harmonized Tariff Nomenclature (AHTN) system, categorizing all goods for customs purposes. The ASW is meant to establish national single windows for customs proceedings to reduce transaction costs and shipment times. ASW has fallen behind its 2008 deadline, and countries are now aiming at a 2015 implementation deadline. A series of technical arrangements, the Mutual Recognition Arrangements (MRAs), have been under development since 1992, and constitute a series of regional product standards to eliminate duplicative product testing and

compliance inspections. So far, MRAs have been established in electronics, cosmetics, and pharmaceutical sectors.

The services trade liberalization process is based on the ASEAN Framework Agreement on Services (AFAS), which requires countries to undertake sector-by-sector biennial rounds of negotiations on service liberalizations. The original deadline was 2014, but difficulties in reaching agreements pushed towards the adoption of the ASEAN Minus X approach, whereby two or more countries can negotiate trade liberalization for specific sectors, and other member countries are allowed to join later.

Investment liberalization, facilitation, promotion and protection is based on the 1998 AIA agreement on foreign direct investment (FDI) inflows, which grants national treatment to ASEAN investors by 2010 for ASEAN+6 countries,² to 2015 for Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam (CLMV), and to non-ASEAN investors by 2020. The ASEAN Comprehensive Investment Agreement (ACIA) of 2009 delayed the process for some of the countries, and better specified the terms for investment liberalization, facilitation, and protection.

Free flow of skilled labour is considered one of the key future drivers of knowledge transfer and competition. Education and income levels still vary greatly within the region, and many ASEAN countries have to rely on foreign talent. The original deadline for the facilitation of visa procedures, employment passes and for major professional services was supposed to be finalized by 2012. However, most ASEAN countries still make a policy of protecting domestic professions, for example maintaining bureaucratic work permit processes, numerical caps on foreign professionals, and legal provisions that reserve jobs for nationals. So far, cross-regional MRAs have been approved in accountancy, architecture, engineering, surveying, medicine, dentistry, and nursing; it is expected more will be approved by 2015.

ASEAN countries are also working on developing an MRA on Tourism Professionals (MRA-TP),³ aiming to facilitate the mobility of tourism professionals while improving the quality of tourism services in the region. The MRA would provide a framework of equivalence for certification procedures and qualifications. The idea is to develop 32 different job titles under the tourism professional umbrella, ranging from front-office duties to food production and hotel management, and certifications would be based on five levels (three levels of certificate and two diploma levels).

2.1.2 AEC Pillar II: AEC as a competitive economic region

Policies favouring competition include the formation of an ASEAN Experts' Group on Competition, ASEAN Regional Guidelines on Competition Policy, and a *Handbook on competition policy and laws in ASEAN for business*.⁴ The guidelines provide a reference for country experiences and good at the international level, while the handbook provides basic notions of substantive and procedural competition law applicable in ASEAN countries.

The development of a **framework of protection for intellectual property rights (IPRs)** is crucial to all ASEAN countries. While more developed economies such as Singapore are interested in protecting their biomedical and high-tech sectors, other countries are interested in protecting their traditional and indigenous cultures, medicines, and plants. This issue is relatively uncontroversial, and the main conflicts arise from relationships with multinational corporations (MNCs) regarding international branding and patenting.

Infrastructure development is a fundamental and strategic issue for integration. The Brunei Action Plan, adopted in 2010, contains strategic goals for 2015 related to transportation, but countries still

² ASEAN plus China, India, Japan, the Republic of Korea, Australia, and New Zealand.

³ David Lythe, "Preparing for the mobility of skilled and professional workers through the ASEAN Economic Community" (2013), forthcoming.

⁴ ASEAN Secretariat (Jakarta, 2010).

have not ratified all the transportation requirements contained in the ASEAN Framework Agreement on Multilateral Transport, the ASEAN Framework Agreement on Inter-State Transport, the ASEAN Multilateral Agreement on Full Liberalization of Passenger Air Services, the ASEAN Single Shipping Market, and the ASEAN Interconnection Projects.

2.1.3 AEC Pillar III: Equitable economic development

This pillar includes two measures: the development of SMEs, and the Initiative for ASEAN Integration.

The **development of SMEs** aims to mitigate the market dominance of foreign MNCs and large state-owned enterprises (SOEs) and to foster local entrepreneurs, innovation, and job creation. The ASEAN SME Advisory Board was created to launch policies to address SME challenges such as access to finance and technology. The board provides input and guidance to Governments to support their internal private-sector development.

The **Initiative for ASEAN Integration (IAI)** is a platform that aims to provide technical assistance and capacity building to CLMV. Its scope includes issues related to human resource development, information and communication technology, tourism, poverty, and quality of life.

2.1.4 AEC Pillar IV: Integration into the global economy

The AEC aims to balance its “ASEAN centrality” with the potential of its external economic relations. This strategy will be based on policies that include free-trade agreements (FTAs) and comprehensive economic partnerships (CEPs). In addition, it will centre around initiatives such as enhancing the region’s participation in global supply networks by adopting international good practices and standards, as well as by providing technical assistance to less-developed country members in upgrading their industrial capabilities.

2.2 Education systems in ASEAN

To promote human resource development, ASEAN countries have launched the Education Objective,⁵ which aims to: (i) achieve universal access to primary education; (ii) develop education networks at various levels within institutions; and (iii) establish research clusters to improve the quality of education throughout the region. ASEAN countries present very diverse levels of educational standard, institutional development, and education policy. Singapore, for example, presents a fully internationalized hub of higher education, while Cambodia’s system of higher education is only 30 years old.

Accreditation mechanisms are vital in establishing the basis for a regional labour mobility market. The Asia Pacific Accreditation and Certification Commission (APACC), one such mechanism, has begun harmonizing education and training systems, aiming to certify institutions to common shared standards of quality. Promoting the use of the English language is another key issue within the AEC. Language barriers within member countries, and the increasing internationalization of the job market even within each country, make English-language fluency ever more necessary.

⁵ M. M. Yaakub: *Challenges in education toward the realization of ASEAN Community 2015*, special lecture at a Colombo Plan Staff College (CPSC) workshop (2012) See <http://www.site.rmutt.ac.th/cpscworkshop/materials/sp.pdf> [Accessed 24 June 2014]

One controversial issue within the ASEAN educational framework is the relationship between public and private education providers. Not all countries are able, as is Brunei Darussalam, to provide free educational access from the age of five through to university. The growth of private-sector educational providers across the region presents an essential discussion topic in terms of educational quality standards as well as subsidy and financing policies. A project has been launched as part of the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)⁶ with two objectives:

- increase trade and education services by developing mutually comparable national qualification frameworks; and
- strengthen education and training offered in each country through policy frameworks.

Officials from AANZFTA and representatives from ministries of education, labour, manpower development, and others were assigned to a working group in 2012 to design the ASEAN Qualifications Reference Framework (AQRF). The Philippines chaired this group, with Indonesia serving as vice-chair. The project was organized according to three phases:

“To prepare for AEC we must try to develop more skills among employees, including ASEAN language skills, cross-cultural working skills, and management skills.”

Respondent from Thailand

“I am worried about language barriers.”

Respondent from Cambodia

- Determine the basic requirements for a regional reference framework, and complete a stocktaking of relevant developments in all ten ASEAN countries.
- Establish a task force to develop an agreed regional reference framework. ASEAN countries have all declared the importance of implementing this framework, but these statements need to be mirrored in local national quality-assurance frameworks of education standards.
- Provide support for countries in the framework implementation. Thailand was designated the pilot country, and capacity-building actions are being taken to expedite the development of the education systems in the CLMV countries.

⁶ David Lythe, “Preparing for the mobility of skilled and professional workers through the ASEAN Economic Community” (2013), forthcoming.

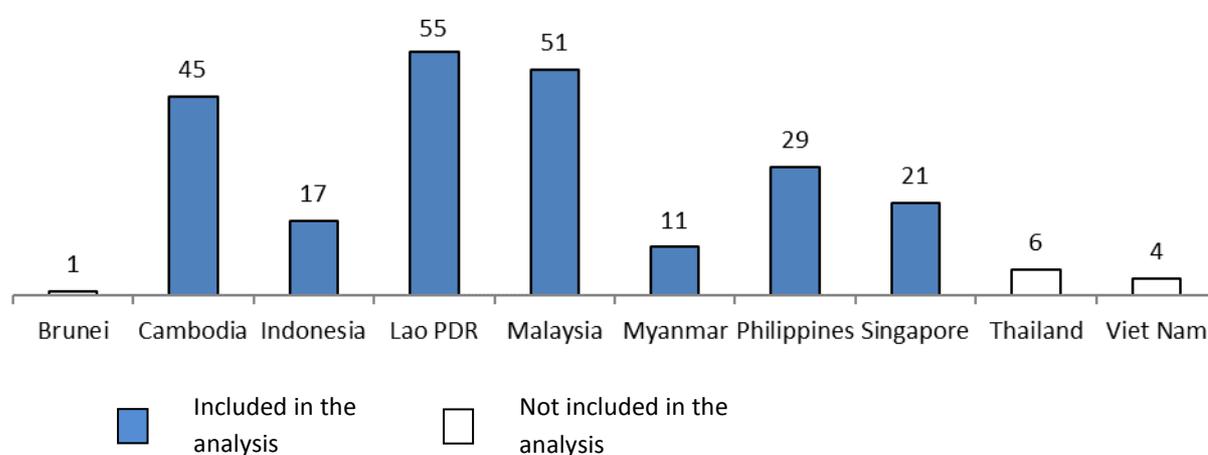
3. ASEAN employer survey

3.1 Sample

Number of respondents in each country.

Survey respondents numbered 240, and comprised employers residing primarily in Cambodia, Lao People’s Democratic Republic, Malaysia, the Philippines, Singapore, Indonesia, and Myanmar. The response rates for Brunei Darussalam, Thailand and Viet Nam were very low (1, 6, and 4, respectively) and therefore insignificant for assessment purposes, and they will be treated differently from the other neighbouring countries. The report, in presenting the overall regional findings, does not include responses from Brunei Darussalam, Thailand, and Viet Nam since their response rates were statistically insignificant.

Figure 2. Respondent numbers: Breakdown by country



This study engaged mainly privately owned companies, both domestic and foreign owned, operating in a wide array of different industries within the private sector in ASEAN countries. Companies surveyed across the region were mostly well established, with an average time in operation of about 22 years. Because of various factors, most respondents were medium to large companies. Companies were contacted via their affiliation to industry associations, chambers of commerce, LinkedIn business directories, and country-specific business networks. These types of establishments tend to be larger enterprises. In addition, those capable of responding to the survey needed time (in terms of manpower), availability of technology (either fax or Internet access) and command of the English language (in those countries for which the survey wasn’t translated into the local language).

The sample size was not large enough to provide a statistically significant representative picture. However, it does provide some insights into country trends and private enterprise perceptions that can be useful for policy and strategy formulations.

Respondents’ Industry of activity breakdown.

Most respondents were engaged in manufacturing (20 per cent), followed by services (17 per cent), finance and insurance (10 per cent), and information and communication (10 per cent).

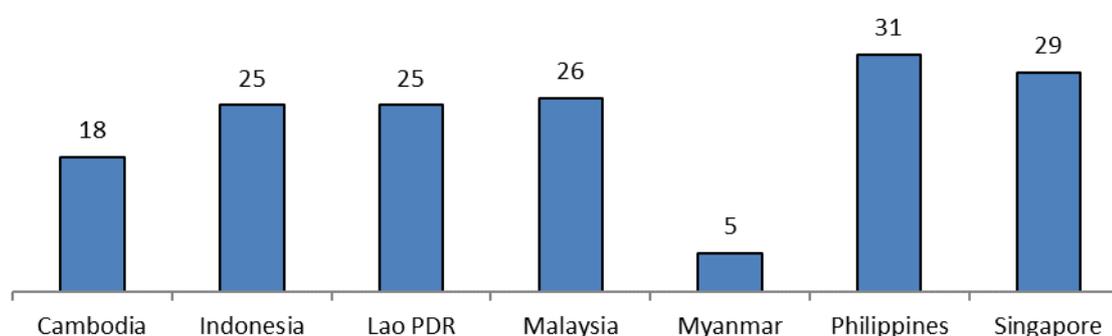
Table 2. Industry of activity

	% of respondents
Manufacturing (excluding garments, textiles, and wearing apparel)	20
Other service activities	17
Financial and insurance activities	10
Information and communication	10
Mining and quarrying	7
Agriculture, forestry, and fishing	5
Electricity, gas, steam, and air-conditioning supplies	5
Transportation and storage	4
Professional, scientific, and technical activities	4
Manufacturing of garments, textiles, and wearing apparel	3
Construction	6
Education	4
Wholesale and retail trade; repair of motor vehicles and motorcycles	3
Arts, entertainment, and recreation	1
Real-estate activities	1

Responding enterprises' company age.

Average company age across all respondents was about 22 years, but it varied across countries. Overall, respondents from Myanmar were from companies established more recently than those from other countries, while the Philippines and Singapore stood out as the most mature markets in terms of company longevity.

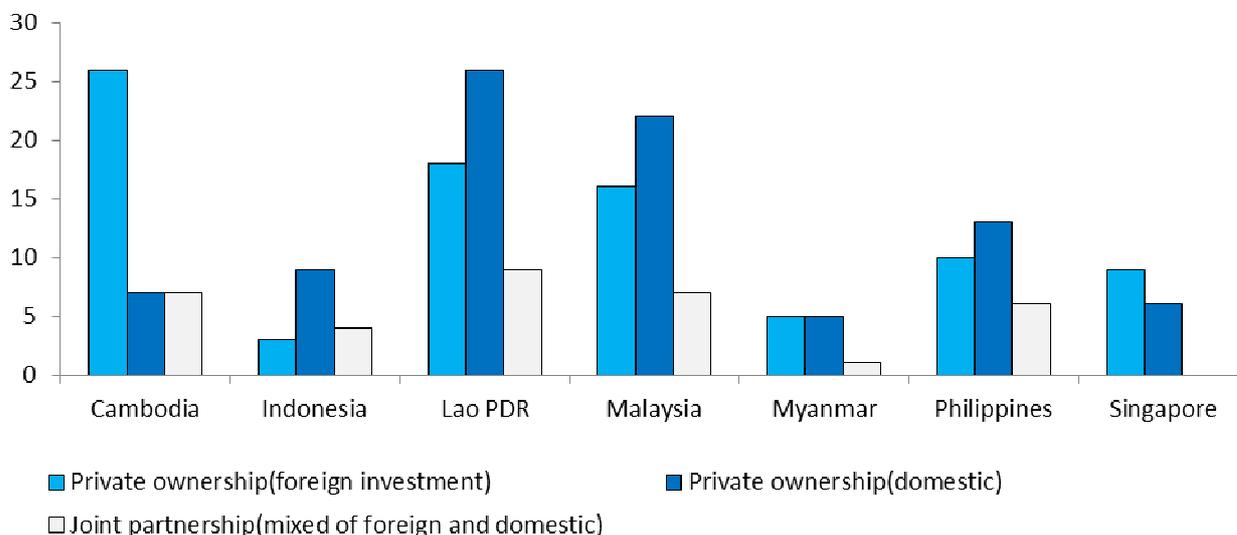
Figure 3. Average number of years of business activity



Responding enterprises' form of corporate ownership.

Privately owned domestic companies were the most common ownership structure. The survey returned a similar number of domestic and foreign owned (41 per cent, and 41 per cent, respectively), and to a lesser extent, joint partnerships between foreign and domestic investors (16 per cent).

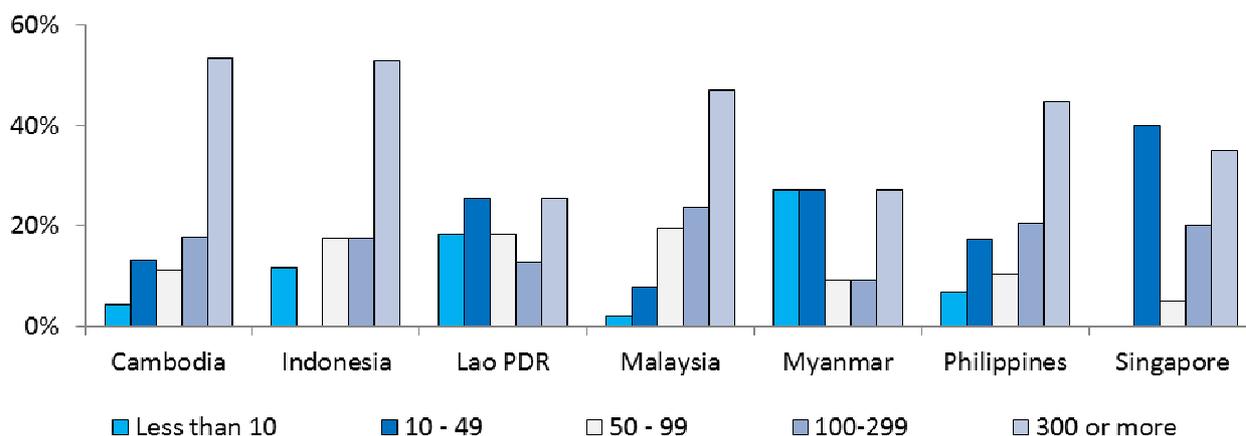
Figure 4. Form of company ownership



Responding enterprises' company staff size.

