

INSIGHT

How to Upgrade Asia's Skill Set



An instructor guiding a trainee welder attending a short training under the Skills Development Project in Bangladesh. The Project aims to help reduce unemployment rates in Bangladesh. Photo credit: ADB.

The basic education and skill set that powered "Factory Asia" needs realignment if Asia is to continue its upward trajectory.

Introduction

Asia's rapid economic growth in recent decades has been driven by millions of workers who had completed their basic education and were willing to work for low wages. The region's continued growth in the new global economy requires a realignment of its labor force's skill sets in order to match new needs. Unless this happens, the region's current skills mismatch will widen.

Analysis

Shifting away from the factory-driven growth model of the past towards more diversified and high value economies requires a technically adept market-driven labor force able to generate creative, cutting edge ideas and products.

However, the region's training systems are struggling to fill employers' needs, and the skill sets that powered "Factory Asia" no longer correspond with the rapidly changing needs of employers.

Reforming Asia's education systems is key to ensuring that new generations of graduates are equipped to enter the workforce.

In decades past, Asia's education systems, including Technical and Vocational Education and Training (TVET) program, produced workers equipped with the hard and soft skills to operate the world's assembly lines.

Today's workforce requires the capacity to carry out nonroutine tasks that require problem-solving skills and creativity.

Maintaining Asia's economic miracle requires revolutionizing its skills supply. This means Asia's education systems (defined broadly to include formal academic-track education and TVET provided by institutions and employers) will need to be transformed to ensure that skills supply can rapidly and continually respond to changing skills needs.

Insights

To close the skills gap, governments in Asia need to urgently prioritize national policies and investments to transform education and training. Here are some strategies to help them do so:

Place skills development at the center of national economic development plans.

Sound strategies and planning can ensure skills supply is effectively aligned with skills demand. Skills supply should be properly sequenced to match demand according to different stages of economic development.

Scale up investment for the TVET sector.

This sector is generally fragmented, severely underfunded and undermanaged, composing only a small fraction of most education budgets. Significant investment is required to modernize the TVET sector and rebrand it as an integral part of the education systems.

Reorient and rebalance education systems to meet rapidly evolving economic and labor market needs.

There is also a need to recognize TVET as a valuable pathway that can evolve to provide a mix of soft and hard skills required by the labor market.

Prioritize reforms to improve the relevance and the quality of TVET.

This includes switching the focus from supply-driven to demand-driven education and training, or

improving links to industry.

Strike the right balance between TVET provision by public institutions and private providers.

This requires the creation of an enabling framework for innovative public–private partnerships to share the responsibility for developing curricula and delivering training while also ensuring quality control. The promotion of internships, apprenticeships, and training for existing workers is critical for the development of a TVET system that is in tune with private sector needs.

Participating in regional cooperation initiatives.

This can include collaboration in regional labor market information and analysis; and promoting regional industrial cooperation. Development of mutual recognition mechanisms to remove geographic barriers to mobility of skilled workers can likewise help alleviate the skills gap.

Resources

Ra, S., B. Chin, and A. Liu. 2015. *Challenges and Opportunities for Skills Development in Asia: Changing Supply, Demand, and Mismatches*. Mandaluyong City, Philippines: Asian Development Bank.



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