



Global Economic-Demographic Challenges: Role of Institutions of Higher Learning Towards

Competent and Productive Workforce

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Outline

- Global Economic-Demographic Challenges:
 - Global Recession
 - Demographic Challenges vs Opportunities
- Competent and Productive Workforce
- Role of Institutions of Higher Learning
- Conclusion

Global Economic-Demographic Challenges: Global Recession

- Economic growth across the world (IMF, 2009; World Bank, 2009; ADB, 2008):
 - 2009: 0.5% (2008: 3.4%)
 - Advanced countries: GDP to shrink by 2% (first contraction in the post-World War II era)
 - Developing countries: to fall below 5% (first time since the downturn of the early 1990s)
 - East Asia: to slow down to 6.2%
 - Southeast Asia: 3.5% slow-down

Global Economic-Demographic Challenges: Global Recession

- Aside from the falloff in **trade**, spillover effects from the financial meltdown in the **high-income economies** will have a dampening effect on **investment** spending in **emerging markets**, a key source of growth over the past five years.

Global Economic-Demographic Challenges: Global Recession

- Concerted efforts are being made to combat the crisis.
 - Among others, fiscal stimulus packages have been enacted in several countries across the globe.
- It is expected that the global economy will resume its upright turn within a few years to come.
- But to where and how far, it will go, one may have to look at another factor:
 - Demographic shift.

Demographic Challenges vs Opportunities

- While it isn't clear if the demographic shift has anything to do with the current world economic recession,
 - the current demographic shift across the globe
 - had contributes to the global economic growth in the past decades and
 - will continue to have an important impact on the global economy in decades to come.

Demographic Challenges vs Opportunities

- Previous growth in many parts of Asia was contributed by a high proportion of the population in the labor-force age, particularly the youth adults.
- Such contribution of the so-called "demographic dividend" was through:
 - productive employment
 - asset creation
 - investment

Demographic Dividend:

Key Aspect of Demography-Economy Nexus

- **Demographic Dividend =** the economic benefits that derive from demographic change, in terms of a feature of an age structure with the tendency for the **working-age population** to grow more rapidly than the overall population once fertility has begun to decline.
 - Demographic Dividend may also be called Demographic Bonus
- **Demographic Dividend: A Window of Opportunity**
 - Normally, a demographic dividend may occur only once during a demographic transition and lasts for just a few decades (Mason, 2002; Bloom et al, 2003)
 - The rising proportion of the population in the working ages relative to that at the dependent ages is considered a window of opportunity to accrue economic benefits to both the society and each individual population

Demographic Dividend

- The benefits can accrue at the individual and societal levels.
- The dividend can result in
 - an increase in the standard of living;
 - opportunities for **individuals** to earn
 - higher income for consumption
 - higher savings
 - investment
 - possibilities for a **society** to have a more productive workforce leading to higher economic growth during the period of the dividend and thereafter.

Four conditions for attaining a demographic dividend

1. **Demographic condition:**
Combination of a decline in mortality, fertility, and dependency ratio
2. **Timing of the demographic transition:** Only occurs in the middle phase of demographic transition
3. **Existing human-resource conditions:** **Quality of human resources**
4. **Policy conditions for a more productive workforce:** economic policy, labor policy, HRD policy and financial system

Demographic transition alone does not automatically result in the demographic dividend

- One-third of the economic growth in South Korea, Taiwan, and Singapore during 1960 and 1990 was attributed to demographic shifts.
- Demographic dividend in the majority of Southeast Asia is less pronounced and varies across the region.
 - Part of the explanation for the variation is their differing policy environments that have contributed to variations in the **levels of skills and competency of the productive workforce.**

In years to come: The “demographic dividend” in Asia is not guaranteed.

- Labour force in Asia’s developed (industrialized) economies: to contract by 3.6 million, or 4.6 per cent, driven largely by trends in Japan.
- China and the Republic of Korea: to show significant declines in the prime-age population share.