The survey covered mostly large organizations — those with more than 300 employees (41 per cent). Another 18 per cent of respondents represented enterprises of 100 to 299 employees, and 14 per cent were from enterprises of 50 to 99 employees; 18 per cent were from enterprises of 10–49 people; and the remaining 9 per cent were from small enterprises comprised of fewer than 10 people.

Figure 5. Company workforce size

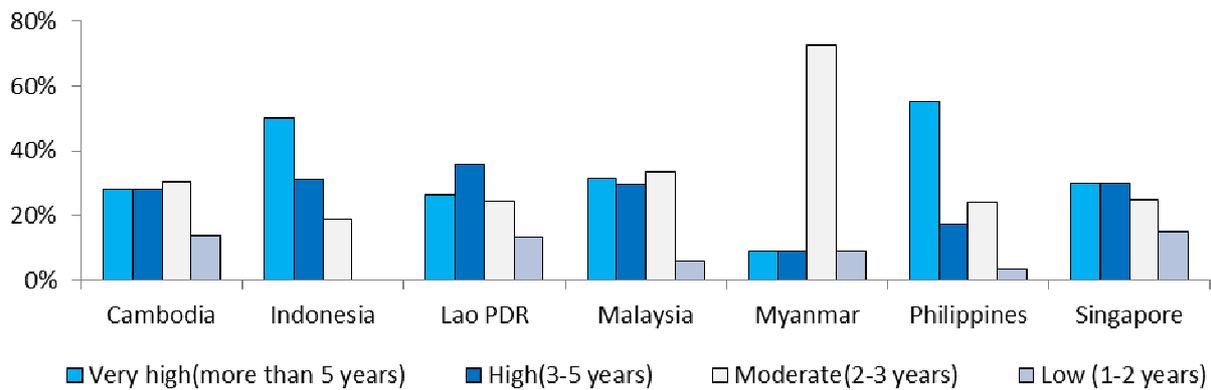


Responding enterprises' corporate retention levels

Respondents report high retention levels within their enterprises. Employers state that 61 per cent of their staff have remained in the enterprise for 3 years or more. More specifically, most are able to retain employees for more than 5 years (33 per cent) or between 3 and 5 years (28 per cent). Others

indicate that employees remained 2–3 years (30 per cent) or 1–2 years (9 per cent). Retention rates are highest for Indonesia (81 per cent of respondents indicating at least 3 years) followed by the Philippines at 72 per cent and Lao People’s Democratic Republic at 62 per cent, Singapore, with the largest percentage of respondents, indicated the lowest retention rate (1–2 years) with 15 per cent followed by Cambodia at 14 per cent. Participant commentary, especially from Cambodia, Lao People’s Democratic Republic, and Myanmar, reports high turnover among unskilled staff, who tend to move on to other jobs after 1–2 years. Respondents were uncertain as to the best means of retaining this class of worker. A Malaysian respondent suggested that salary is the main driver for staff retention.

Figure 6. Company employee retention



4. Key findings and analysis

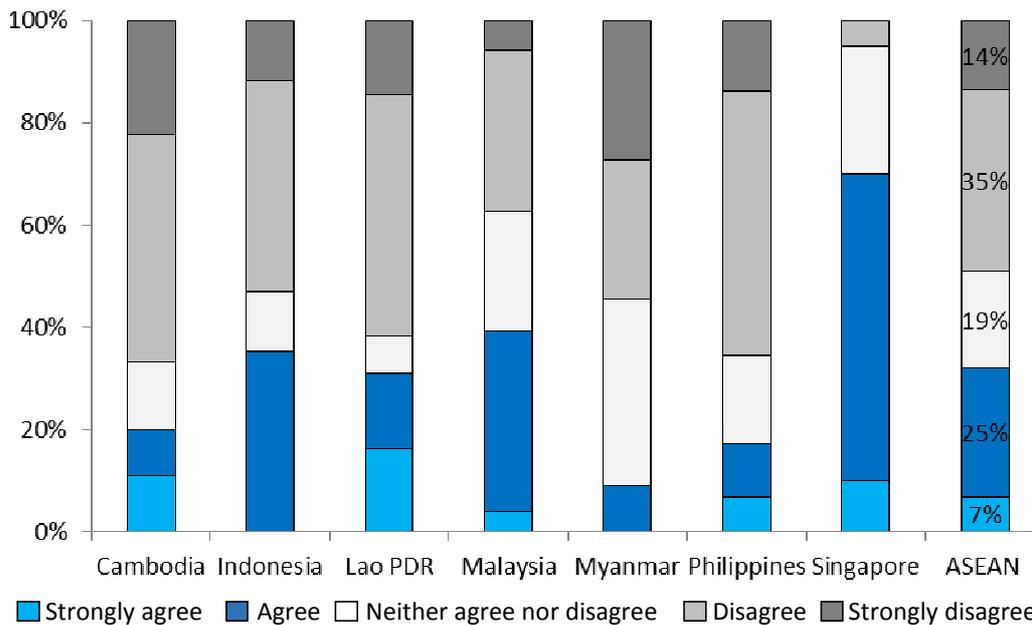
4.1 Skills and training

4.1.1 Secondary and higher education level

High-school graduates in my country have the skills to meet the needs of my enterprise.

Nearly 50 per cent of respondents across ASEAN disagree with this proposition (35 per cent disagree, 14 per cent strongly disagree). There seems to be consensus across countries with the exception of Singapore, where 60 per cent of respondents indicate that high-school graduates have the necessary skill set to work in their enterprises. Singapore represents an outlier, since local respondents indicate they are largely satisfied with the preparedness of high-school graduates.

Figure 7. Skills of high-school graduates match enterprise needs



“With the exception of Singapore, most ASEAN countries invest in education quality with a top-down approach, and have universities that are better than high schools, since wealthy people can afford private education.”

Private bank, chief representative officer, Viet Nam

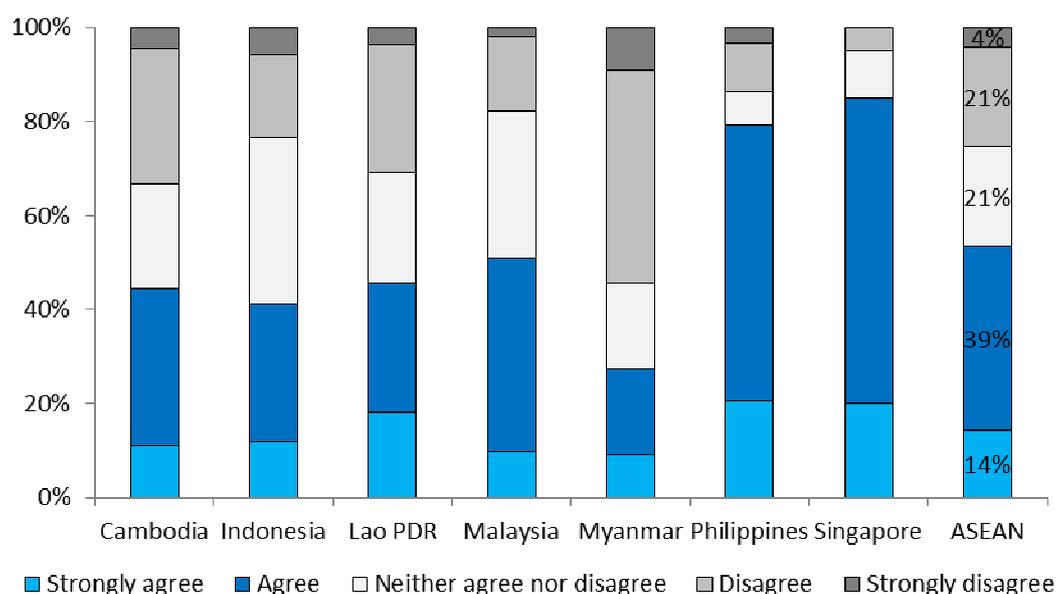
Table 3. Highlights of expert interviews regarding high-school education

	High-school quality	Potential actions
Multinational development bank, senior economist Lao PDR	There is a large mismatch between demand and supply.	The private sector should build stronger education-system linkages through focused high-school programmes.
Multinational human resources agency, market business leader Singapore	High-school graduates generally offer few skills that make them appealing to private-sector recruiters, and employers need to train them from scratch. Lack of language skills may be one of the biggest obstacles.	The private sector could offer internships during high school, or they could contribute with lectures and seminars. Companies willing to take such actions would help to build, and subsequently take advantage of, a talent pipeline (especially for ASEAN, where, given a general shortage of skills, you need to pay a premium for talent).
Private bank, chief representative officer Viet Nam	With the exception of Singapore, most ASEAN countries take a top-down approach to investing in education quality, and have universities that are better than high schools, since wealthy people can afford private education.	
Regional development bank, senior education specialist Philippines	At the technical level, the skills and quality of graduates still falls far short of enterprise needs. However, there is much demand for workers in areas such as tourism, furniture making, automotive manufacture, building construction, and power utilities. The issue is the lack of demand for such jobs from students, who are more interested in white-collar work.	Governments and private sectors should work together on three levels: (i) social marketing campaigns to publicize the need for skilled technical workers; (ii) training programmes for high-school students within private companies; and (iii) quality standard frameworks for training programmes.
Lao PDR Government–garments industry association executive, Lao PDR	The current high-school-based education system is designed mainly for general studies. High schools should teach more technical skills, thereby better preparing graduates for the employment market.	More mechanisms such as aptitude tests are needed to categorize students according to those who should continue their academic studies and those who should pursue vocational training. Schools ought to maintain closer links with enterprises and the jobs market. To familiarize students with a variety of work environments, e.g., schools could organize visits to factories, offices, hospitals, and other workplaces.

University graduates in my country have the skills to meet the needs of my enterprise.

More than 50 per cent of respondents across ASEAN agree (39 per cent agree, 14 per cent strongly agree) that university graduates are well equipped with skills to work in a company. By country, respondents in Myanmar are the most negative, with only 27 per cent agreeing or strongly agreeing with that proposition. At the other end of the spectrum, 79 per cent of respondents from Indonesia and 85 per cent of respondents from Singapore agree or strongly agree that university graduates bring value-added skills to the workplace.

Figure 8. Skills of university graduates match enterprise needs



“Even if respondents are more satisfied with university graduates, who have studied for longer than high-school graduates, I am still very sceptical about the level of quality of universities in the area.”
 Multinational human resources agency, business market leader, Singapore

Qualitative interviews with experts confirmed survey-respondent reports that the skills of university graduates prove more suitable to their enterprise needs. Aside from the obvious fact that university students have studied longer than high-school students, it was suggested that most ASEAN countries do not invest sufficiently in secondary education, and that a large mismatch is apparent between the needs of the private sector and the education provided to students. A representative of the banking sector in Viet Nam indicated that, with the exception of Singapore, most ASEAN countries apply a top-down approach to investing in education, favouring universities over investing in improved secondary education. Lack of regulation and standards is another issue. In Lao People’s Democratic Republic, for example, there still isn’t a strict framework for education and training providers, which creates confusion and diminishes the value of formal qualifications earned by students. A participant from Cambodia also remarked that less-developed countries in particular require, instead of the typical university curriculum model, more skills training focused on the workplace.

Table 4. Highlights of expert Interviews on college education

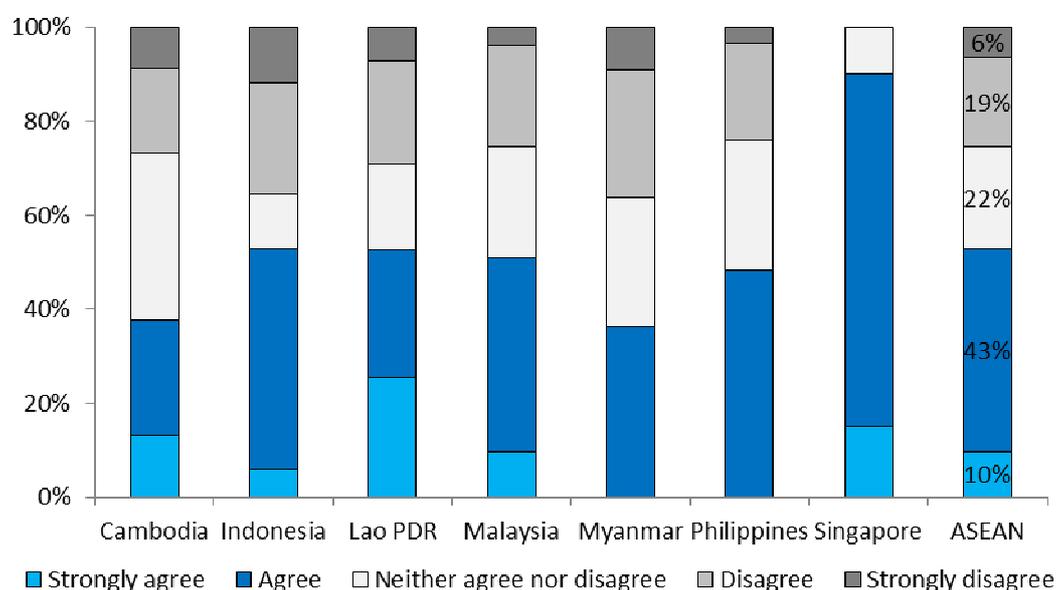
College-level education	
Multinational development bank, senior economist Lao PDR	There is a clear lack of regulation in terms of standards and requirements among education providers in the country. The educational subject that currently maintains the highest standards in Lao PDR is Accounting, since many companies are looking for foreign investors.
Multinational human resources agency, market business leader, Singapore	n.a.
Private bank, chief representative officer	Three years ago Viet Nam did not have an electronics industry, but now assembled phones and computers are the country’s biggest exports. Rapid changes in the industrial structure of such countries are creating

Viet Nam	demands for different skills sets. Governments have the resources to deal with the issue, but they do not communicate with industry associations, who may be best positioned to say what changes educational curricula most need. The private sector should bridge the gap with universities in the following ways:
Regional development bank, senior education specialist	- organize seminars/ workshops about CV needs, skills needs; - offer on-the-job training and apprenticeships;
Philippines	- set quality standards together with institutions; and - finance PhDs and research projects, and setting strategic goals together with education providers.
Lao PDR Government—garments industry association executive	I believe the most crucially needed experts in future will be the following: industrial and civil engineers, agro-business, medical doctors, IT specialists, banking and finance, mechanics, workers in the hospitality and restaurant business, business managers, and others.
Lao PDR	

The vocational education and training system in my country meets the needs of my enterprise.

More than 50 per cent of respondents across ASEAN agree (43 per cent) or strongly agree (10 per cent) that the quality of vocational education and training is sufficient to meet their needs. This is especially true for Singapore (75 per cent agree, 15 per cent strongly agree).

Figure 9. Vocational/educational training matches enterprise needs



“There is a large demand in areas like furniture-making, automotive manufacture, building construction, and power utilities. The issue is that there is no demand from students for these positions. Their family mindset pushes students to become white collar rather than exploiting the need for specialized blue-collar positions.”

Regional development bank, senior education specialist, the Philippines

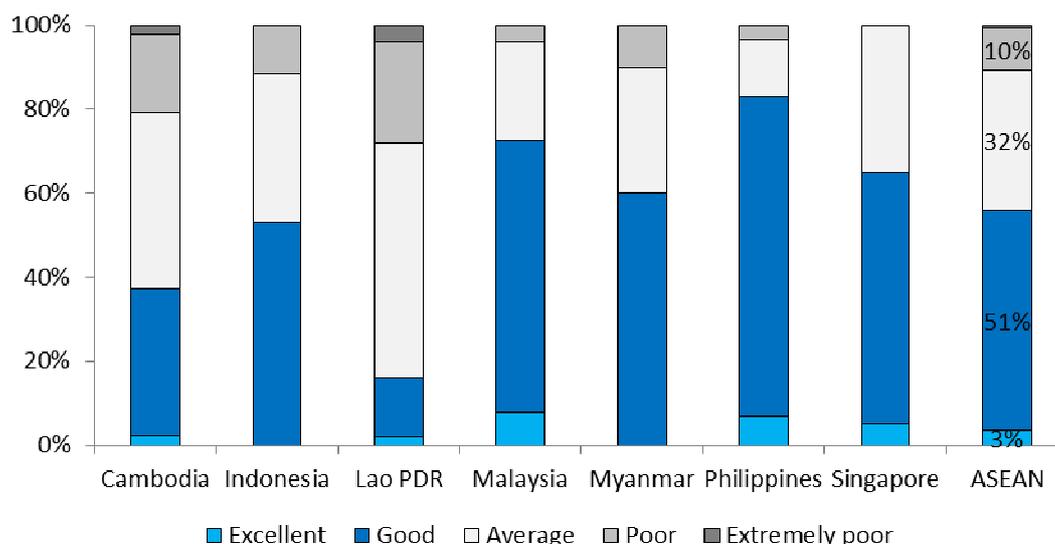
Survey respondents also remarked that professional and technical schools would be a welcome addition. Those from Lao People’s Democratic Republic and Cambodia both stated that training courses that matched local needs at a reasonable cost are much needed. They suggested that public officials set up regional workforce training centres that take account of cultural exchange and diverse working conditions and languages.

