



**Background Paper
to support the Drafting of Thailand NHDR**

“Advancing Human Development through the ASEAN Community”

New Generation of Thais as ASEAN Citizen

Karndee Leopairote, Ph.D.
Assistant Professor, Thammasat Business School
karndee@tbs.tu.ac.th



1 **Major social factors in ASEAN societies**

Social Factors

How ASEAN members are preparing such changes

2 **Perception and readiness of Thai new generations toward ASEAN citizenship**

Survey – opinion based evidence

Major challenges

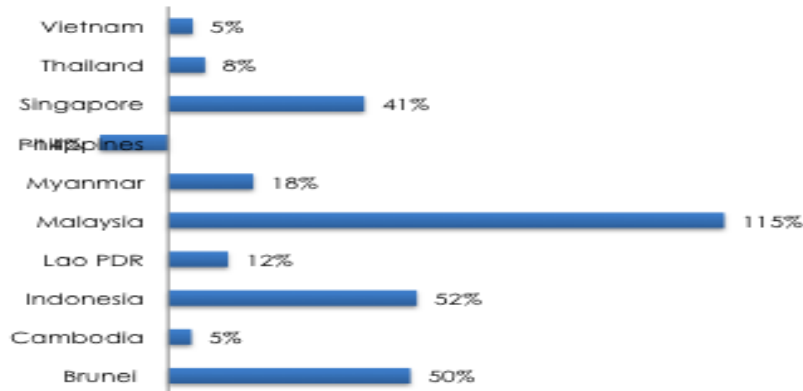
Recommendation

7 Major ASEAN Social Factors & Trends are reshaping ASEAN societies and way of life

1

Influx of foreign investment and increasing job opportunity

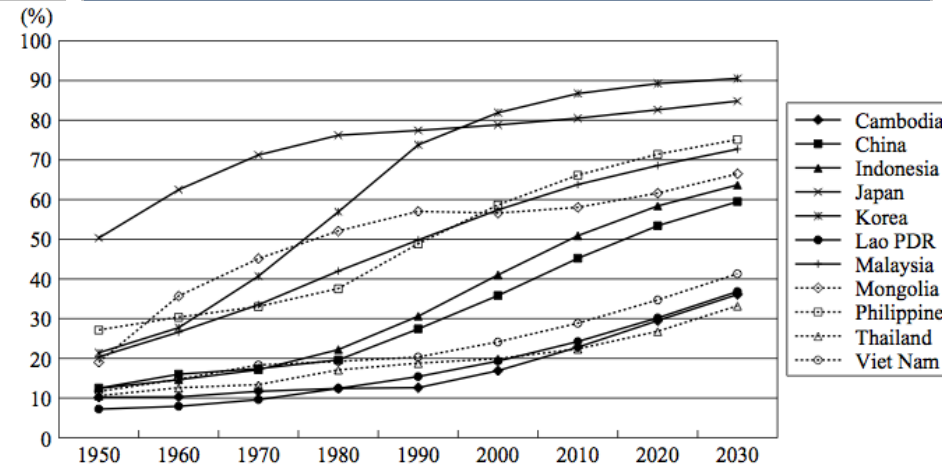
Average FDI Inflow Annual Growth (2007 - 2011)
ASEAN Average = 29%



- Domestic impact of internationalization raises awareness of self & international cultures
- Diverse workforce & talent pools
- Resource exploitation
- ASEAN needs to orchestrate the rapid growth

