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ASEAN Economic Community (AEC) Its Impact on Management of Human Resources in Southeast Asian Nations

Part I: The Singapore Perspective

Singapore's major industries are manufacturing; particularly electronics, engineering, biochemical science, and chemicals; financial and business services, and commerce (Office, 2011).

Impacts on Singapore

AEC has multidimensional effects. First, the increased intra-regional trade and investment by AEC will lead to greater choice of goods and consumers. Besides, it will promote greater entrepreneurship and innovation in products and services, thereby producing variety, quality and efficiency which will benefit consumers. SMART manufacturing is the key to sustainable success. This will also create growth opportunities for Singapore's professional and middle executives who have accumulated years of manufacturing and innovation expertise to find an external market to create new frontiers for themselves as our internal market is a small one compared to the growing opportunities in the AEC. Talent and knowledge mobility will be an

area that Singapore is keen to offer under the ASEAN Framework of Services (AFAS) which covers the liberalisation in services trade of business services, professional services, construction, distribution and logistics, education, environmental services, healthcare, maritime transportation, telecommunication, and tourism.

Secondly, the integration will generate larger economies of scales for businesses and industries, thereby increasing productivity whilst reducing production cost, leading to more competitive pricing. At the same time, consumers will benefit from the reduced production costs that result in lower price of goods and services – hence controlling inflation. Besides, the economic integration will strengthen business networks across ASEAN, building growth and prosperity which will raise local GDP and also ensure that sustainable living standards and new growth opportunities.

Lastly, the AEC will accumulate a greater demand for goods and services which will create jobs in various industries such as manufacturing, transportation, logistics, communications, and even LCC (low-cost carriers). Singapore's Changi Airport Management Services can be beneficial from this aspect by acting as an outsourced airport management player. A higher

level of employment in ASEAN would contribute towards building a larger middle class; close the gap between the “have” and the “have-not” in ASEAN economic strata, which will promote social stability.

Human Resource in the Region

Under various MRAs signed, these MRAs will result in free flow of skilled labor in the region. The countries must prepare to manage internal supply and demand so as not to cause displacement of local talent and reduce local earnings. The pro side is that talent mobility is encouraged and if there is a central co-ordinating body to oversee the labor exchange and integration process, it will yield benefits to countries whose markets need a strong pool of middle managers to oversee the economic growth initiatives. There should be a strategic workforce planning with more public-private consultations and engagement to achieve collective wisdom that benefits the AEC local communities as a whole. As each member states of ASEAN have its own diasporas and ethnicity, it is important to have an integrated approach on cross-cultural training, exchanges, talks, and workshops and even have a Nation Education Policy on “Living and Working in AEC” for present and future generations of citizens of ASEAN to come as successful cultural assimilation is the key to living and working abroad and removes stereotype. For change to take place, a paradigm shift is also required, and it must begin with the mind.



Freer Skilled Workforce Mobility & Workforce Engagement

For effective people management, a strong set of communication skills in terms of reading, writing, listening, and speaking with a common language is needed. If English is to be the common universal working language across ASEAN, this means re-wiring the respective ASEAN countries to adopt English as a main language with a mother-tongue (like Malay/Vietnamese or Thailand) as another official local language as it is the local norms of communicating within ASEAN.

Another approach is for an existing Main English country to pick up different languages and how accessible is such language education is going to be made available which will be another growth consideration. Understanding different work cultures for HR managers is imperative, as different cultural values dictates even the rest period. For example, the afternoon siesta and prayers times have also needed to be observed.

Different HR policies for different countries have to be adopted to localise both content and context for realistic talent attraction, management and retention. No one country’s policy should dominate the other for it only leads back to colonisation.

THINK AEC, THINK LOCAL. The new AEC calls for a strong transformational HR Leader who thinks strategically and yet is able to influence change and creates a unifying HR platform in AEC, whilst ensuring that the needs of the various stakeholders both internally and externally are met.

To conclude, the key to success in managing diversified workforce is to be diversity sensitive. The strategies to be adopted in managing workforce engagement will depend on business goals, resources, and capabilities which will differ from one organisation to another.

Remuneration Management

There are several issues when we start to manage remuneration under AEC. The first thing to be done in order to manage remuneration properly under the AEC establishment is salary benchmarking. And in order to effectively benchmark salary several things need to be done and considered.

Each country HR practitioners should have existing access to wage or salary survey reports and as wage is determined by supply and demand – these two factors have to be taken in major consideration. To have more effective compensation and benefits policies, best practices must be taken into account and, perhaps, the establishment of countries local wage body similar to that of Singapore’s National Wage Council can be looked into by the rest of the AEC countries. Besides, the climate of industrial relations in respective countries also determines wage levels.

Learning & Development Under AEC

Other than the traditional learning and training route, there will be a greater need for competency-based training to upgrade the workforce and to raise productivity and business performance. E-learning will also mean learning can take place at the pace of the individual’s capacity and capability as it is available 24/7/365. Other than technical and trade skills, there will be a need to offer more training in soft skills like:

- Communication skills
- Interpersonal and intra-personal skills
- Emotional quotient
- Resilience
- Conflict Management
- Cross-cultural
- Diversity
- Managerial and leadership skills for women
- Change management
- Career management
- Coaching/Mentoring
- Train-the-trainer
- Accelerated learning techniques
- Reading/Writing/Listening
- Presentation skills
- Mindful leadership
- Finance/Accounting
- Executive Development training
- Project management
- IT training
- Networking and relationship building strategies
- AEC – “Think AEC and Think Local” programmes
- Execution
- Sales training
- Marketing
- Entrepreneurship
- Innovation
- Creativity
- Human Capital management
- Languages
- Social Literacy
- New Managers training

Conclusion

The AEC, coming into effect in 2015, will not only be a pace toward a more peaceful region but it is tool to leverage quality of life for ASEAN Citizen. Government of each member state cannot take its hands off the issue and our government should work collaboratively with government of other member states build a firm foundation for living and working together. Besides, the public-private partnership is needed for any country to be successful in this regional economic integration. In HR view, there are many things to cope with, but mainly there must be a deeper consideration of diversity within our region, namely, cultural. Difference and culture sensitivity of HR can lead to a success in employee engagement in AEC days to come. To this sense HR leader needs to be transformational. To “think AEC, think local” is suggested to be the key to success of human resource management under AEC.

About the Author



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Christine has over 30 years of proven competency in entrepreneurship, intrapreneurship, corporate turnaround success, human resource consulting, talent acquisition, executive search, career management, corporate training and development, business outsourcing solutioning, and executive coaching covering both Singapore and regionally. She is also actively engaged in areas of corporate social responsibility. A cross-cultural advocate, Christine promotes “synergy in diversity” in all her undertakings. She is a much-sought after thought leader on business and work-life matters and is gifted in mentoring and developing others.

About RHT HR Consulting

We help organisations fill their talent needs through a rigorous search and screening process through RHT HR Consulting Pte Ltd, a Select Employment Agency that is licenced by the Singapore Ministry of Manpower.

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