4.1.2 Private and public education

How would respondents rate the quality of private education providers in their country?

About half (51 per cent) of respondents describe the quality of private education providers in their country as good; 32 per cent indicate it is average; and 3 per cent rate it excellent. Only 11 per cent express a negative view (10 per cent poor, and 1 per cent extremely poor). Respondents from the Philippines lead the way with 83 per cent responding good or excellent, followed by Malaysia at 73 per cent and Singapore at 65 per cent. At the other end of the spectrum, Lao People’s Democratic Republic report the lowest positive response plus the highest neutral and negative responses of all the countries.

Figure 10. Quality of private education providers



“With very few exceptions, ASEAN governments are giving away too many incentives and subsidies to public institutions, making private ones less competitive and decreasing the overall level of education in their countries.”

Regional development bank, senior education specialist, the Philippines

Table 5. Highlights of expert interviews regarding public and private education providers

	Public	Private
Multinational development bank, senior economist	Countries such as Lao PDR apply a centralized approach to education, meaning they finance education only for professions they see an	The private sector is growing and filling the gap, especially for people who are unable to get into a university. However,

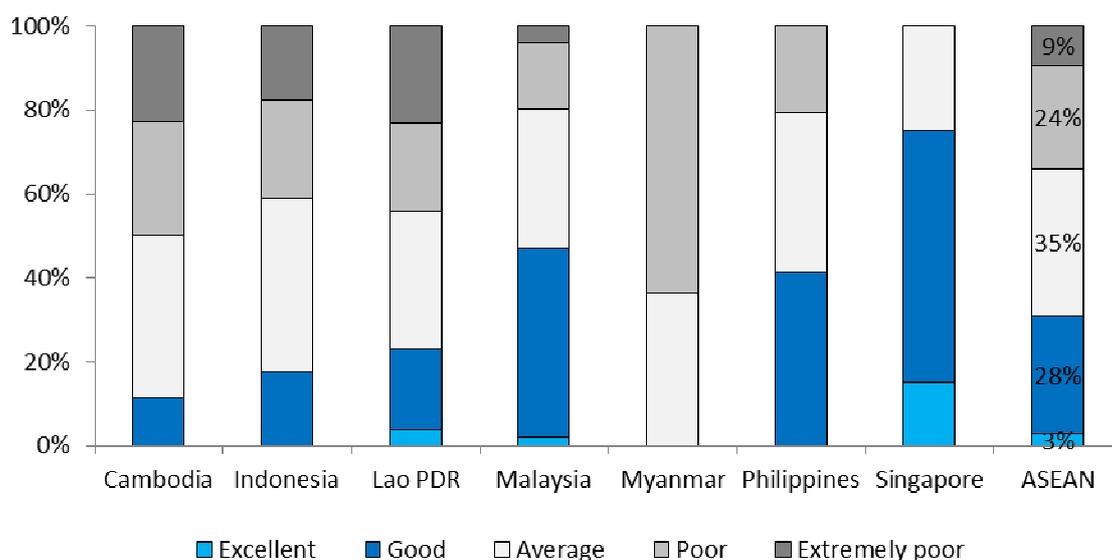
Lao PDR	immediate need for. This is inefficient and ineffective.	insufficient regulation of standards has allowed the growth of many shady private education providers. Applying too strict a regulatory framework, on the other hand, could kill the growth of the private education sector.
Multinational human resources agency, market business leader Singapore	Low salaries are the biggest natural constraint to the public education system. This leaves public institutions unable to attract real teaching talent. Measuring and tracking mechanisms should be created to evaluate students from primary school to university. Quality standards and career development guidelines should also be implemented.	n.a.
Private bank, chief representative officer Viet Nam	n.a.	The Vietnamese Government does not view foreign (mostly private) secondary schools favourably.
Regional development bank, senior education specialist Philippines	The fact that the public sector is generally better financed than the private one allows public schools to offer better infrastructure. With very few exceptions, ASEAN Governments are giving away proportionately too many incentives and subsidies to public institutions.	Private schools do offer a better service, mostly because they have better connections with the private sector and can shape students on the necessary enterprise skills (language, technical skills, group work, problem solving). Private schools should be financed sufficiently they can develop to the point they can compete with public institutions.
Lao PDR Government-garments industry association, executive Lao PDR	Public education is becoming poorer and poorer due to lack of new investment in infrastructure and incentives for the teachers. Many schools in the remote countryside still need a lot of improvement, both in infrastructure and quality of education.	Most private education offers a better environment and enjoys the trust of the parents. However, there is lack of funding. Government, especially the Ministry of Education, should improve the way they deal with private education. They should adopt a different attitude and view private education positively as their competitors.

How would respondents rate the quality of public education providers in their country?

Across ASEAN, only 31 per cent of respondents consider public education providers to be good or excellent. Respondents from Myanmar are the most negative (64 per cent poor or extremely poor).

Over 40 per cent of the respondents from Cambodia, Indonesia, and Lao People's Democratic Republic also feel the quality of public education is poor.

Figure 11. Quality of public education providers



Expert interviewees emphasized that the greatest constraint on quality public education is the lower level of salaries, which leaves these institutions unable to attract teaching talent. There is also inadequate regulation of standards and requirements for educational providers in the country. Moreover, private institutions are often teaching English more effectively than are public ones, which in ASEAN makes a great difference.

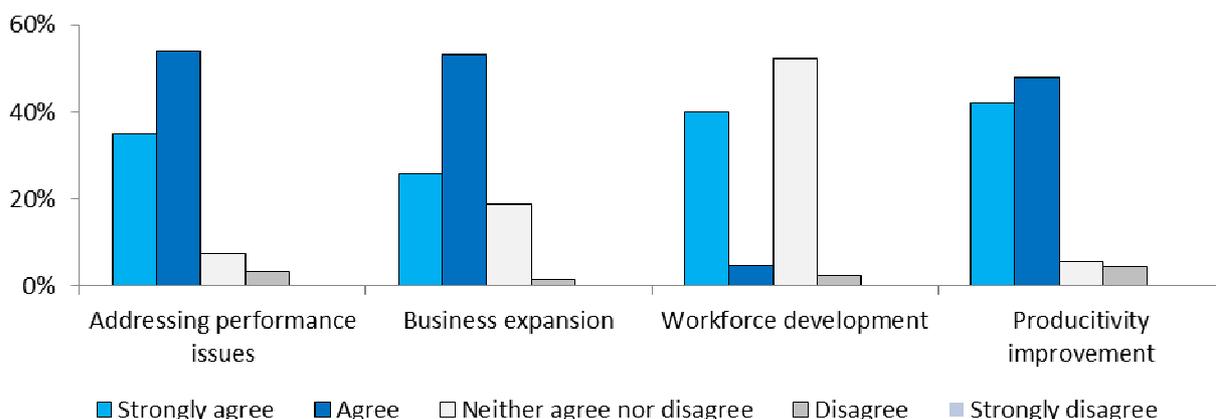
“The biggest natural constraint to the public education system is the salary level. This makes public institutions unable to attract real teaching talent.”
 Multinational human resources agency, business market leader, Singapore

4.1.3 Training: Demand, supply, and quality

Addressing performance gaps, business expansion, continuing development, and improving productivity are the most important reasons my enterprise should invest in training.

About 90 per cent of respondents strongly agree or agree that addressing performance issues and productivity improvement are important reasons for investing in training. Fewer respondents strongly agree or agree (44 per cent and 79 per cent, respectively) that workforce development or business expansion are important reasons to invest in training.

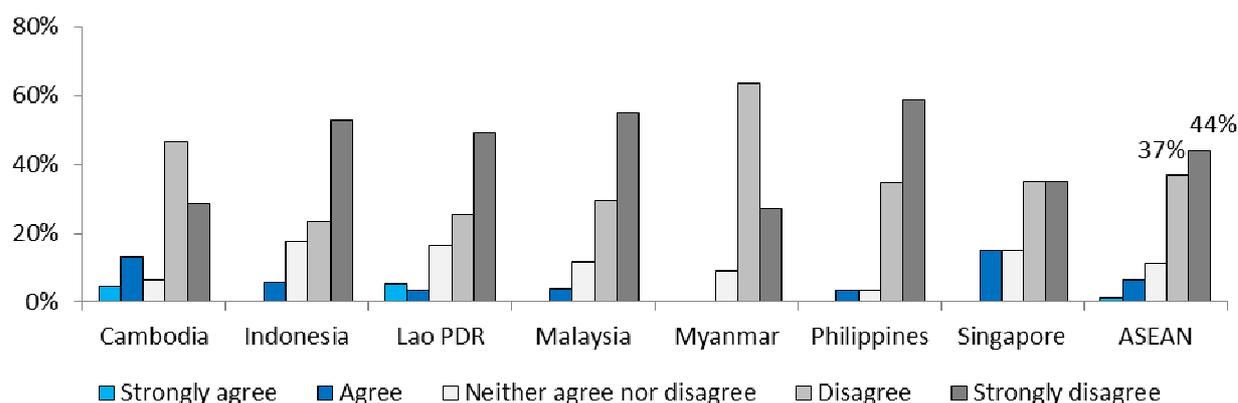
Figure 12. Respondent reasons for investment in training



My enterprise has no real need for investment in training.

More than 80 per cent of respondents overall believe their enterprise needs to invest in training. Among the Singaporeans, however, 15 per cent believe they do not need to invest in training, signifying perhaps they feel they are already investing enough, or that the country's education and training system is already preparing the workforce effectively.

Figure 13. Respondents indicating if their enterprise has no real need to invest in training



What type of training does your enterprise need most?

When asked what kind of training their enterprise needs the most, respondents say management and leadership (29 per cent), followed by vocational and technical skills (17 per cent), and customer service (15 per cent). Marketing, information technology, and human resources rate highest among 11 per cent of respondents, while accounting is accorded the lowest rating (6 per cent). Singapore is the only country in which human resources is the most requested training; 38 per cent of its respondents feel this is the most critical issue.

Table 6. Training typologies needed

Training needed	Management / Leadership	Accounting	Marketing	Customer service	Vocational / Technical skills	Information technology	Human resources
Countries							
Cambodia	26%			17%	17%	16%	14%
Indonesia	30%		11%	13%	20%		17%
Lao PDR	26%	14%	18%	18%	14%		7%
Malaysia	31%		7%	15%	24%	14%	7%
Myanmar	28%	7%	10%	21%	17%	17%	
Philippines	34%		8%	14%	22%	14%	7%
Singapore	30%		9%	5%	16%	7%	34%

Percentage of Respondents Intra-Country None Highest

Expert interviews reported a limited supply of good managers. The experts also suggested that people are promoted from entry- to mid-level positions too quickly, and that advancing up the ranks should

generally entail more time and training, a characteristic feature of the promotion process in more mature markets. There were also indications that the school system across South-East Asia tended to limit both personal expression and the ability to develop the critical reasoning skills fundamental for management positions.

“People get the managing driver’s license too quickly, meaning that supply of good managers is too low, and people are moved from entry to middle level position too hastily.”

Multinational human resources agency, business market leader, Singapore

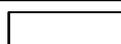
What areas of training are most widely available?

The most widely available type of training is management and leadership training (21 per cent) followed by sales and marketing, customer service, and accounting. Cambodia, Lao People’s Democratic Republic, and Myanmar focus more on supplying training in accounting in comparison to their peers.

Table 7. Training availability

Training available	Management / Leadership	Accounting	Marketing	Customer service	Vocational / Technical skills	Information technology	Human resources
Countries							
Cambodia	22%	21%	20%	11%		9%	11%
Indonesia	26%	14%	12%	16%	16%	7%	9%
Lao PDR	14%	18%	17%	13%	14%	12%	12%
Malaysia	28%	7%	14%	17%	10%	11%	12%
Myanmar	7%	34%	21%	10%		17%	7%
Philippines	17%	12%	17%	21%	14%	9%	12%
Singapore	27%		13%	13%			

Percentage of Respondents Intra-Country



None



Highest

“Generally speaking, ASEAN countries have school systems that reduce the incentive for students to develop personal expression and individual critical reasoning, which are the fundamentals of management.”

Foreign private bank, chief representative officer, Viet Nam

Table 8. Highlights of expert interviews on skills and training

	Training	Availability
Multinational development bank, senior economist Lao PDR	n.a.	n.a.
Multinational human resources agency, market business leader Singapore	Management training is needed, for one thing because people are moved from entry to middle level positions too quickly ("They get the manager's driving license too quickly.") In more mature markets you have more time to grow through training and learning by experience. Furthermore, Asian leadership skills are different, and management training programmes tailored to local skills requirements are currently unavailable. (The Asian skills matrix model is very hierarchical, and you need to work at the peer level in modern business environments.)	Companies are starting to provide such training, but as yet there is no basic framework of skills and abilities to build upon.
Private bank, chief representative officer Viet Nam	Generally speaking, school systems in ASEAN countries tend to discourage the development of personal expression and critical reasoning, which are the fundamentals of management.	n.a.
Regional development bank, senior education specialist Philippines	n.a.	n.a.
Lao PDR Government-garments industry association, executive Lao PDR	In some sectors, management skills are not a priority. The garment industry, for example, first of all needs technical skills. But a combination of technical and management skills can promote ASEAN as a production base for multinational corporations.	I don't think that there are adequate training providers in my country. The ones we have fail to match graduate skills with job-market demand.

What are the main constraints on enterprise-level training?

Enterprise-level training, it appears, suffers from a fairly even spread of constraints. Lack of time (22 per cent) reportedly is the greatest constraint, followed by high employee turnover (17 per cent), lack of worker motivation/participation (17 per cent), lack of training resources (15 per cent), lack of funds (14 per cent), and the inability of workers to apply lessons to their daily work (14 per cent).

Table 9. Constraints on enterprise training

Constraints on training	Lack of funds	High employee turnover	Lack of time	Workers lack of motivation / Low level of participation	Lack of resources, such as training material and trainers	Workers unable to apply training into their daily work
Cambodia	16%		17%	17%	22%	17%
Indonesia	11%	13%	24%	21%	18%	13%
Lao PDR	17%	18%	19%	19%	18%	9%
Malaysia	13%	24%	22%	17%	8%	17%
Myanmar		24%	14%	14%	24%	21%
Philippines	22%	14%	22%	13%	14%	14%
Singapore	12%	12%	37%	16%	12%	

Percentage of Respondents Intra-Country  None Highest

Expert interviewees emphasized employee turnover as an important issue in South-East Asia. They also indicated that companies operating in these markets may not recognize the correlation between investment in employee training and reduced turnover.

Survey respondents pinpointed inefficiencies in government interventions, for example where training programmes are subsidized in ways that do not always create the intended incentives or benefits. Lao People’s Democratic Republic, for instance, does not offer fiscal incentive mechanisms for enterprise training, and companies do not consider investments in such programmes to be a benefit. For one thing, instead of being tax deductible, they are highly taxed. Malaysia, on the other hand, subsidizes employee training with the aim of incentivizing enterprises to make such investments. Ironically, it has been noted that these programmes create situations where employers become subsidy dependent and, without the additional relief, they opt out of the programme. Another expert indicated that while the Government could and should provide systems to offer basic general training, it is the companies’ duty to offer vocational workshops.

“The mindset needs to change from ‘Why should I train them if they’re only going to leave afterwards?’ to ‘What if I don’t train them and they stay?’”

Multinational human agency, business market leader, Singapore

Table 10. Highlights of expert interviews on constraints to enterprise training

	Constraints	Government policies	AEC impact
Multinational development bank, senior economist Lao PDR	High employee turnover can make employers reluctant to spend on training. There is much seasonal turnover in Lao PDR, for one thing, and people often change jobs because of small salary increases.	Training in Lao PDR is not tax deductible, and there is no subsidy to incentivize employer investment in such programmes. In fact, these are officially considered benefits,	AEC will not affect rates of turnover, since it will have effects that alleviate turnover on the one hand, and exacerbate it on the other. Companies will lose

	Another constraint is the lack of workers' unions to push for training.	so companies pay taxes on them. In addressing turnover, government agencies can create counselling or advice centres to educate employers regarding their rights and obligations, since now workers leave for the wrong reasons (farming vs. seasonal jobs).	revenue because enterprises operating only in domestic markets will lose tariff and license protection, thus cutting company budgets. At the same time, increased competition will give companies incentives to retain personnel.
Multinational human resources agency, market business leader Singapore	Pleading lack of time is a common alibi, but one that makes no sense if a company wants to improve the quality of its workforce. Multinationals invest five times more in the US than they do in Asia. Finally, training should reduce turnover. The prevailing enterprise mindset should move from "Why should I train them if they're only going to leave?" to "What if you don't train them and they stay?"	Subsidies have limited impact, and they can potentially backfire, creating a sub-optimal situation of dependence on government aid.	Most training providers are still focused mainly on Thailand and Singapore. They tend to overlook other ASEAN countries for lack of current demand. Implementation of AEC could have two opposite effects: higher mobility could lead to less training, while — the more likely outcome — greater competition could lead to enterprises seeing the need to strengthen their capacities, which would encourage more employee training programmes.
Private bank, chief representative officer Viet Nam	Companies need to recognize the value of investing resources in training. Turnover is solved by treating personnel in the best way possible, going beyond money and creating an internal company personality or culture. The Government could sponsor generic training, but it is the duty of enterprises to invest in specific programmes. When AEC kicks in, in a long distant future, turnover will increase.	n.a.	n.a.
Regional development bank, senior education specialist Philippines	Lack of funding is not a main problem. Innovative solutions (apprenticeships, training programmes) are available, basically for free, and yield good results. Neither is lack of time a real issue. The basic problem is rather one of mindset, which is one of the biggest constraints. The biggest problem is likely employee turnover: companies would rather poach trained staff from other companies than spend money to improve their own.	Governments are creating funds to finance training, but they mostly go to low-quality public providers, so this is not really a solution. They should fund enterprises directly, aiming to kick-start the training decision. Also, they should provide a framework of quality standards.	n.a.
Lao PDR Government-garments industry association, executive Lao PDR	I mostly agree with this statement. Indeed, the lack of time and lack of funds are the main challenges for the companies in Lao PDR. However, high employee turnover is no longer an issue, amounting as it does to less than 3–5 per cent, and it applies to new employees only (fewer than 6 months working at the company).	Governments should offer more incentives to establish training programmes, to offer more diversified vocational and technical courses, to assist in finding new jobs, and to organize job search fairs.	n.a.