2

Urbanization & migration in ASEAN

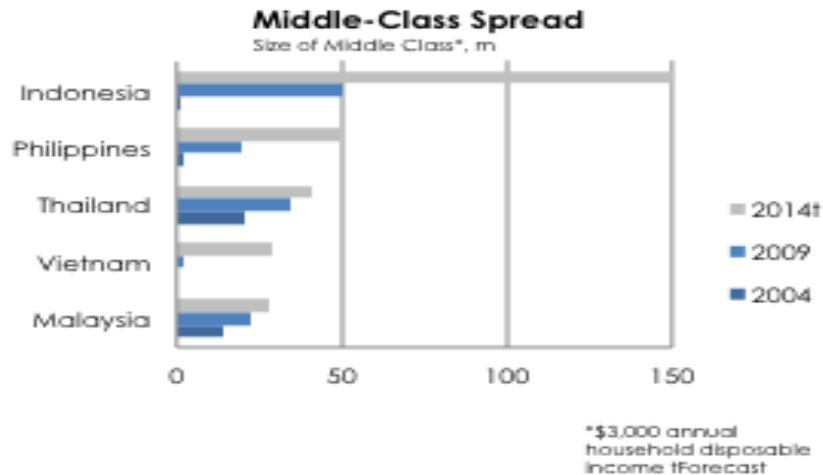


- Lao PRD posts largest growth
- Urban area – the engine room of economic growth
- The ASEAN cities are growing faster than infrastructure
- Expanding urbanization creates waves of new ASEAN consumers
- New gen is more environmental friendly than the older gen

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3

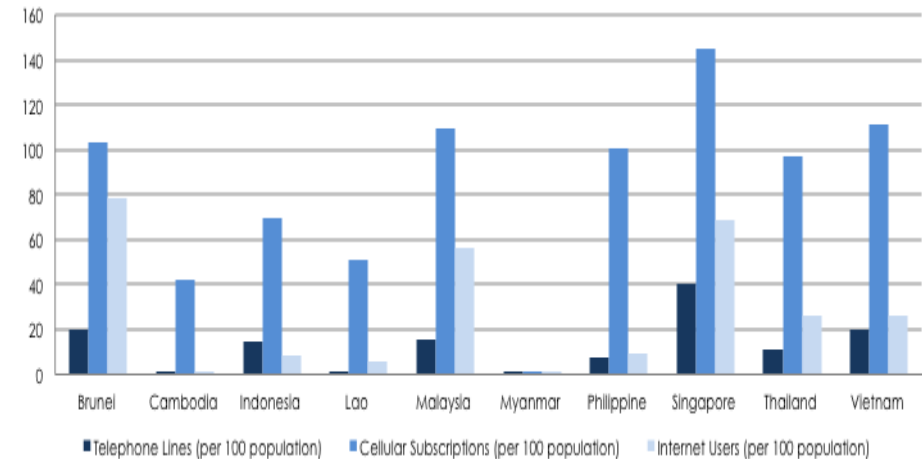
Rise of ASEAN middle class and new riches



- Booming consumer products/services – technology products
- Driver of entrepreneurship and innovation
- Spending than saving – risk of household debt and financial vulnerability

4

Expansion of IT & social media

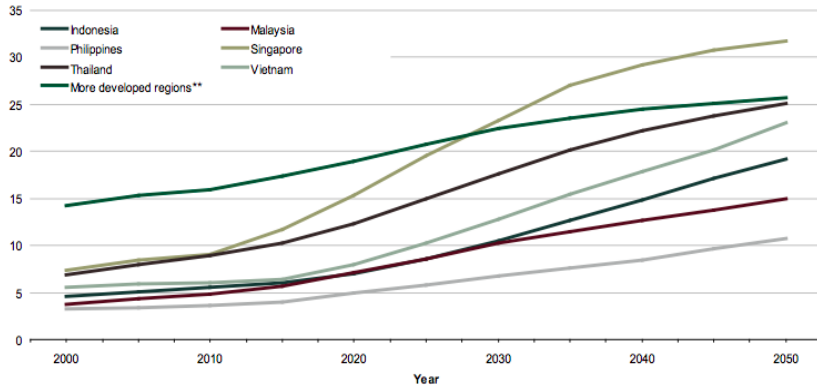


- Fast growing internet users and penetration
- Borderless source of knowledge
- Rise of digital consumers and entrepreneurs & business
- Social participation & culture integration
- Privacy invasion

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5

Greying ASEAN



* Medium variant projections

** More developed regions comprise Europe, Northern America, Australia/New Zealand and Japan

Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat *World Population Prospects: The 2010 Revision*

- Especially in Singapore, Thailand, and Vietnam
- Working after retirement age
- Coping with productivity issue – SG
- Coping with healthcare and well being

6

Women Advancement

Female participation in labor force



- Balancing between work and family
- Family responsibilities – constraints to choice of career
- New work model

- Multicultural work place
- Diverse workforce: different values & etiquettes
- Better be adaptable

7

Culture Coalition

Implications to Thailand's Human Resource

Work productivity is not improving fast enough

Although there have been a noticeable improvement in labor productivity of ASEAN countries and in Thailand over the past decade, the productivity in China and India has grown in much faster rate.