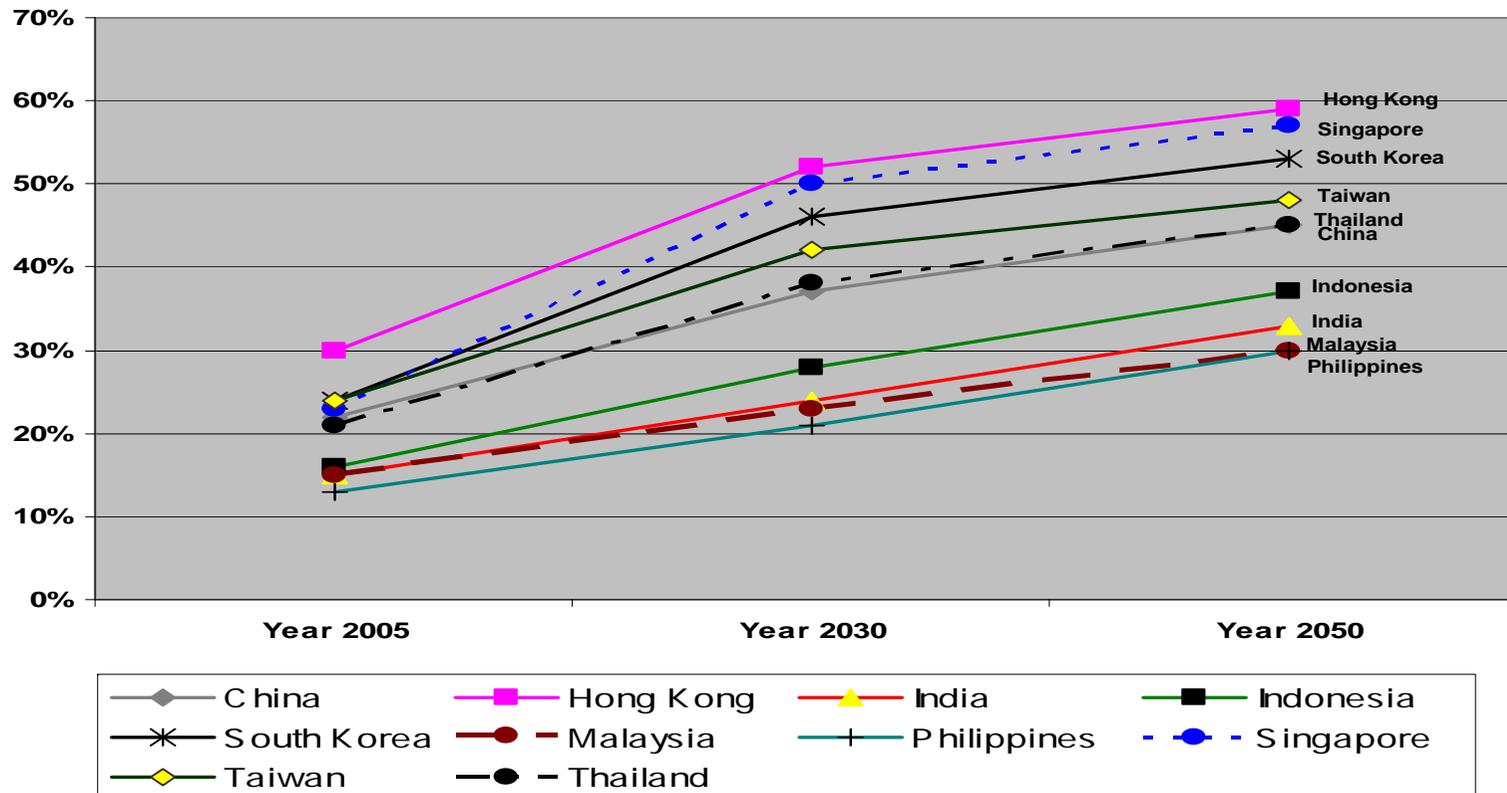
- Could represent a potential “demographic cliff” of lower output growth.
- Emerging labour shortages and other social and economic consequences of their ageing workforces

In years to come: The “demographic dividend” in Asia is not guaranteed.

- Optimum conditions for a demographic dividend in Singapore, Thailand and Vietnam will be declining
 - after 2010.

- Malaysia and Indonesia will be following the trend
 - after the labour-force peak of 63.0% and 65.0% in 2020, respectively

Percentage of Population aged 50 and above in Asia



Source: Wongboonsin (2008)

Countries that will see the biggest increase in the share of people of prime working-age population

- Afghanistan, Bhutan, Cambodia, Mongolia, Pakistan, Timor Leste, Lao People's Democratic Republic, the Philippines and some Pacific Island countries.

- Yet, they are also categorized with the highest numbers of working poor, the largest informal economies, and insufficient numbers of decent and productive jobs.
- They are expected to face enormous labour supply pressure (ILO, 2007)

The emerging new economies of Southeast Asia have stimulated their demand for quality human resources.

-However, the education and training environments in a number of Asian countries has not met the demand.