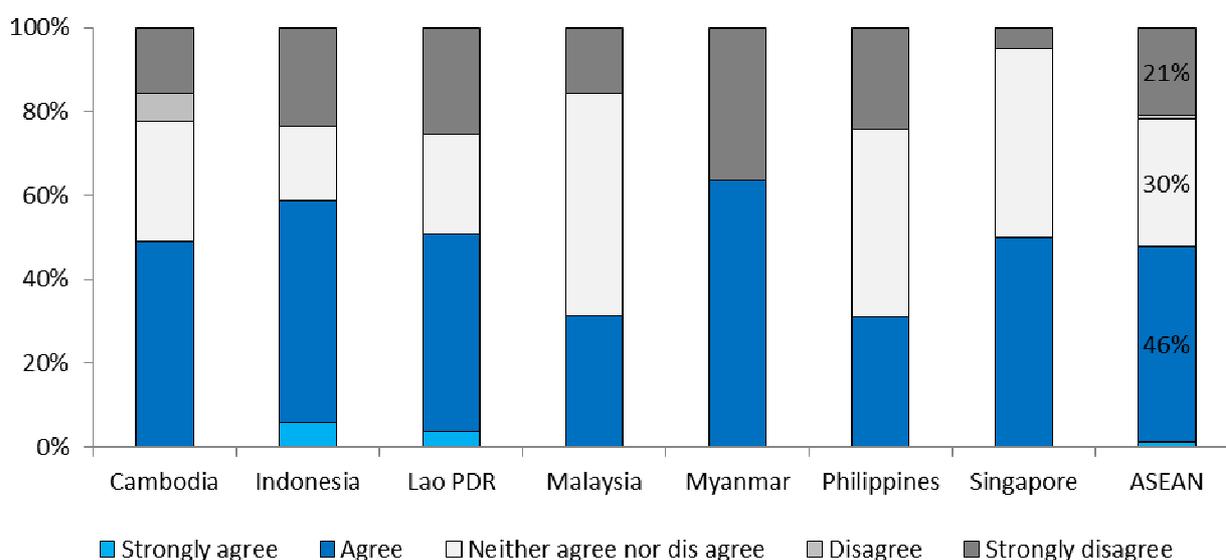
4.2 ASEAN integration

I fully understand how the ASEAN Economic Community 2015 will affect my enterprise.

Only 46 per cent of respondents indicated that they fully understand the impact AEC will have on their enterprise. Myanmar is the outlier, with 64 per cent stating they understand what the impact will be.

Aside from Myanmar, the other ASEAN country respondents appeared to either not understand (21 per cent) or else neither understand or not understand (30 per cent) what the effect will be of the AEC on enterprises. This result suggests broadly prevailing uncertainty with the effects of looming integration.

Figure 14. Respondent understanding of the impact of the ASEAN Economic Community



“The Government should communicate the impact of AEC on the domestic economy, and formulate policies and programmes to assist SMEs with enhancing competitiveness and productivity.”
Respondent from Malaysia

“There should be a more effective information campaign regarding the effects of ASEAN integration for local manufacturers and businesses.”
Respondent from the Philippines

Survey responses indicate that SMEs are less informed regarding the AEC than are larger, international companies. Authorities in Lao People’s Democratic Republic, for example, have organized large events that target large organizations. The radio, television, and local newspapers are proposed as possibly more effective communication channels than large events and workshops. One expert also indicated that some of the countries (Thailand, for example) are undergoing politically stressful situations, and public attention has been largely diverted from AEC issues. In terms of business impact, a respondent from the Philippines felt that the ASEAN integration may have both positive and negative impacts, but expressed fear that business may be lost if multinationals find it more suitable to do business in neighbouring countries instead.

“The current communication channels are speaking to companies that want to listen, not necessarily to the ones who most need it.”

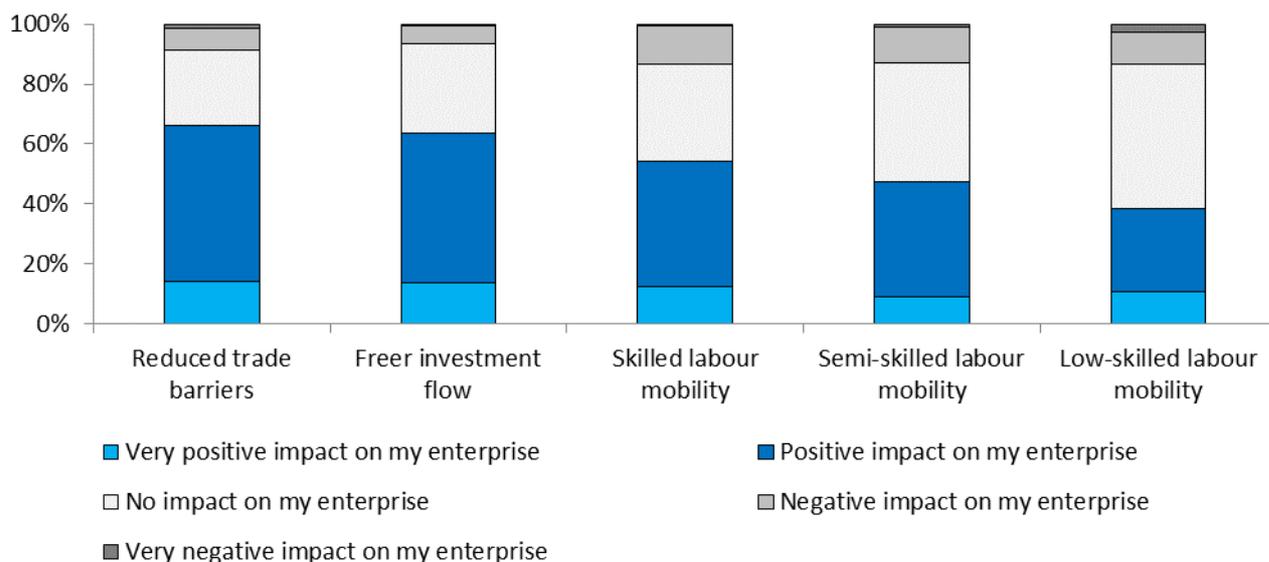
Table 11. Highlights of expert interviews on enterprise understanding of the AEC

	Understanding	Dissemination
Multinational development bank, senior economist Lao PDR	Enterprises, SMEs more so than larger companies, lack awareness and understanding of many aspects of how the AEC is to be implemented.	Most AEC promotional events have so far been large-scale and unappealing to the private sector. Such activities have mainly been talking to enterprises that want to listen, rather than those that most need to. Instead of high-level workshops, Governments should organize small ones tailored to specific industries. The Lao PDR National Chamber of Commerce and Industry (LNCCI) could be a good player. Target small and medium companies through radio, TV, and social media.
Multinational human resources agency, market business leader Singapore	Most enterprises are focused mainly on how their country's government is going to act, rather than on how things will change with the AEC, and corruption within the countries makes companies cynical about AEC potential.	Most countries are unwilling to give up sovereignty, as can be expected, and are not really investing in promoting changes brought on by the AEC. Current channels, furthermore, reach regional companies rather than SMEs.
Private bank, chief representative officer Viet Nam	n.a.	n.a.
Regional development bank, senior education specialist Philippines	Obviously, enterprises with a national focus will be less interested in AEC regional policies than will larger companies.	Seminars and workshops help only to a certain extent, since private entrepreneurs often either do not have the time, or do not make the time, to attend them. A segmented marketing campaign could deliver the most appropriate message to the right target group, potentially through specific commercial/industrial organizations (e.g. chambers of commerce, manufacturers' associations).
Lao PDR Government-garments industry association, executive Lao PDR	With only a few government organizations in charge of this matter, promoting a better understanding of the AEC and its potential effects has had limited success. For its part, the private sector has limited funds to devote to boosting the AEC integration campaign, and it seems that each company is operating independently of the others.	Seminars, workshops, conferences, and simulations can all contribute to a public education programme. But real future effects need to be demonstrated to the public at large, not only to the business community. Limited English-language skills among people in the region makes communications harder.

What would be the likely impact on your enterprise of the following measures as a result of ASEAN economic integration?

Respondents expect that AEC factors with the greatest impact on their enterprises will include reduced trade barriers in goods and services, plus freer flow of investment and capital. About 65 per cent feel that both these factors will likely have the most positive impacts on their enterprises. Furthermore, more than half (54 per cent) of respondents indicate that skilled labour mobility will have a positive or very positive effect on their businesses, and almost half of the respondents (47 per cent) indicate the same with respect to semi-skilled labour mobility. A smaller percentage (38 per cent) express the same positive expectations regarding the mobility of low-skilled labour. Later sections of this report will provide a deeper investigation of the responses to each of these factors.

Figure 15. Impact of AEC measures on enterprises



Expert interviewees indicated that reduced trade barriers and freer investment flows will likely have a strong impact in the region. Labour mobility, however, is unlikely to change radically. There might be an increase in the number of skilled labourers, but mid- and low- skilled employees will probably not be more mobile than before. It was suggested there will be little incentive for ASEAN people to move within the region, given difficulties associated with language barriers to sourcing job opportunities.

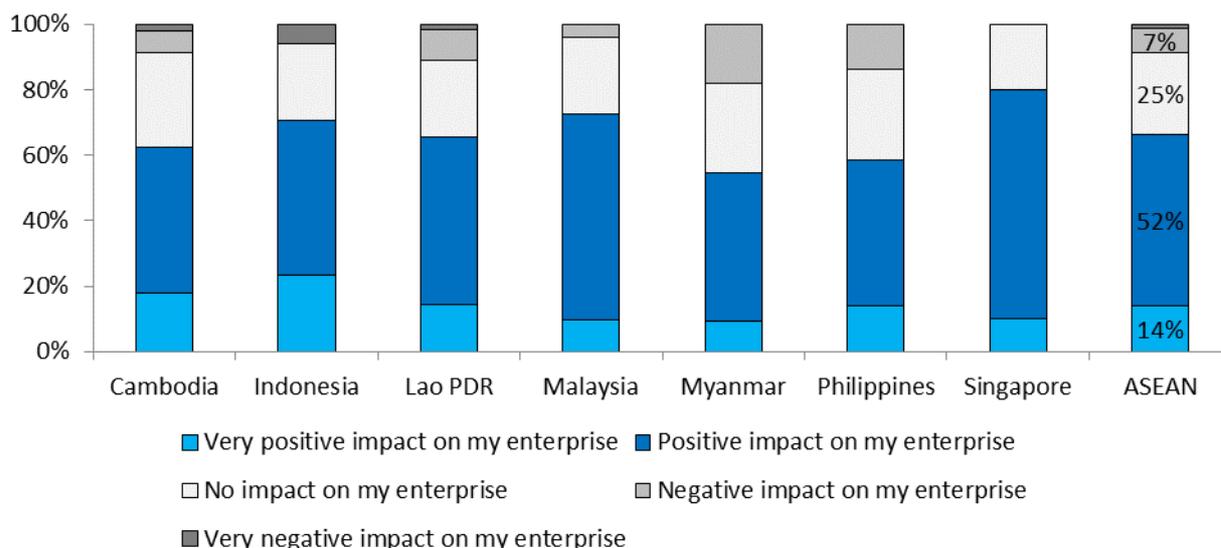
“It’s likely that reduced trade barriers and freer investment flows will have a strong impact in the region, but labour mobility is not likely to change drastically. There might be an increase in the number of skilled labour, but medium- and low-skilled workers will not be more mobile than before.”
 Multinational development bank, senior economist, Lao People’s Democratic Republic

4.2.1 Reduced trade barriers

Reduced barriers to trade in goods and services.

Respondents across ASEAN expect positive impacts from the reduction of trade barriers. On average, 52 per cent of respondents expect a positive impact and 14 per cent expect a very positive impact. Myanmar expressed the lowest expectations, while Singapore was the most optimistic, which may reflect their current level of relative market integration. In Myanmar, it is notable that 9 per cent of respondents felt that reducing barriers to trade in goods and services will have a negative impact. Meanwhile, 14 per cent of respondents from the Philippines expected a negative impact. On average, 25 per cent of respondents are uncertain of what impact this change will have. At the other end of the spectrum, Singapore and Malaysia felt this factor will have either a positive or virtually no impact on their businesses.

Figure 16. Impact of reduced trade barriers



Reduced trade barriers were proposed as the factor with the greatest potential impact on ASEAN companies, since such measures will significantly decrease the cost of imported goods. This will benefit large multinational companies, who are already starting to plan their regional supply chains, at the same time lesser benefits will accrue to SMEs.

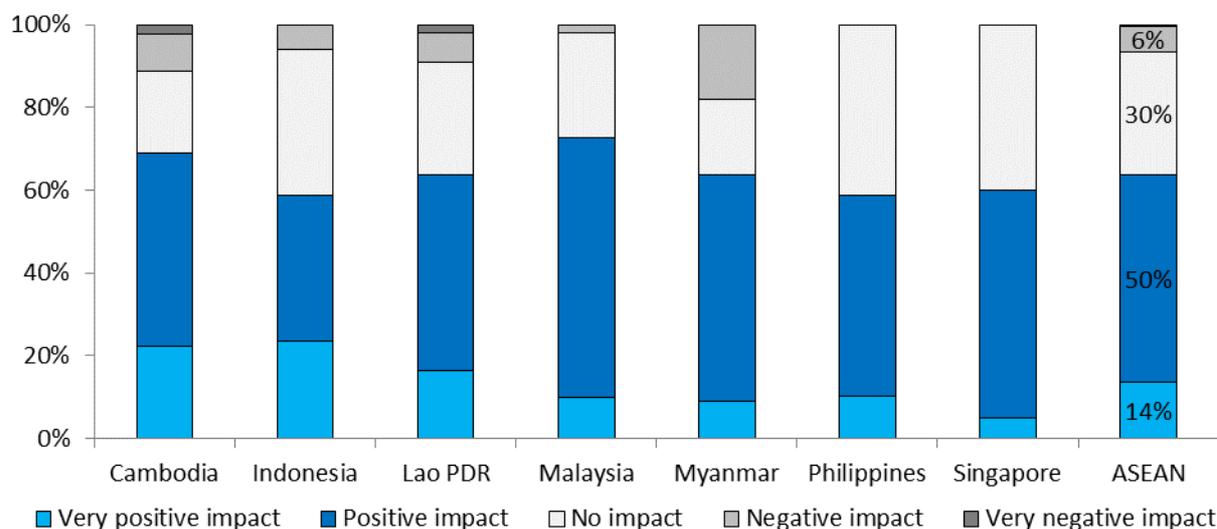
It was also pointed out that countries could always create a system of non-tariff measures designed to protect their internal production.

4.2.2 Freer investment flow

Freer flow of investment and capital.

Respondents across ASEAN expect a positive impact from freer flow of investment and capital. On average, nearly 65 per cent of respondents expect a positive or very positive impact. 30 per cent are uncertain of what impact, if any, this will have. Myanmar expressed the lowest expectations, Cambodia and Malaysia the highest. In the latter two countries the perceptions are that this will have a very high impact (73 per cent and 69 per cent, respectively). Myanmar expressed a more pessimistic view, with 18 per cent of the responses being negative. The Philippines and Singapore had the largest “no impact” responses (around 40 per cent), as well as the lowest “negative impact” responses. Expert interviewees suggested that, rather than helping SMEs, the freer flow of investment will benefit larger companies almost exclusively.

