

Education, Training and the Demographic Dividend

ENSURING A steady supply of qualified personnel has always been a major challenge facing the Asia Pacific travel and tourism industry. Travel and tourism faces an uphill battle attracting people to work in what many see as a demanding and low-paying industry. A report issued by the Asian Development Bank (ADB) in August 2003 indicates that more challenges are on the way for the Asian education system, which will further compound the human resource problems of the travel and tourism industry.

The *ADB Key Indicators 2003*, an annual statistical databook on economic, financial, and other social indicators, includes a special chapter that analyses the relevance of Asian education systems to the global economic regime. The chapter looks at demographic changes taking place in Asia, the impact of globalisation on job structures and the responses necessary from the education system to cater to future needs.

According to ADB Chief Economist, Mr. Ifzal Ali, education is important in reducing poverty and bringing about sustained economic growth. A well-designed education reform programme, adaptable to different socio-economic circumstances in individual countries, has to be an integral part of development efforts.

In recent years, ADB has given increasingly higher priority to assisting education reforms and modernisation in its developing member countries. In 2002, the bank approved a new education policy aimed at increasing access and equity, improving quality and applying innovative technologies.

This edition of *Issues & Trends* summarises some of its conclusions:

The Demographic Transition

According to the ADB, most of Asia's developing economies (ADEs) are in the middle of a demographic transition.

Improvements in public health, sanitation and nutrition are facilitating a change – to varying degrees – from high mortality and fertility (more deaths and more children) to low mortality and fertility (fewer deaths and fewer children). As more children survive, couples respond by having fewer children (helped by notions of family planning and access to contraception).

During the transition from high mortality and fertility to low mortality and fertility, there is a period when fertility is high and mortality is low. Most ADEs are currently in this transition period, producing a large generation of “baby boomers”.

This generation – larger than the generation before and after it – is changing the size and age structure of the population, just as the post-World War II baby-boomer generation has changed western industrialised countries:

- During the first stage, the population of school-age youth increases, putting extra strain on education.
- In the second stage, the baby boomers enter the adult labour market to produce a “demographic dividend”. If the economy is able to absorb the large pool of new labour, economic expansion boosted by relatively small populations of dependent children and retirees naturally follows. The demographic dividend in East Asia, which started in the 1960s, accounted for an estimated one third of East Asia's growth during the economic “miracle”. To take full advantage of the demographic dividend, Asia Pacific governments need to ensure that the baby-boomer generation acquires the education and skills in the first stage to constitute an employable workforce.
- The demographic dividend is not permanent. Thirty-four years later, during the third phase, the baby-boomer

generation will enter old age and become increasingly dependent on a relatively small working population.

The ADB warns that the timing and extent of demographic changes will vary from country to country and will be marked by wide disparities in the school-age population over the next 20 years. In some countries – notably the poorest – the number of children aged 6-17 years will increase substantially. However, the school-age population will significantly drop in countries where low mortality and fertility take place at the same time.*

Trends in the New Global Economy

These demographic changes are being matched by rapidly changing conditions in the world economy, primarily because of globalisation. For instance:

- Improvements in productivity increasingly stem from knowledge and information applied to production. This knowledge is increasingly science-based.
- The information and communications technology (ICT) revolution is surrounded by and aiding scientific discoveries in many fields, such as biotechnology, new materials, lasers and renewable energy. Economic and organisational transformations on a global scale stimulate these advances and are themselves reliant on ICT.
- Information-based output is increasing its share of total production at the expense of material products. The quality of information and its efficient acquisition are strategic factors in the competitiveness and productivity of firms.
- Capital, production, management, markets, information, technology and, to some extent, labour are organised across national boundaries, allowing production to be located where it is most efficient.
- The organisation of production is changing from standardised mass production to flexible customised production. Organisations themselves are moving from being large and vertically integrated to horizontal networks more likely to farm out specific tasks.