With the wage hike but relative low productivity

The tangible direction should be set and focus on increasing work productivity with innovation and technology.

Higher labor mobility brings both opportunities and challenges

More competitive country will gain the benefit from brain-gain where the less competitive country will encounter the brain-drain scenario

Significant proportion of self-employment and growing start-up entrepreneurs

- Systematic action should be done to shift those from informal sector to formal sector.
- Development of entrepreneurship skill and innovation capability are urgently required

Current issues of Thai Human Resource

Education attainment and employability

- Growing needs for lower secondary education level in industry and service sectors
- Growing needs for higher secondary education level in agricultural sector
- Labor demand is growing in the same domain – the industries are not moving up the value chain
- Thai labor market across all sectors still rely on the low-skilled worker and labor-intensive activity

Work behavior and discipline in multicultural workplace

- Communication barrier
- Thai workers are still far from being the leader
- Passive and not arguable
- Confrontation and criticism avoidance value
- Singaporean – confidence & commitment; Malaysia – systematic; Vietnamese – high endurance

Inadequate science and mathematic skills

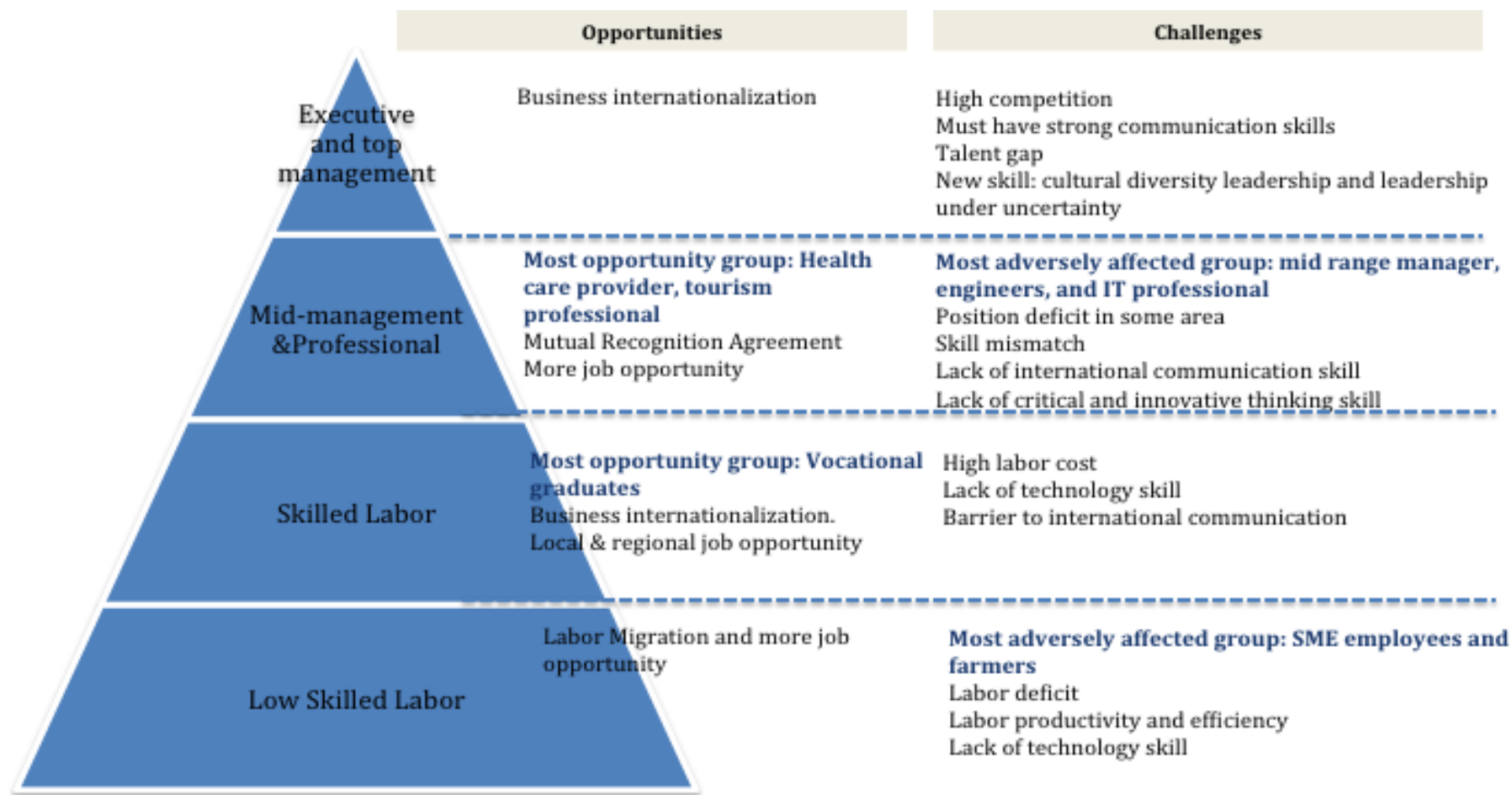
- Fundamental skills for the future work are still very poor
- Affects the potential leadership, a source of greater knowledge and resource and the potential to create innovation