Figure 17. Impact of freer investment flow



“We always face challenges in attracting and retaining the best talent in the ICT world due to higher remuneration costs in the private-sector market and industry (the big ICT companies).”
Respondent from Malaysia

“Freer flows of goods and capital are coming in the near future. Multinationals are already starting to plan a regional supply chain.”
Foreign private bank, chief representative officer, Viet Nam

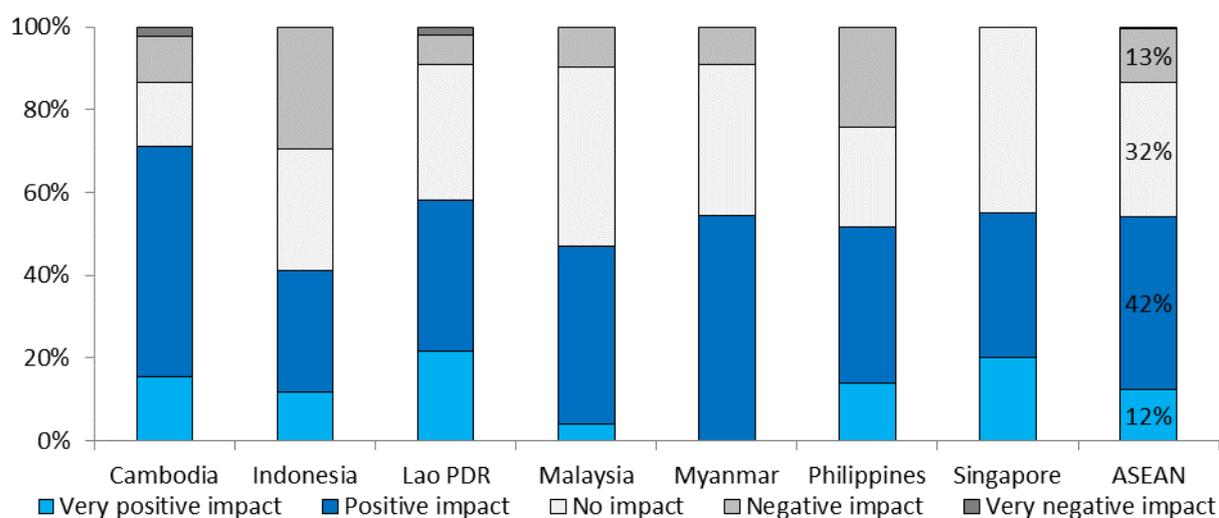
4.2.3 High-skilled, semi-skilled, and low-skilled labour mobility

Greater mobility of high-skilled labour (e.g. doctors, dentists, nurses, engineers, architects, accountants, and surveyors).

On average, with respect to the mobility of all categories (high, semi and low skilled), 32 per cent of respondents stated that labour mobility will have no impact on their enterprises. Meanwhile, 54 per cent assumed that there will be a positive or very positive impact, while only 14 per cent expected a negative or very negative impact. Respondents agreed that mobility of the high-skilled pool of labourers will have the greatest impact.

With respect to high-skilled labour mobility, 56 per cent of the respondents felt there will be a positive or very positive impact from the higher mobility of this segment of the workforce, while just 13 per cent felt the impact will be negative or very negative. About 90 per cent of respondents from Cambodia, Lao People’s Democratic Republic, and Myanmar felt this factor will have either a positive or no impact on their businesses, with 10 per cent believing any negative impact will result from high-skilled labour mobility. A quarter of the respondents from the Philippines and 29 per cent from Indonesia assume this will have a negative impact on businesses. A respondent from Indonesia expressed hope for a strategic plan in anticipation of the unfavourable post-2015 impact of mobility among high-skilled workers on enterprises in ASEAN countries.

Figure 18. Impact of greater high-skilled labour mobility on enterprises

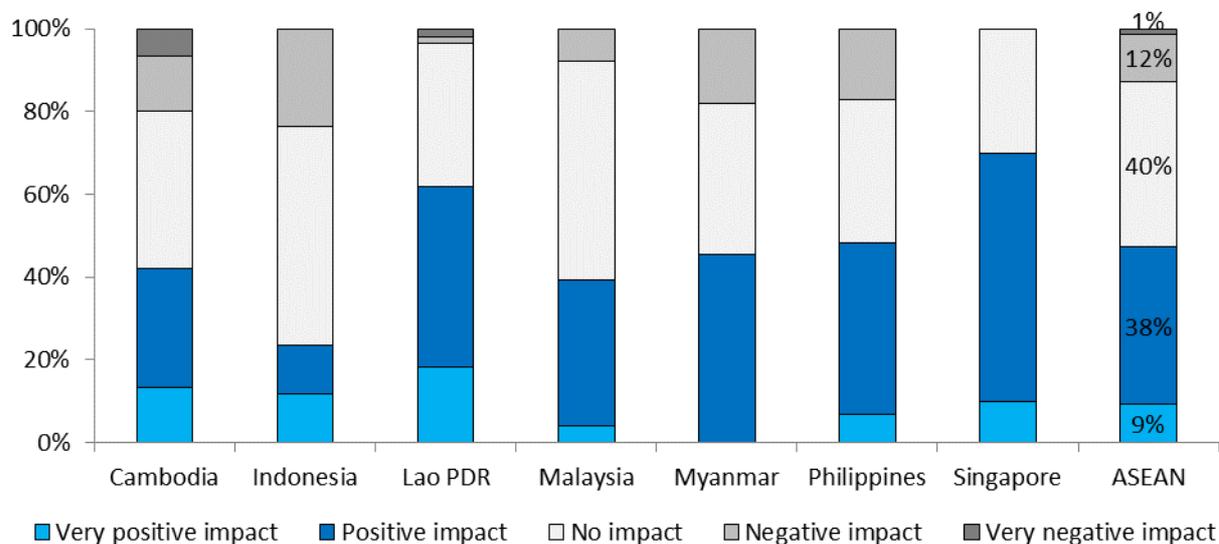


“There is little incentive for people in the region to move within ASEAN. Language barriers and work opportunities would make them rather move to Europe or the US.”
 Multinational human resources agency, business market leader, Singapore

Greater mobility of semi-skilled labour (e.g. clerks, restaurant workers, and salespersons).

Nearly half the respondents (47 per cent) felt there will be a positive to very positive impact from the movement of semi-skilled labourers on their enterprises, while just 13 per cent felt the impact will be negative or very negative. Several countries stood out as having particularly low negative responses, including Singapore (0.0 per cent), Lao People’s Democratic Republic (4 per cent) and Malaysia (8 per cent). At the other end of the spectrum, 24 per cent of Indonesian respondents felt greater mobility of this segment will cause a negative impact on enterprises.

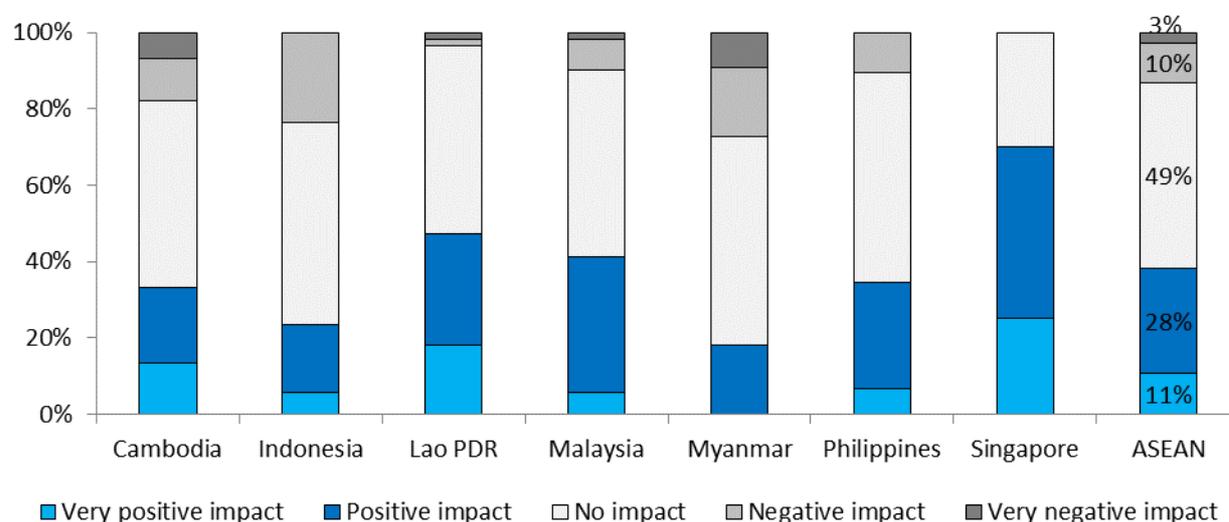
Figure 19. Impact of greater semi-skilled labour mobility on enterprises



Greater mobility of low-skilled labour (e.g. construction workers, machine operators, food processing workers, and garment workers).

Of the total respondents, 39 per cent felt there will be a positive to very positive impact from the movement of low-skilled labourers on enterprises, while just 13 per cent felt the impact will be negative or very negative. Mostly, respondents indicated they expect no impact to come from this (49 per cent). Countries with the lowest negative responses (less than 10 per cent) include Lao People’s Democratic Republic, Malaysia, the Philippines, and Singapore. On the other hand, 27 per cent of Myanmar respondents take a pessimistic view of the effects on the low-skilled labour segment. A survey participant from Lao People’s Democratic Republic expressed eagerness that more workers should enter their market and compete with locals that lack motivation and a willingness to learn.

Figure 20. Impact of greater low-skilled labour mobility on enterprises



What is the likely impact of the greater mobility of high-skilled workers on the wages that your enterprise will pay?

Nearly half (47 per cent) felt that, post-integration, their company would have to offer higher wages to retain skilled workers. Cambodian respondents were above average with 60 per cent assuming the need to pay more to prevent skilled staff from departing. Just 13 per cent felt they could reduce wages by recruiting skilled workers from other ASEAN countries, while 40 per cent believed there will be no impact on wages paid to high-skilled workers, with Lao People’s Democratic Republic being above average here, with 56 per cent feeling that salary increases to retain experienced staffers would be unnecessary.

Figure 21. Impact of greater mobility of high-skilled workers on enterprise wages

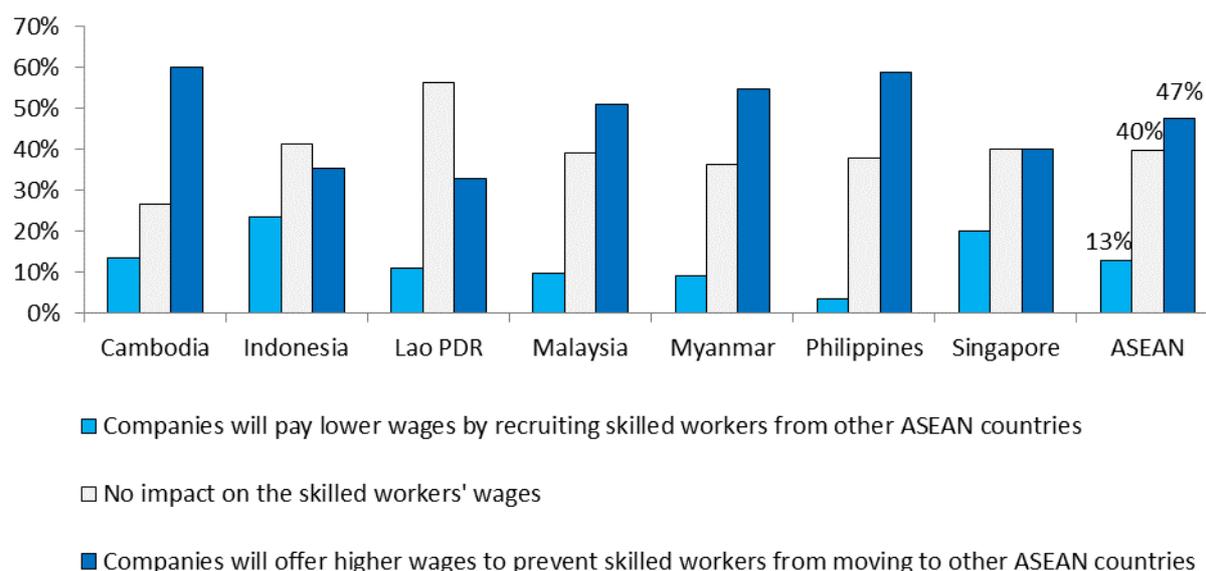


Table 12. Highlights of expert interviews on impact of AEC factors

	Impact	Actions	Enterprise competitiveness
Multinational development bank, senior economist Lao PDR	It's likely that reduced trade barriers and free investment flows will have a strong impact in the region, but labour mobility is not likely to change drastically. There might be an increase in the volume of skilled labour, but mid- and low-skilled workers will probably be no more mobile than before.	Soft infrastructure (rule of law, transparency, etc.) and hard infrastructure (roads, energy, etc.) need to be ready. And the workforce needs to be instructed.	The duty-free option was already implemented in 2010 for 6 countries, and in 2015 it will apply to all the 10 countries. The CLMV countries already have access to duty free, but did not benefit because the real problems are embedded in management and infrastructure. It may even be expected that the various AEC Governments will impose non-tariff measures on international trade to protect internal production.
Multinational human resources agency, market business leader Singapore	Labour mobility is not really going to make the difference. SMES are not going to benefit, while some large established companies might. There is little incentive for people in the region to move within ASEAN. Language barriers and relative work opportunities might make Europe or the US more attractive employment destinations.	n.a.	Companies operating only within their country will have a very limited impact
Private bank, chief representative officer Viet Nam	Freer flows of goods and capital are imminent. Multinationals are already starting to plan a regional supply chain. Local advantages include fewer obstacles to commerce (except for those companies protected by barriers). The different responses from the Philippines confirm that protectionism can explain the latter country's relatively lesser development.	n.a.	n.a.
Regional development bank, senior education	I don't expect semi-skilled and low-skilled to have any impact, since mobility has been restricted to eight skilled labour categories. More		

specialist	developed countries such as Singapore should be able to get trained skilled workers from less-developed countries. On the other hand, less-developed countries will find it easier to send skilled workers to Singapore, thereby providing the conditions for knowledge and skills transfer. An additional effect is that, in less-developed countries, private companies will have raised prices to compete with richer international companies.	n.a.	n.a.
Philippines			
Lao PDR Government-garments industry association, executive	Most of the companies will benefit from the lower trade barriers and liberalization of investment flows. This will mostly focus on imports, since Lao PDR already has many active free-trade agreements.	Conduct more dialogues and exchange forums for G2G, G2B/B2G and B2B between countries concerned (bilateral) or as a block or by business sector.	Many enterprises will preserve the status quo or experience little improvement unless they receive injections of new capital. Some will prove more competitive because of trade liberalization and free flow of goods or raw materials. In general, competitiveness will increase, especially for larger companies. SMEs will have to improve their quality, customer service, IT, and other capacities.
Lao PDR			

If minimum wages in your country increased by 10 per cent, how likely is it your enterprise would adopt the following measures?

Respondents were asked to consider a hypothetical scenario where ASEAN integration leads to a 10 per cent increase in minimum wages. They replied in the following ways.

Such an increase will most likely result in greater investments in skill and training for workers, aiming to increase productivity (92 per cent likely or very likely), followed by improved efficiency through reorganization of work-flow and production processes (91 per cent), and increased output with the same number of staff (84 per cent).

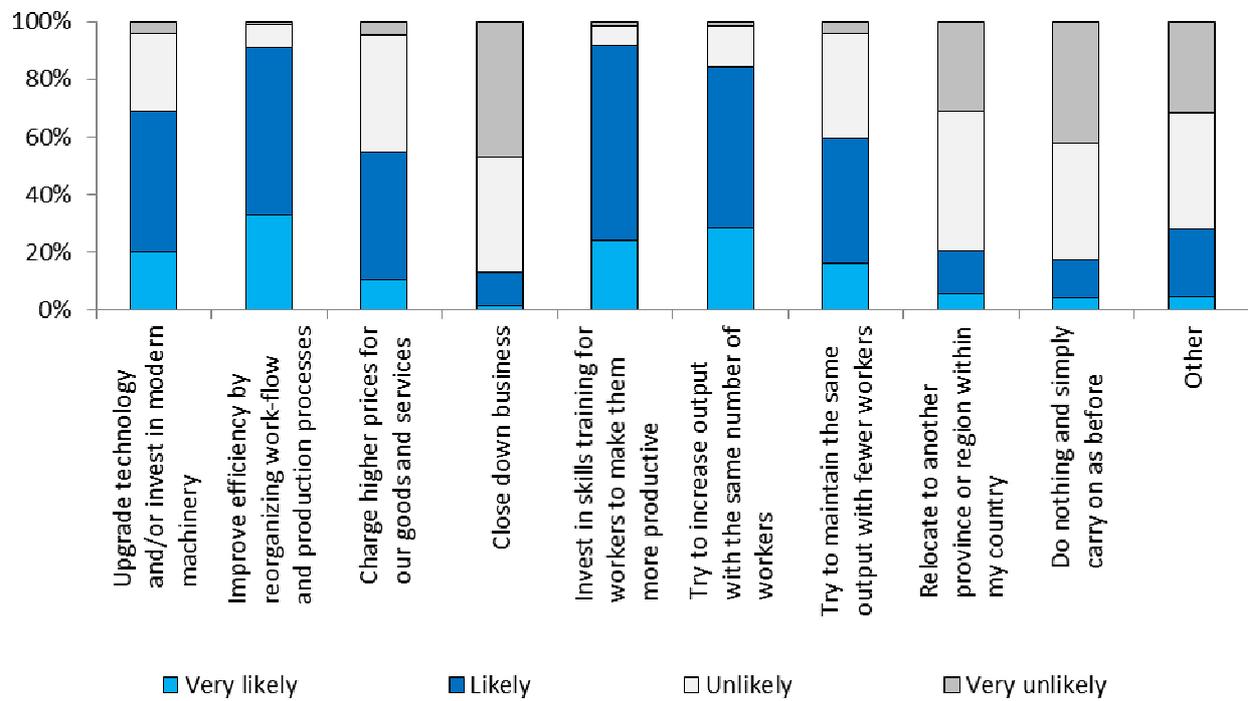
Meanwhile, 69 per cent of respondents indicated that they are likely or very likely to upgrade technology and/or invest in modern machinery. This is especially true in Singapore (85 per cent of respondents) and Myanmar (72 per cent of respondents).