-The problem of a large number of the labor force unable to adapt oneself to meet the demands of a flexible labor market has prevailed in many developing Asian countries.

Asian Key Challenges

Extending
working life

Enhancing the
employability
of older
workers
through
lifelong
learning

Mechanisms
for skills and
knowledge
transfer to
the next
generation
of workers

Promoting decent work at
later stages in the life cycle

Skill Gap

- Despite a rising level of education attainment across all skills groups,
 - Developing Asia is suffering from a growing dearth of skills,
 - especially among professional occupations.
- The shortage is serious enough to harm productivity of entire industries and the economy as a whole.

Skill Gap

- The structural nature of the skills gap suggests that it is likely to afflict developing countries in Asia for years to come.
 - This is in addition to an increase in youth unemployment and joblessness.
- Poor education and training are increasingly pushing poor, young workers into informal sector jobs, often at low pay and in miserable working conditions

Role of Institutions of Higher Learning

- To realize the economic benefits of the demographic change:
 - There must be a **higher productivity of the workforce**, which is contributed by appropriate competence.

- It is the role of institutions of higher learning to contribute to a high proportion of competent workforce supply, in both skills and attitudes terms:
 - Human capital
 - Social capital
 - Good citizenship - - at the national, regional and global level.



Through the process of knowledge generation and socialization towards transposition of competency and learning to a higher plane along expanding circles of learning circumstances

Role of Institutions of Higher Learning

- The more an institution of higher learning turning itself into a research university, the more it contribute to socialization of learning,
 - where a learner watches and interacts with an expert/mentor/supervisor, which contributes to a whole body of experience.
- Once the tacit knowledge is translated and expressed into forms that are comprehensible to the conscious mind of an individual and to others:
 - The tacit knowledge is externalized into explicit knowledge (Delahaye and Becker, 2006) .

EU: Key Competences

- Commission of the European Communities (2005) set out eight key competences for policy makers, education providers, employers, and learners themselves to facilitate national and European level effort towards personal fulfillment and development, active citizenship, social inclusion and employment.

- Communication in the mother tongue
- Communication in the foreign languages
- Mathematical competence and basic competences in science and technology
- Digital competence
- Learning to learn
- Interpersonal, intercultural and social competences and civic competence
- Entrepreneurship
- Cultural expression.

EU: Key Competences

- By the end of initial education and training young people should have developed the key competences to a level that equips them for adult life, and they should be further developed, maintained and updated as part of lifelong learning.
- Many of the competences overlap and interlock.
- Aspects essential to one domain will support competence in another.
- Competence in the fundamental basic skills of language, literacy, numeracy and ICT is an essential foundation for learning, and learning to learn supports all learning activities

Notions for Asia

- Against the above-mentioned background, an institution of higher learning, particularly in Asia, should turn itself into a hub of **life-long education and training** for the workforce, along **university-industry partnership**, with commitments to the **international standards** of academic activities, and an emphasis on the **integration of research and instruction**.
- In response to
 - Ever-shifting **requirements for competence development** due to the changing needs of growing economies, the changing nature of work as well as opportunities globalization presents.
 - shifting demographic structure towards an **ageing society**.

- According to the concept of the demographic dividend:
 - The more workforces engaging in demand-driven life-long education and training
 - The more accumulation of wealth and capital along changes in the age structure, and
 - The more likely the chance of the second demographic dividend.
- Should the second demographic dividend be the case:
 - Ageing can lead to a sustained increase in standards of living that persist after the first demographic dividend has long disappeared.

Conclusion

- The economic recession is a challenge to the whole world.
 - Given the current concerted efforts of countries across the globe being strengthened, the global economy is expected to resume an upright turn within a few years to come.
 - But to where and how far, it will move forward, one may have to look at another factor: the demographic shift.
 - One may think of the global pole will turn to Asia in years to come.
- This leads to the role of institutions of higher learning, to turn themselves into a research university, a hub of life-long education and training for the workforce, along university-industry partnership, with commitments to the international standards of academic activities, and an emphasis on the integration of research and instruction.



■ Yet, this paper maintains that the prospects for Asia are not guaranteed, unless there is a proactive measure towards more competent and productive workforce.

Conclusion

- Through the process of knowledge generation and socialization towards transposition of competence and learning to a higher plane along expanding circles of learning circumstances, a university would be more contributive to the national, regional and global development on a long-term basis.
- This is based on the notion of its contribution to more and more competent workforce supply, in both skills and attitudes terms - - human capital and social capital as well as good citizenship - - at the national, regional and global level.



THANK YOU