The Changing Nature of Jobs

As the global environment changes, so does the nature of jobs. Global competition has resulted in a greater emphasis on cutting

costs and raising productivity. Employers are reorganising work around decentralised management, customised products and specialised job descriptions. Work forces need to become more mobile, flexible and easily retrained. There will be more subcontracting, self-employment and part-time work.

According to the ADB, workers' productivity is determined less by the number of years in employment than by the knowledge and experience they acquire through study and work. A 'knowledge portfolio' allows a worker to move across industries and types of work. Most individuals, including production workers, will need to become increasingly conscious of knowledge acquisition.

Quality adaptable education systems are crucial for transferring to people the knowledge and skills demanded in the new global environment, one of which is the skill of learning itself. A job market characterised by constant change places more value on flexible, knowledge-based skills, particularly if acquired through on-the-job training and recurrent education. Science-oriented education and problem-solving skills will have the highest return.

The ADB notes that several Asian economies – especially in East Asia – have flourished in this new environment. They have been able to coordinate the rapid expansion of education with the equally rapid transformation of their economies. At the other end of the spectrum, some economies are still struggling to meet the basic education needs of their growing populations of rural poor. The ADB warns that, given their fiscal constraints, these countries face a major challenge in improving and expanding their education systems while balancing the conflicting goals of competitiveness and equity.

The ADB has evaluated the education systems in ADEs:

- China (PRC) and India have greatly expanded secondary education, but offer limited access to higher or tertiary education. India also needs to rethink spending so much public money on elite universities while primary education has yet to reach every child.
- Hong Kong, Korea (ROK), Malaysia, Singapore, Sri Lanka and Chinese Taipei are all world-class competitors with high-quality schooling. More than 75 percent of secondary school-aged children attend secondary school in these countries. The main issues for Chinese Taipei, Malaysia and Sri Lanka are to instil the spirit of innovation in their otherwise competent university graduates, and to broaden affordable access to higher education.
- Indonesia, Philippines and Thailand are potentially important players in the new global economy.

* The school-age population (6-17 years of age) is projected to double in Afghanistan, increase by more than 50 percent in Bhutan, the Maldives and Pakistan and rise more than 30 percent in Cambodia, Lao PDR, Nepal and the Solomon Islands. In contrast, it will rise only three percent in India, decrease by 18 percent in China (PRC) and drop 30 percent or more in Kazakhstan, Korea (ROK) and Singapore. *ADB Key Indicators 2003*.

TRENDS IN TOURISM INDUSTRY EMPLOYMENT

(Edited excerpts from a conference on "Challenges and Policies Regarding Human Resources in Tourism" organised last November by the Organisation for Economic Co-operation and Development)

Tourism offers interesting jobs for both well-trained and less skilled people. The industry's generally acknowledged features – wide fluctuations, a high proportion of women, part-time jobs, seasonality and a large share of young and foreign workers – are found in some but by no means every segment of the industry.

A job in tourism can be an opportunity for job seekers, those vulnerable to exclusion or people living in more remote areas. However, the downside of the industry includes lack of job and income security, stemming from the variability and vulnerability of employment and irregular working hours.

There is general agreement about the need to enhance the tourism industry's image in the labour market. The ability to attract and retain staff in the face of high demand for skilled labour would also raise the quality of tourism services and make businesses more competitive.

The poor image of tourism in the labour market has an adverse impact on investment in staff training. High staff turnover discourages implementing suitable training policies that raise the quality of tourism services. Nevertheless, in an increasingly competitive environment, quality will have to improve if the industry is to survive in the long term.

Although there is evidence of rising investment in human resources for tourism, smaller businesses have little scope in this area. Irregular working hours, high staff turnover and the perception of limited career prospects within small- and medium-sized tourism enterprises (SMEs) makes it hard for SMEs to arrange for adequate vocational training. The great majority of tourism workers in SMEs do not have ready access to training and education opportunities.

The staff turnover rate is due to irregular working hours, wages considered too low to offset the working conditions and perceived limited career prospects. Many employers invest very little in staff training while their corporate vision focuses more on the short term.