About 55 per cent of respondents indicated that they are likely or very likely to charge higher prices for goods and services. The countries most likely to do this are Myanmar (64 per cent), Indonesia (60 per cent), and Singapore (60 per cent).

The least likely actions by respondents include relocation to another country (80 per cent unlikely or very unlikely), taking no action and simply carrying on with business (83 per cent), and closing down their business (88 per cent),

An interesting comment came from a Malaysian respondent who felt that imposing a wage increase too soon would not be good for the overall economy, and that a better move would be to encourage training and skills upgrades to properly compensate staff. An Indonesian respondent said that if the minimum-wage increase is too high it will greatly affect the viability of their company.

Figure 22. Impact of a 10 per cent increase in minimum wages on enterprise behaviour



4.3 Competitiveness

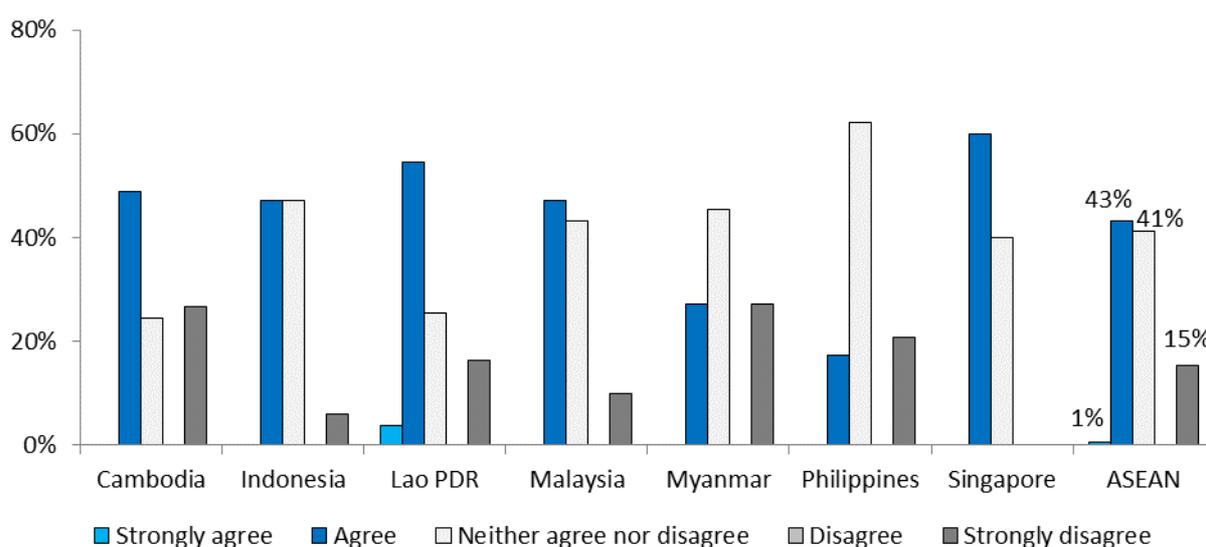
4.3.1 Expected impact

My enterprise will be more competitive in the context of the ASEAN Economic Community.

On average, 44 per cent of the respondents from across ASEAN indicated they expect their enterprise to become more competitive after AEC integration. Only 15 per cent of all respondents felt AEC integration will not enhance competitiveness. Many respondents (41 per cent, on average) expressed uncertainty about whether implementation of the AEC will enhance or diminish competitiveness.

At 60 per cent, most Singapore respondents felt that AEC integration will increase competitiveness. The Philippines indicated much uncertainty, with 62 per cent of respondents neither agreeing nor disagreeing. More than 25 per cent of the respondents from both Cambodia and Myanmar strongly disagreed that their enterprises, following integration, will be more competitive. In general, the diverse range of responses and lack of uniformity across the region indicate much uncertainty amid mixed feedback.

Figure 23. AEC impact on enterprise competitiveness



“The moving-forward plan for the ASEAN open market will build more competitiveness into the workforce landscape in the region. At the same time, the transfer of skills and technology will provide an advantage that could be leveraged by most countries in the region.”

Respondent from Malaysia

One Malaysian respondent remarked that the strategy for opening the ASEAN market will indeed build more competitiveness into the workforce landscape in the region. That same individual felt that most countries in the region should be able to leverage the transfer of skills and technology across borders. Other comments suggested that the effects on individual competitiveness will differ for SMEs and for larger organizations. Another respondent expressed great scepticism about the positive effects on competitiveness, referring to the example of Lao People’s Democratic Republic which,

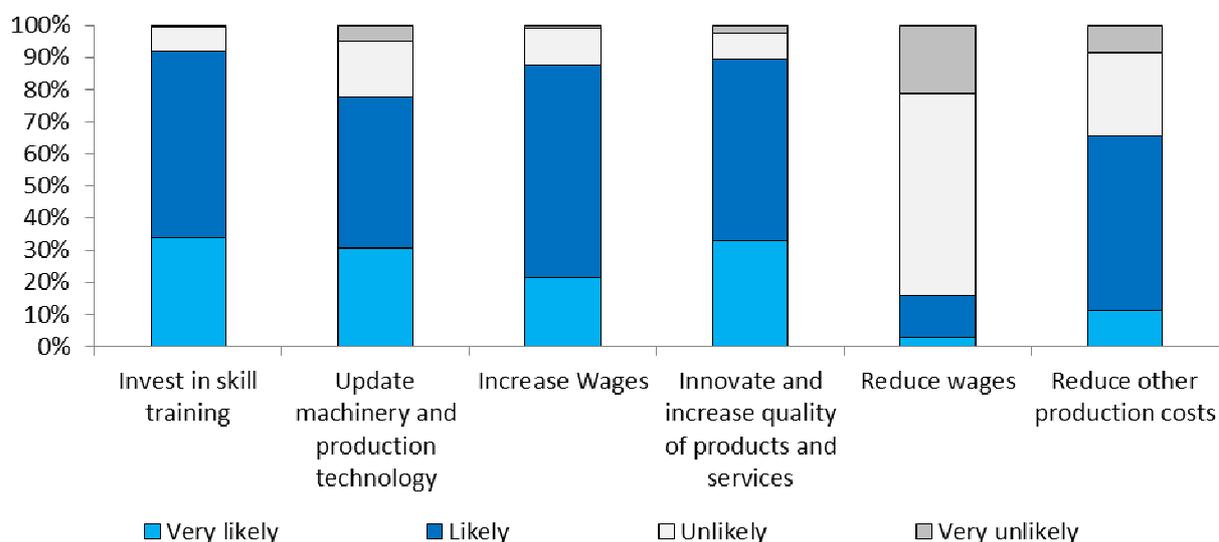
together with six other countries, operated with duty-free benefits, yet these policies did not spur competitiveness.

4.3.2 Expected private-sector responses

Aiming to become more competitive within ASEAN, how likely is it your enterprise will adopt the following measures?

To improve their competitiveness and margins, enterprises are willing to invest in a variety of activities. Across the board, employers suggested that they are most likely (92 per cent likely or very likely) to invest in better skills training for workers to become more competitive within ASEAN. This was closely followed by willingness to invest in innovation efforts (90 per cent likely or very likely), and paying higher wages (88 per cent likely or very likely). Reduction of wages was the least popular means of becoming more competitive, followed by reduction of production costs (16 per cent likely or very likely).

Figure 24. Expected enterprise measures to increase competitiveness within ASEAN



Experts pointed out that incomes have been increasing steadily across ASEAN, though wages currently remain quite low. Thus it is unlikely that wages will be reduced after ASEAN integration. Companies indicated that they are willing to invest in expansion and improvement activities to capture growth. Remarks from interviewees suggest most of the less-developed countries aim to compete with more modern nations, and therefore are motivated to invest in expanding their capabilities. A Cambodian respondent predicted that, post-AEC integration, labour costs will increase and this will attract more foreign employees. That will affect the Cambodian hospitality industry negatively and exacerbate unemployment among local employees who lack the skills and training to compete with workers from other ASEAN nations. A Singaporean respondent felt that competition is a tool for continuous improvement, and this integration may encourage countries to help each other to move forward within a regional sphere of healthy competition.

“In Cambodia, wages are low among customer service employees. After ASEAN job integration, labour costs are expected to rise because of growing competition in the region. That would have a negative impact on investments in Cambodia and result in national manpower shortages, especially in the tourism and service industries. Cambodia is unlikely to be ready for such integration, since the technical skills of its workers are not yet competitive among ASEAN countries. Local unemployment rates are expected to increase if proper action is not taken in terms of standard training and education.”

Respondent from Cambodia

Table 13. Highlights of expert interviews on enterprise investment intentions

Dynamics	
Multinational development bank, senior economist Lao PDR	Wages are already very low, so it may be expected they will not decrease further. Also, most of these countries are in the "catch-up" phase of development, where they need to invest just to reach the knowledge levels of more developed countries. But high-skilled mobility could prevent companies from investing and building up internal capabilities.
Multinational human resources agency, market business leader Singapore	Companies will invest in what makes them grow, and minimum incomes are growing all across ASEAN. You want to capture the growth, so you need to increase everything related to productivity. Companies will be willing to invest in training and machinery, as well as higher wages for talent, since these are the factors that increase production and growth.
Private bank, chief representative officer Viet Nam	n.a.
Regional development bank, senior education specialist Philippines	If they don't want to go out of business, enterprises will have to both pay more and offer more training and internal growth to compete with regional companies.
Lao PDR Government-garments industry association, executive Lao PDR	Reducing wages and incentives will just kill enterprises. Skilled people are costly, so better invest in the people who are already working for you. Companies should hire high-skilled people only for a temporary period to help train and transfer knowledge to existing staff.

5. Conclusions

ASEAN, comprising Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam, has a population of more than 560 million and a labour force of more than 300 million.⁷

AEC integration is expected to initiate a freer flow of goods and services and increased cross-border labour migration across this large, diverse, and soon to be unified market. Most of the commercial sector representatives surveyed in this study anticipate such post-2015 impacts as these: (i) reduced trade barriers; (ii) increased migration of skilled workers; (iii) greater investments in skills training, especially for managers; and (iv) wage fluctuations. At the same time, concerns surfaced with respect to issues such as the following: (i) labour supply-and-demand inequities; (ii) unclear AEC impact on the informal labour market; and (iii) differential benefits to SMEs and larger enterprises.

A key survey finding is that — given the substantial uncertainty regarding AEC impacts evident among the respondents as a whole — more needs to be done to raise awareness, among both the business community and the public at large, of the likely overarching effects of ASEAN integration.

Another prerequisite is the need for clear governance policies, and this requires more strategic planning and greater insights into the realities of the current labour market. In anticipation of ASEAN integration, the ILO and regional leaders aim to identify these challenges and minimize potential risks to help employers better prepare for the transformation that lies ahead.

Members of the ASEAN business community, among other stakeholders in the regional integration process, need knowledge resources and assistance to prepare for imminent changes in their working environment and patterns of employment.

The ILO is committed to working with its constituents, providing them with statistical evidence and policy advice to ensure a smooth and efficient transition.

Findings from the ASEAN employer survey include targeted inputs from the business community critical to both understanding and overcoming these challenges. As emerging issues, trends, and solutions are discovered and shared with the greater ASEAN business community, this dialogue and knowledge sharing can drive change in public policy and the re-engineering of businesses.

In summary, ASEAN integration and the AEC are inspiring many queries about obstacles and opportunities enterprises can expect to encounter leading up to and beyond 2015.

The ASEAN employer survey documents the variety of employer perspectives within the region with respect to the following: (i) skilled labour supply and demand; (ii) multilateral wage adjustments; (iii) standards for education and training programmes; (iv) workforce quality; (v) interventions to enhance productivity and competitiveness; and (vi) other efforts to build capacity within commercial enterprises and further develop human resources. The report findings provide a basis to restore the connection with businesses in the region and to better appreciate their opinions and sensitivities regarding the shifting regional marketplace paradigm.

⁷ ILO LABORSTA,

http://laborsta.ilo.org/applv8/data/EAPEP/eapep_E.html [accessed 23 June 2014].

In essence, this study marks the beginning of efforts to assist policy-makers with staying aware of changing business conditions that will determine what types of jobs are available, in which sectors, and in which part of the region.

5.1 General suggestions to consider in advance of AEC 2015

5.1.1 Knowledge sharing

In generating greater awareness, ILO and ASEAN representatives can open communication channels with regional business leaders. It is important to foster ongoing dialogue, gathering periodic inputs from the business community and tailoring strategic efforts, syncing them with current perceptions within the labour market. The establishment of a joint task force from the public and private sectors, chaired by ILO and ASEAN representatives, could provide a forum to address concerns and questions as they arise.

5.1.2 Education of ASEAN businesses

Education campaigns should be launched within the ASEAN community to clarify AEC 2015 effects on enterprises, stakeholders, and other constituents. Enterprises broadly reported uncertainty as to whether and how the AEC will affect their businesses, and whether regional market integration is likely, overall, to have positive or negative impacts.

Cost-benefit analysis and FAQ sections could be added to ILO, ASEAN, member nations, and commercial partner websites. Another measure might be continuing education about AEC 2015 impacts, both upstream and downstream, in terms of the dissemination of relevant studies, reports, and associated publications.

5.1.3 Strategic planning

In addition to the AEC Blueprint adopted in 2007 and other guiding documents, a strategy is needed to mitigate risks from factors such as wage changes and increased mobility of labour forces. Recommendations, tools, and templates should also be provided to help ASEAN enterprises build capacity within their workforces. In alliance with regional commercial associations and chambers of commerce, preparation is needed for the development and distribution of planning and forecasting tools and designs for educational workshops to help with change-management and process improvement.

5.1.4 Policy advocacy

More policy mapping is needed with respect to the trends, issues, and suggestions proffered by respondents to this survey and others. This could provide an avenue for engaging policy-makers and advancing public policy debate about optimizing and modernizing regulations to benefit and incentivize the ASEAN business community. Debate could be initiated with the prevailing political powers with respect to regional minimum wage standards, regional training, and other regulatory concerns arising from AEC 2015. This effort might also serve as a benchmarking exercise to identify good practices and relevant case studies.

6. One-pagers⁸

⁸ Sources and descriptions of the indicators contained in the single country one-page documents are illustrated in the Annex, methodology section.

BUSINESS ENVIRONMENT

Population: 7,366,012
Population growth: 1.46 %

Real GDP growth: 7.0 %
GDP per capita: 2,573 (PPP 2013 US\$)
GINI index: 38.14
Inflation rate: 3 % (av cons prices)
FDI inflows: 892 (million US\$)

Age group	Labour force participation rate (%)		Unemployment rate (%)
	15 – 24	72.8 %	
25 – 54	91.4 %	1.5 %	
55 - 64	83.4 %		

EDUCATION SYSTEM

- Many respondents (44%) agree that high-school graduates lack the skills necessary to work in an enterprise.
- A similar number of respondents (33% vs. 29%) indicate satisfaction and dissatisfaction with the skills of college graduates.
- Just 24% agree with the quality of vocational and educational training.

Education Providers perceived quality

Education Level \ Graduates meet enterprises' needs	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
High School Education	11%	3%	13%	44%	22%
College Education	11%	33%	22%	29%	5%
Vocational/Educational Training	13%	24%	36%	18%	9%

Number of Respondents: None (white), Low (light blue), High (dark blue)

COMPETITIVENESS

- About half (49%) of respondents agree that their enterprise will be more competitive once the AEC is implemented.
- Meanwhile, 24% of respondents are neutral on the topic.
- And 27% of respondents do not agree on the topic.

Enterprises Competitiveness will increase

Response	Percentage
Strongly agree	0%
Agree	49%
Neither agree nor disagree	24%
Strongly disagree	27%

AEC INTEGRATION

AEC factor expected impact on enterprises

AEC Factor	Positive Impact	No Impact	Negative Impact
Reduced trade barriers	62%	33%	5%
Free investment flow	69%	27%	4%
Skilled labour mobility	71%	24%	5%
Semi-skilled labour mobility	42%	38%	20%
Low-skilled labour mobility	33%	47%	20%

BUSINESS ENVIRONMENT

Population: 240,676,000

Population growth: 1.39 %

		Labour force participation rate (%)	Unemployment rate (%)
Age group	15 – 24	50.5 %	6.6 %
	25 – 54	77.9 %	
	55 - 64	68.4 %	

Real GDP growth: 5.3 %

GDP per capita: 5,182 (PPP 2013 US\$)

GINI index: 36.03

Inflation rate: 4.5 % (av cons prices)

FDI inflows: 19,242 (million US\$)

EDUCATION SYSTEM

- 41% of respondents agree that high school graduates do not have the skills necessary to work in an enterprise, while 35% expressed satisfaction.
- 29% of respondents are satisfied and 12% are very satisfied with college graduates' skills.
- 47% of respondents are satisfied, and 6% very satisfied with vocational trainings.