New generation's positive attitude towards entrepreneurship

- Evidence of business internationalization – 6 times larger proportion from 2007
- Growing young social entrepreneurs
- Cash flow – common constraint for start-up
- Lack of innovation in business – still in 'me-too' business

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Human Resource Pyramid and Its Most Affected Population Groups



Farmers & SME – most affected by integration

Farmer & agriculture workforce

Issues

- Still labor intensive activity
- Relying on young migrants from neighboring countries
- Low access to technology

Actions

- Uplifting their literacy and technology assessment
- Improving education enrollment in rural & life long learning program
- IT adoption

SME: Employers & Employees

Issues

- 60% of Thai SMEs are not ready for ASEAN integration
- around 7% of Thai SMEs are ready to take benefit of the region integration
- Lack of innovation & technology
- Internationalized skills required for SME employers
- Labor deficit for SME
- Low labor quality

Actions

- Reinforce SME internationalization
- Productivity enhancement program
- Support the use of technology and advanced machinery to be less reliance on low skilled labor

Skilled labor & technician

Issues

- Small input – low quality of output
- Growing needs for growing investment
- Barrier to work in international platform

Actions

- Programs to attract talented secondary students
- Internationalizing the curriculum
- Knowledge sharing and technology transfer

Mid-management & Executive – Opportunities & Challenges

Mid-management

	Difficulty in recruitment of local staffs (general workers)	Difficulty in recruitment of local staffs (middle management)	Difficulty in recruitment of local staffs (engineers)
ASEAN	13.7	39.8	39.6
Thailand	24.6	43.2	53.3
Malaysia	17.8	36.1	37.9
Singapore	19.1	29.8	27.7
Indonesia	3.9	37.4	27.7
Philippines	3.3	38.1	37.6
Vietnam	14.5	59.0	50.6

Source: JETRO report (2006)

Issues

- Severe shortage of effective managers – skill shortage & skill mismatch
- Lacking effective engineering & IT personnel – communication skills
- More brain drain – less brain gain for Thailand

Actions

- Future skill identification program
- Promote academic & business sectors collaboration
- Provide flexibility in curriculum
- Promote Communication skills
- Promote both technical & thinking skills and work behavior

Executives

Issues

- Talent gap
- More inflow of competent expat – small outflow of Thai executive
- Skill requirement for executives in globalizing world

Actions

- Promote experience and knowledge transfer between the current leaders & next gen leader
- Enhance thinking skills and global business mindset

Most urgent actions

Future skill identification program

Appropriate academic knowledge must be provided at all level education institutions in order to underpin practical skill formation in the workplace

Improve technology and innovation infrastructure to escalate labor productivity

provide the platform so those SMEs can access, utilize, and take advantage of new technology at the affordable price

Provide business internationalization platform to all business level

Promote SMEs to become active parts of global supply chain and global production network

Provide proper conditions for high skill development

Aim to produce young people with strong intermediate level skills, especially in the areas of science, mathematic, IT, literacy, and foreign communication skills.