Part of the problem lies in the lack of skilled and experienced staff and the shortage of training material and facilities. The training opportunities that are available, for instance, do not always match corporate requirements in this area. Furthermore, the spread and development of new information and communication technologies means that training measures need constant updating.

For businesses, there is a dual challenge. One is to reconcile their new skill requirements with the training opportunities available. The other is to provide staff with good general conditions of employment, for instance via the notion of "sustainable" work.

Increasingly flexible forms of organisation are giving workers greater responsibility and freedom in decision-making. Teamwork has placed greater emphasis on communication skills, for example. The notion of education/training should therefore cover faculties such as intellect, logic, reasoning, language proficiency and knowledge of other countries and cultures.

Several national and international organisations are making decent work a priority for the tourism job market. Providing decent work means, for instance, setting international standards for the workplace and promoting social dialogue and social welfare. Those working in tourism need to have acceptable pay conditions, access to training, working hours that allow them a harmonious private life, normal social life and full enjoyment of their legal rights.

There is great scope for international cooperation between educational institutions to rationalise and harmonise qualifications in tourism. Standardised skills criteria would facilitate labour mobility and the recognition of diplomas. However, standardisation does have its regulatory risks and may even curb innovation and creativity.

Indonesia has rapidly expanded secondary education but not university. It now faces the issue of low levels of academic achievement. The Philippines' high proportion of students enrolled in private secondary and tertiary institutions has compensated for low-quality student performance. Thailand has lower levels of attainment but has greatly expanded secondary

and higher education enrolment, largely within the public sector.

- Cambodia, Lao PDR, Myanmar and Vietnam are still attempting to provide universal primary education. Myanmar is expanding its education system but remains largely isolated from the global economy.
- Pakistan has problems investing in primary school

education in rural areas. Expanding education access, especially for girls, is a major issue.

- Children of the central Asian republics and Mongolia enjoy relatively high access to education of good quality. These countries' main challenge is to maintain existing standards in a period of severe readjustment from a command to a market economy.
- Some Pacific countries, such as Samoa, have high enrolment rates in secondary education. Others like Papua New Guinea, do not. Tourism and public services are the biggest employers in the Pacific. Expanding secondary education must be a high priority.

Implications for Education Policy

The changing demographics of the Asia Pacific herald an ever-evolving set of challenges for policy makers. In some developing countries, the demographic dividend is more or less over. The share of the working-age population (i.e., those aged 15–64 years) will reach a peak in 2010–2015 in Azerbaijan, China (PRC), Hong Kong, Kazakhstan, Korea (ROK), Sri Lanka, Thailand and Vietnam. Other countries are only just entering this crucial phase.

Where the numbers of young people are falling, the challenges are less about expanding the supply of education infrastructure and more about improving the quality of education. This will also mean expanding access to tertiary education and encouraging adult skill development. Furthermore, these education demands will have to compete with the demands of an ageing population.

ADEs expecting increasing numbers of school-age children face a more varied set of challenges. They will need to consolidate improvements in primary and secondary school coverage, while infrastructure demands (even at the primary level) will continue to press. Since these developing countries will begin to enter the demographic dividend phase, the household resources available to aid these initiatives should be greater. Families will become smaller and more adults will earn higher incomes raising the amount of income available to invest in each child's academic needs. This will make it possible for the public sector to turn to the tricky issue of universal and equitable access versus quality and competitiveness.

The demographic transition does not only affect the relative numbers of school-age children, it also changes the nature of demand for education. As family size declines, women are more likely to enter the workforce and stimulate demand for more (and higher-quality) education. In addition, structural changes in

the economy, such as urbanisation and the growth of knowledge-based industries, will likely increase demand for a wider choice of quality education and force workers to upgrade and learn new skills.

Thanks to the demographic dividend, ADEs' policy makers have a window of opportunity to provide for existing and prospective education demands. According to the Asian Development Bank, however, the governments of some of Asia's Developing Economies may struggle to exploit it.

The full copy of the ADB study is freely available at http://www.adb.org/Documents/Books/Key_Indicators/2003/default.asp.

New PATA SIC Reports

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