Education providers perceived quality

Education Level	Graduates meet enterprises' needs				
	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
High School Education		35%	12%	41%	12%
College Education	12%	29%	35%	18%	6%
Vocational/Educational Training	6%	47%	12%	24%	12%

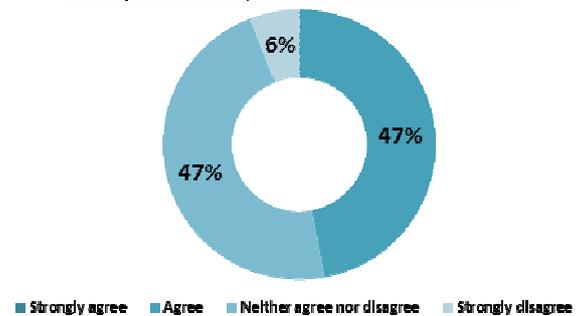
Number of Respondents



COMPETITIVENESS

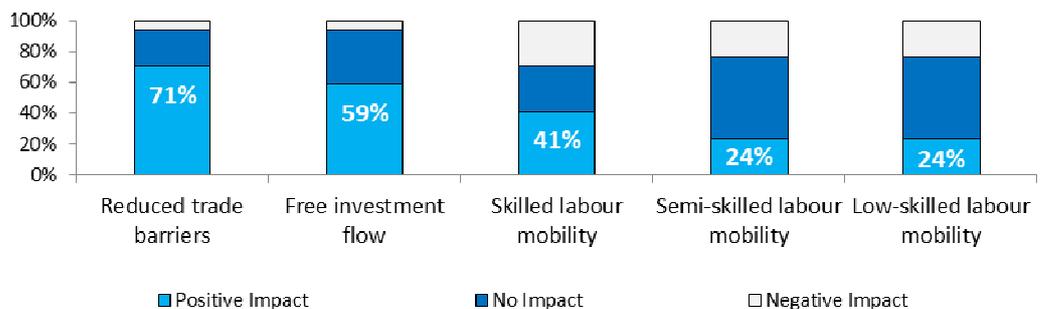
- 47% of respondents agree that their enterprise will be more competitive once the AEC is implemented.
- 47% are neutral on the topic.
- Only 5% strongly disagrees with this assessment.

Enterprises Competitiveness will increase



AEC INTEGRATION

AEC Factor Expected impact on enterprises



BUSINESS ENVIRONMENT

Population: 6,396,000

Population Growth: 1.99 %

Real GDP Growth: 8.3 %

GDP per Capita: 3,066 (PPP 2013 US \$)

GINI Index: 36.74

Inflation Rate: 5.25 % (Av Cons Prices)

FDI Inflows: 301 (Million US \$)

Age Group		Labour Force Participation Rate (%)	Unemployment Rate (%)
		15 – 24	63.6 %
25 – 54	93.8 %		
55 - 64	69.8 %		

EDUCATION SYSTEM

- 47% of respondents agree that high school graduates do not have the skills necessary to work in an enterprise.
- An equal amount of respondents (27%) indicates satisfaction and dissatisfaction with the skills of college graduates.
- 25% of respondents strongly agree, and 27% agree with the quality of vocational and educational trainings.

Education Providers perceived quality

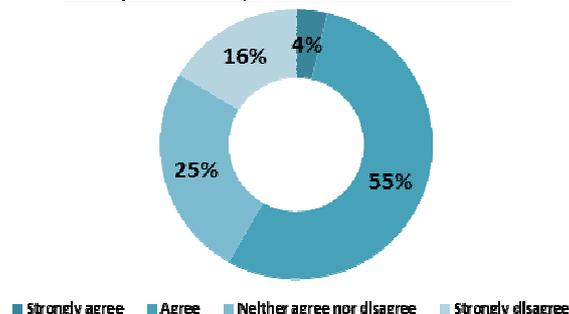
Graduates meet enterprises' needs	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
	High School Education	16%	15%	27%	47%
College Education	18%	27%	24%	27%	6%
Vocational/Educational Training	25%	27%	18%	22%	8%

Number of Respondents: None (white), Low (light blue), High (dark blue)

COMPETITIVENESS

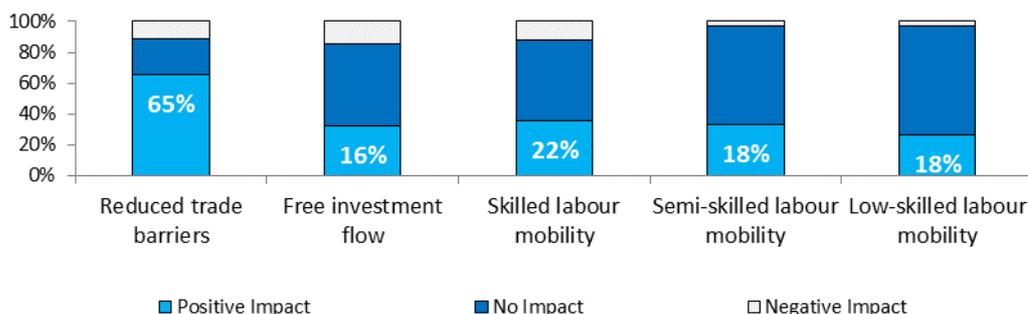
- 4% of respondents strongly agree and 55% of respondents agree and that their enterprise will be more competitive once the AEC is implemented.
- 25% are neutral on this topic.

Enterprises Competitiveness will increase



AEC INTEGRATION

AEC Factor Expected impact on enterprises



BUSINESS ENVIRONMENT

Population: 28.276,000

Population growth: 1.8 %

Age group	Labour force participation rate (%)		Unemployment rate (%)
	15 – 24	25 – 54	
	39.7 %	76.1 %	3.1 %
		43.4 %	

Real GDP growth: 4.7 %

GDP per capita: 17,526 (PPP 2013 US \$)

GINI index: N.A.

Inflation rate: 2.2 % (Av Cons Prices)

FDI inflows: 12,001 (Million US \$)

EDUCATION SYSTEM

- 41% of respondents agree that high-school graduates do not have the skills necessary to work in an enterprise, while 35% are satisfied with them.
- 29% appreciate the skills of college graduates.
- 47% of respondents appreciate the quality of vocational training in their country.

Education providers perceived quality

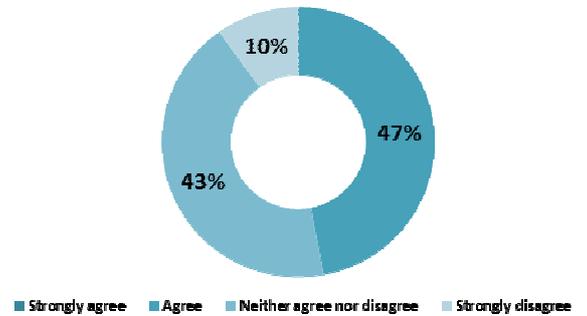
Education Level	Graduates meet enterprises' needs				
	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
High School Education		35%	12%	41%	12%
College Education	12%	29%	35%	18%	6%
Vocational/Educational Training	6%	47%	12%	24%	12%

Number of Respondents: None (white), Low (light blue), High (dark blue)

COMPETITIVENESS

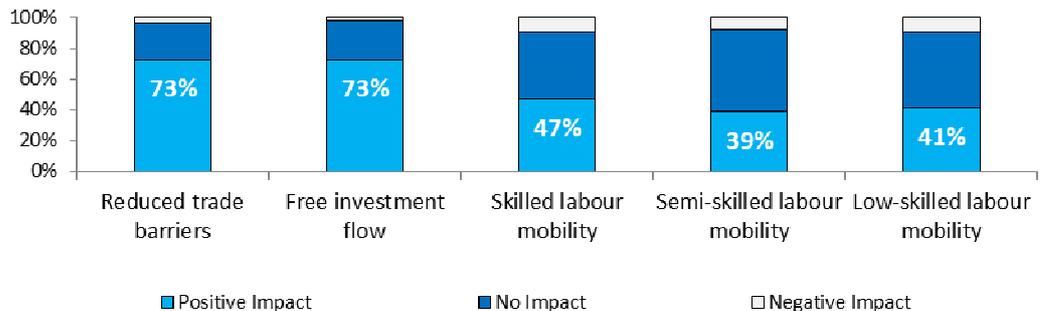
- 47% of respondents strongly agree that their enterprise will be more competitive once the AEC is implemented.
- 43% of respondents are neutral on this topic.
- 10% of respondents disagree with this assessment.

Enterprises Competitiveness will increase



AEC INTEGRATION

AEC Factor Expected impact on enterprises



BUSINESS ENVIRONMENT

Population: 51,931,000

Population growth: 0.69 %

Real GDP growth: 6.8 %

GDP per capita: 1,711 (PPP 2013 US\$)

GINI index: 46.21

Inflation rate: 4.88 % (Av Cons Prices)

FDI inflows: 2.057 (Million US \$)

		Labour force participation rate (%)	Unemployment rate (%)
Age group	15 – 24	57.6 %	4.1 %
	25 – 54	93.6 %	
	55 - 64	71.5 %	

EDUCATION SYSTEM

- 54% of respondents are not satisfied with the quality of high-school education in their country.
- 54% of respondents are also unsatisfied with the quality of college graduates.
- 36% of respondents appreciate the quality of vocational training in their country.

Education providers perceived quality

Education Level	Graduates meet enterprises' needs				
	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
High School Education		9%	36%	27%	27%
College Education	9%	18%	18%	45%	9%
Vocational/Educational Training		36%	27%	27%	9%

Number of Respondents: None (white), Low (light blue), High (dark blue)

COMPETITIVENESS

- 27% of agrees that their enterprise will be more competitive once the AEC is implemented.
- 45% of respondents are neutral on this topic.
- 27% of respondents disagree with this assessment.

Enterprises Competitiveness will increase

Legend: Strongly agree (dark blue), Agree (medium blue), Neither agree nor disagree (light blue), Strongly disagree (white)

AEC INTEGRATION

AEC Factor Expected impact on enterprises

AEC Factor	Positive Impact	No Impact	Negative Impact
Reduced trade barriers	55%	25%	20%
Free investment flow	64%	16%	20%
Skilled labour mobility	55%	25%	20%
Semi-skilled labour mobility	45%	35%	20%
Low-skilled labour mobility	18%	57%	25%



BUSINESS ENVIRONMENT

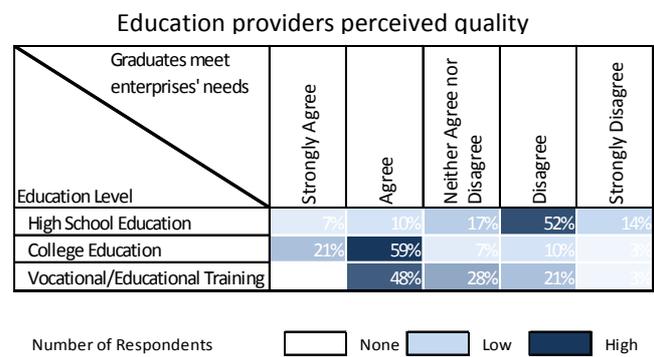
Population: 93,444,000
Population growth: 1.7 %
Real GDP growth: 6.8 %
GDP per capita: 4.660 (PPP 2013 US\$)
GINI index: 42.98
Inflation rate: 3.14 % (av cons prices)
FDI inflows: 1,816 (Million US \$)

Age group	Labour force participation rate (%)		Unemployment rate (%)
	15 – 24	25 – 54	
15 – 24	47.9 %	77.2 %	7.0 %
25 – 54	77.2 %	68.6 %	
55 - 64	68.6 %		

Philippines

EDUCATION SYSTEM

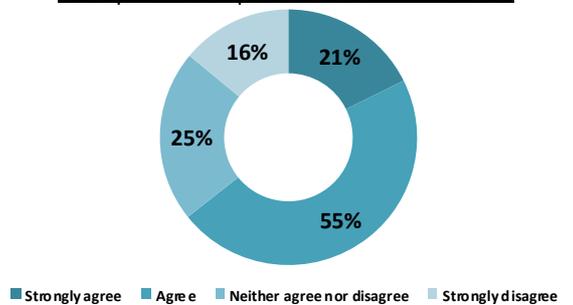
- 66% of respondents are unsatisfied with the quality of high-school graduates.
- 80% of respondents are satisfied with the skills owned by college graduates.
- 48% of respondents agree on the positive quality of vocational training in their country.



COMPETITIVENESS

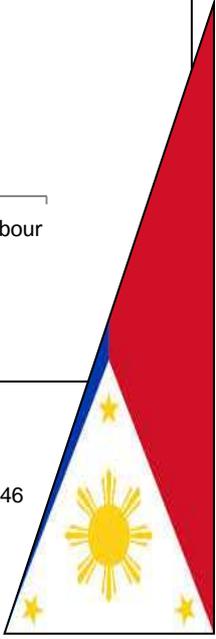
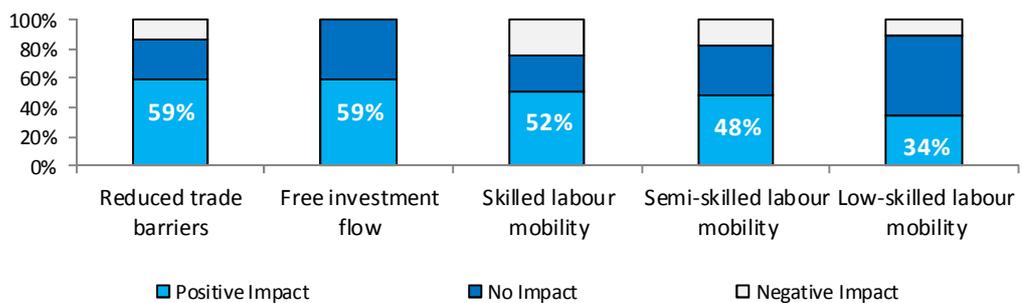
- 21% of respondents strongly agree and 55% agree that their enterprise will be more competitive once the AEC is implemented.
- 25% are neutral on this topic.
- 16% disagree with this assessment.

Enterprises Competitiveness will increase



AEC INTEGRATION

AEC Factor Expected impact on enterprises



BUSINESS ENVIRONMENT

Population: 5,079,000
 Population growth: 2.44 %

Real GDP growth: 3.5 %
 GDP per capita: 62,428 (PPP 2013 US\$)
 GINI index: N.A.
 Inflation rate: 2.3 % (av cons prices)
 FDI inflows: 55,285 (Million US \$)

Age group	Labour force participation rate (%)		Unemployment rate (%)
	15 – 24	25 – 54	
	38.1 %	86 %	2.8%
		66.1 %	

EDUCATION SYSTEM

- 70% of respondents are satisfied with the quality of high-school graduates.
- 85% of respondents are satisfied with the skills owned by college graduates.
- 90% of respondents agree on the positive quality of vocational training in their country.

Education providers perceived quality

Education Level	Graduates meet enterprises' needs				
	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
High School Education	10%	60%	25%	5%	
College Education	20%	65%	10%	5%	
Vocational/Educational Training	15%	75%	10%		

Number of Respondents: None (white), Low (light blue), High (dark blue)

COMPETITIVENESS

- 60% of respondents agree that their enterprise will be more competitive once the AEC is implemented.
- 40% of respondents are neutral on this Topic.

Enterprises Competitiveness will increase

Response	Percentage
Strongly agree	60%
Agree	0%
Neither agree nor disagree	40%
Strongly disagree	0%

AEC INTEGRATION

AEC Factor Expected impact on enterprises

AEC Factor	Positive Impact	No Impact	Negative Impact
Reduced trade barriers	80%	15%	5%
Free investment flow	60%	35%	5%
Skilled labour mobility	55%	35%	10%
Semi-skilled labour mobility	70%	25%	5%
Low-skilled labour mobility	70%	25%	5%

Annexes

1. Methodology and analytical framework

1.1 Quantitative survey

The core of this study is a quantitative survey of private-sector companies operating in ten ASEAN countries. The survey captures multidimensional perceptions of impacts the fast-approaching AEC implementation might have on respondents' businesses. Responses were collected in the areas of skilled labour, human resource development, and competitiveness issues related to regional assimilation. The study will also contribute to establishing a baseline for the ILO in terms of employer perceptions, both promoting a better appreciation of current employer attitudes and anticipating future trends. Finally, these findings can provide inputs for a potential risk identification and mitigation programme both to guide future ILO work and to inform regional policy dialogue.

The survey was designed to capture respondent perceptions in three dimensions: (i) enterprise needs in terms of worker skill-set and how these needs are being met by local education providers, as well as employer ability to retain personnel; (ii) respondent perceptions of ASEAN integration, in terms of their understanding of AEC and the associated opportunities and challenges employers believe they will soon encounter; and (iii) how enterprises believe their competitiveness will change once the AEC is in place, and what strategic moves might be expected of them in response to these changes.

Figure 2, above, displays the great variation in the respective number of responses from each country. In light of this, adjustments were made when cross-regional data were analysed together. In instances where the study does not show data broken down by country, but instead by groups of response and or indicator, a system of weights was applied to each country to avoid countries with more respondents (e.g. Lao People's Democratic Republic) skewing the outcome of the analysis and shadowing the responses coming from countries with fewer respondents (e.g. Myanmar). The percentage of respondent opinions was in each case considered individually and then weighted to get the score that would have obtained if the total number of respondents per country had been 50 (the initial goal of the study).

Figure 25. ASEAN employer survey scope



1.2 Qualitative expert interviews

Aiming to complement analysis of the quantitative data from the ASEAN employer survey, the research team prepared interview guidelines and then talked to a variety of experts from complementary backgrounds in the ASEAN region. The interview questions addressed the same dimensions investigated by the quantitative survey, and queried recipients regarding their understanding and opinions of the primary findings extracted from the survey after it reached a substantial overall response rate. Selected respondents participated in a panel that included exponents of the private sector, government authorities, and senior staff from international organizations operating in the region. Table 14, below, identifies these interviewees, their area of experience, and the main output that they were able to contribute to the study.

Table 14. Expert interview participants

	Role	Country
Multinational development bank	Senior economist	Lao PDR
Regional development bank	Senior education specialist	Philippines
Lao PDR Government	Garment industry committee member	Lao PDR
Multinational human resources agency	Market business leader	Singapore
Private bank	Chief representative officer	Viet Nam

1.3 Secondary research

Two types of secondary research were conducted. A qualitative approach collected data regarding AEC implementation steps already accomplished, the agreements they were based on, and future steps that need to be taken, developing a high-resolution picture of the integration path. Meanwhile a second, quantitative approach triangulated the survey results with data collected through secondary research, yielding a clearer picture of each individual country. Researchers referred to databases from the World Bank, the International Finance Corporation, and the Heritage Foundation.

The ‘One Page’ documents (above), focused on the individual countries under consideration, present data obtained from the survey together with information from external sources. The following table shows the sources of the external data displayed in the one-pagers.

Topic	Indicator	Description	Source
Population	Total population		
	Population growth	Total country population at 2010 census	UN World Population Prospect Database ⁹
Labour	Labour force participation rate	Percentage of the country's working age population engaged in the labour market, 2012	KILM ¹⁰
	Unemployment rate	Percentage of population without work, available for work, and seeking work, 2012	LABORSTA ¹¹
Economic	Real GDP growth	Real Gross Domestic Product growth, 2013	IMF World Economic Outlook Database ¹²
	GDP per capita	Gross Domestic Product per capita expressed in PPP dollars, 2013	
	Inflation	Annual percentages of average consumer prices are year-on-year changes	
Financial	GINI index	Distribution of income from equality (0) to maximum inequality (100)	World Bank Database ¹³
	FDI inflows	Millions of US\$ of foreign investment, 2011	International Monetary Fund ¹⁴

⁹ UNDESA: *World population prospects: The 2012 revision*, http://esa.un.org/wpp/unpp/panel_population.htm [accessed 23 June 2014].

¹⁰ Key Indicators of the Labour Market (KILM), http://www.ilo.org/empelm/what/WCMS_114240/lang--en/index.htm [accessed 23 June 2014].

¹¹ Labour Office Database, <http://laborsta.ilo.org/STP/guest> [accessed 23 June 2014].

¹² IMF, IMF eLibrary Data, <http://www.imf.org/external/data.htm> [accessed 23 June 2014].

¹³ World Bank, Gini index, <http://data.worldbank.org/indicator/SI.POV.GINI> [accessed 23 June 2014].

¹⁴ IMF, <http://www.imf.org/external/country/VNM/r/2013/101113.pdf> [accessed 24 June 2014].

2. ASEAN employer survey: Preparing for AEC 2015

0. Which country are you based in?

- 1 = Brunei Darussalam
- 2 = Cambodia
- 3 = Indonesia
- 4 = Lao People's Democratic Republic
- 5 = Malaysia
- 6 = Myanmar
- 7 = Philippines
- 8 = Singapore
- 9 = Thailand
- 10 = Viet Nam

Part 1: Skills and training

Developing human resources is vital for business productivity and competitiveness. Please share your perceptions of skills and training systems in relation to your enterprise.

1. To what extent do you agree with the following statements concerning education and skills training in relation to your enterprise?

	1 = strongly agree	2 = agree	3 = neither agree nor disagree	4 = disagree	5 = strongly disagree
a) High-school graduates in my country have the necessary skills to meet the needs of my enterprise.					
b) University graduates in my country have the necessary skills to meet the needs of my enterprise.					
c) The vocational education and training system in my country meets the needs of my enterprise.					
d) Addressing performance gaps is one of the most important reasons for my enterprise to invest in training.					
e) Business expansion is one of the most important reasons for my enterprise to invest in training.					
f) Continuous development of my workforce is one of the most important reasons for my enterprise to invest in training.					
g) Improving productivity is one of the most important reasons for my enterprise to invest in training.					
h) My enterprise has no real need for investment in training.					

2. How would you rate the quality of the local education and training providers currently?

	1 = excellent	2 = good	3 = average	4 = poor	5 = extremely poor	6 = not applicable

a) Private education and training providers.						
b) Public education and training providers.						

3. What type of training does your enterprise need most? (Select up to three answers)

- 1 = management/leadership
- 2 = accounting
- 3 = marketing
- 4 = customer service
- 5 = vocational/technical skills
- 6 = information technology
- 7 = human resources
- 8 = others _____

4. What areas of training are most widely available? (Select up to three answers.)

- 1 = management/leadership
- 2 = accounting
- 3 = sales/marketing
- 4 = customer service
- 5 = vocational/technical skills
- 6 = information technology
- 7 = human resources
- 8 = others _____

5. What are the main constraints on enterprise-level training? (Select up to three answers.)

- 1 = lack of funds
- 2 = high employee turnover
- 3 = lack of time
- 4 = workers lack of motivation / low level of participation
- 5 = lack of resources, such as training material and trainers
- 6 = workers unable to apply training into their daily work
- 7 = other _____

Part 2: ASEAN economic integration and competitiveness

Regional economic integration provides new opportunities and challenges for enterprises in ASEAN. Please share your perceptions of how ASEAN integration will likely impact your enterprise.

6. To what extent do you agree with the following statements concerning the ASEAN Economic Community 2015?

	1 = strongly agree	2 = agree	3 = neither agree nor disagree	4 = disagree	5 = strongly disagree
a) I fully understand how the ASEAN Economic Community 2015 will affect my enterprise.					
b) My enterprise will be more competitive in the context of the ASEAN Economic Community 2015.					

7. What would be the likely impact on your enterprise of the following measures as a result of ASEAN economic integration?

	1 = very positive	2 = positive impact on	3 = no impact on	4 = negative impact on	5 = very negative

	impact on my enterprise	my enterprise	my enterprise	my enterprise	impact on my enterprise
a) Reduced barriers to trade in goods and services.					
b) Freer flow of investment and capital.					
c) Greater mobility of high-skilled labour (such as doctors, dentists, nurses, engineers, architects, accountants, surveyors).					
d) Greater mobility of semi-skilled labour (such as clerks, restaurant workers, and salespersons).					
e) Greater mobility of low-skilled labour (such as construction workers, machine operators, food processing, and garment workers).					

8. To make your enterprise more competitive within ASEAN, how likely is it your enterprise will adopt the following measures?

	1 = very likely	2 = likely	3 = unlikely	4 = very unlikely
a) Invest in better skills training for workers.				
b) Update machinery and production technology.				
c) Retain and attract skilled workers by paying higher wages.				
d) Produce more innovative and higher-quality products and services.				
e) Reduce labour costs by paying lower wages.				
f) Reduce other production costs.				

9. What is the likely impact of the greater mobility of high-skilled workers on the wages that your enterprise will pay?

1 = My company will be able to pay lower wages by recruiting skilled workers from other ASEAN countries.

2 = There will be no impact on the wages of skilled workers for my company.

3 = My company will have to offer higher wages to prevent skilled workers from moving to other ASEAN countries.

10. In case minimum wages in your country increase by 10 per cent, how likely is it your enterprise will adopt the following measures?

	1 = very likely	2 = likely	3 = unlikely	4 = very unlikely
a) Upgrade technology and/or invest in modern machinery.				
b) Improve efficiency by reorganizing work-flow and production processes.				
c) Charge higher prices for our goods and services.				
d) Close down business.				
e) Invest in skills training for workers to make them more productive.				
f) Try to increase output with the same number of workers.				
g) Try to maintain the same output with fewer workers.				
h) Relocate to another province or region within my country.				
i) Relocate to another country.				
j) Do nothing and simply carry on as before.				
k) Other: _____				

Part 3: Background on your enterprise

Please share some background information on your enterprise.

11. In which ASEAN country is your enterprise located? (Please specify your country of operation, which may be different from your company headquarters.)

(NB: Provide response options in a drop-down box.)

- 1 = Brunei Darussalam
- 2 = Cambodia
- 3 = Indonesia
- 4 = Lao People's Democratic Republic
- 5 = Malaysia
- 6 = Myanmar
- 7 = Philippines
- 8 = Singapore
- 9 = Thailand
- 10 = Viet Nam

12. What year was your enterprise established?

13. In which industry does your enterprise primarily operate? *(NB: Provide response options in a drop-down box.)*

- 1 = Agriculture, forestry, and fishing
- 2 = Mining and quarrying
- 3 = Manufacturing, excluding garments, textiles, and wearing apparel
- 4 = Manufacturing of garments, textiles and wearing apparel
- 5 = Electricity, gas, steam, and air conditioning supply
- 6 = Water supply; sewerage, waste management, and remediation activities
- 7 = Construction
- 8 = Wholesale and retail trade; repair of motor vehicles and motorcycles
- 9 = Transportation and storage
- 10 = Accommodation and food service activities
- 11 = Information and communication
- 12 = Financial and insurance activities
- 13 = Real-estate activities
- 14 = Professional, scientific, and technical activities
- 15 = Administrative and support service activities
- 16 = Public administration and defence
- 17 = Education
- 18 = Human health and social work
- 19 = Arts, entertainment, and recreation
- 20 = Other service activities
- 21 = Not classifiable

14. What is the ownership structure of your enterprise?

- 1 = Private ownership (foreign invested)
- 2 = Private ownership (domestic)
- 3 = Joint partnership (mixed foreign and domestic)
- 4 = State-owned enterprise
- 5 = Other: _____

15. How many workers does your enterprise have?

- 1 = fewer than 10
- 2 = 10–49
- 3 = 50–99
- 4 = 100–299
- 5 = 300 or more

16. In general, what is the level of employee retention in your company?

- 1 = very high (more than 5 years)
- 2 = high (3–5 years)
- 3 = moderate (2–3 years)
- 4 = low (1–2 years)
- 5 = very low (less than 1 year)

Comments:

Thank you!

Please return the survey to the following fax number:

**Emerging Markets Consulting
Fax: (+85621) 219875**

3. Expert interview guidelines

Section 1 – Skills and training	
	<p>Primary findings show that respondents are generally satisfied with the ability of university graduates to meet the needs of their enterprises (54% of them agree/strongly agree). We don't find the same level of agreement and satisfaction when we consider high-school graduates (average 41% disagree).</p>
	<p>What's your opinion of that? Do you agree with this finding? What are the results that surprised you?</p>
	<p>In your opinion, what do high schools lack in their preparation? Which are the skills lacked by high-school graduates? Would it be beneficial to have high schools specialize in teaching more technical skills directly applicable to the work market?</p>
	<p>How would you close the gap? What roles should the national Government and relevant private-sector associations adopt to improve this situation?</p>
	<p>In terms of college education, which fields (business administration, engineering, law, etc.) do you see presenting more opportunities in the next years in this region?</p>

Section 1 – Skills and Training

	<p>Primary findings suggest that all the countries agree private education is characterized by a higher quality (average of 48% excellent or good) than the one provided by the public sector (average of 29% excellent or good).</p>	
	<p>What's your opinion of that? Do you agree with this finding? What are the things that surprised you?</p>	
	<p>Do you think that the Government in your country is actively trying to improve the public education? How would you describe the level of government investment and its effectiveness?</p>	
	<p>How could public education actually compete au-pair (at the same level) in terms of quality with private education?</p>	
	<p>Primary findings show that private companies operating in the ASEAN countries under consideration agree that the most needed training is primarily in the areas of management and leadership skills, followed by customer service and technical skills.</p>	
	<p>What's your opinion of that? Do you agree with this finding? What are the findings that surprised you?</p>	
	<p>How would you explain that? Based on your experience, which areas do you think will make the most difference in future?</p>	

Section 1 – Skills and Training

	<p>How would you describe the availability of training providers in your country of residence? Do they match company needs in terms of quality and diversity? In your opinion, are there areas that should be further expanded?</p>	
<p>Primary findings suggest that enterprises believe the three greatest constraints to company investment in employee training are lack of time, lack of funds, and high employee turnover.</p>		
	<p>What's your opinion of that? Do you agree with this finding? What are the findings that surprised you?</p>	
	<p>How could the Government in your country support enterprises in overcoming these constraints?</p>	
	<p>Do you think that, with the advent of the AEC, these constraints will change? How?</p>	

Section 2 – ASEAN Integration

	<p>Regional economic integration provides new opportunities and challenges. Although about 40% of the participants seem to fully understand the impact the AEC will have on their enterprise, 58% don't understand the impact or believe it will be minimal.</p>	
	<p>How would you describe the way that ASEAN integration policies are being transmitted within your countries?</p>	
	<p>In your opinion, what would be the best way to disseminate information about these policies (e.g. seminars, workshops, or conferences being organized in the country)? How could the Government support and increase enterprise awareness of AEC?</p>	
	<p>Based on your perceptions and experience, does communication largely engage large, more established companies, or does it also reach small and medium enterprises?</p>	
	<p>How, in your opinion, are enterprises getting ready for implementation of ASEAN economic integration? Are companies trying to gather information to prepare themselves, and if so, are the tools at their disposal sufficient to disseminate the necessary knowledge?</p>	
	<p>Primary findings suggest that the positive impacts on ASEAN companies most expected by respondents are lower trade barriers and liberalized investment flows.</p>	
	<p>What's your opinion of that? Do you agree with this finding? What are the findings that surprised you?</p>	

Section 2 – ASEAN Integration

	<p>How would you describe the expected impact of reduced trade barriers on private companies in your country? Is it likely to be the same for big enterprises and for SMEs?</p>	
	<p>How would you describe the expected impact of free investment flows on private companies in the country? Is it likely to be the same for big enterprises and for SMEs?</p>	
	<p>How would you describe the expected impact of labour mobility (skilled, semi-skilled, and unskilled) on private companies in the country? Is it likely to be the same for big enterprises and for SMEs?</p>	
	<p>Which level of interventions should the Government pursue to maximize the positive impacts of these factors and minimize the negative ones?</p>	

Section 3 – Competitiveness

	Primary findings show that most respondents expect their enterprises to be more competitive once the ASEAN Economic Community is implemented in 2015.	
	What's your opinion of that? Do you agree with this finding? What are the findings that surprised you?	
	Do you believe that the impact will be positive for large, more established companies? If so, which will be the most likely factors in determining this improvement?	
	Do you believe that the impact will be positive for small and medium enterprises? If so, which will be the most likely factors in determining this improvement?	
	Primary findings suggest that enterprises are willing to invest in a variety of activities to increase competitiveness and margin. Reducing labour wages was the least popular initiative.	
	What's your opinion of that? Do you agree with this finding? What are the findings that surprised you?	
	Would you expect companies to invest as suggested by the survey results?	
	Do you believe that increased labour mobility within the AEC will have a strong impact on enterprises? What impact would you expect?	
	What impact would you expect this increased mobility to have on the ability of enterprises to attract and retain skilled personnel?	

Section 3 – Competitiveness

	<p>Do you believe that higher mobility of low-skilled workers might give enterprises an incentive to avoid investing in training and take advantage of lower wages to cut production costs? Why?</p>	
	<p>Which role (if any) should Governments adopt to support enterprises in becoming more competitive? Should they intervene directly in the market (e.g. with subsidies) or rather play an indirect role (e.g. increasing investment in education)?</p>	

Survey of ASEAN employers on skills and competitiveness

The integration of the ASEAN (Association of Southeast Asian Nations) Economic Community (AEC), targeted for 2015, raises many questions about the challenges and potential impacts faced by enterprises operating in this region. This survey report aims to capture the perceptions of ASEAN employers regarding regional integration effects on human resources, labour mobility, commercial enterprise development and competitiveness. Given the diverse markets of the ASEAN community, it is unsurprising that employer reactions to imminent integration vary, and these responses are gauged against the extent to which the private sector understands the potential impacts of the AEC in 2015.

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