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*Building the future of work together*

## **Emerging markets of South East Asia offer significant potential for the recruitment and employment industry**

by Denis Pennel

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**During our recent Ciett Board meeting in Bangkok I had the privilege of spending time with our members from across south east Asia.** Through a series of discussions and presentations I learned about the evolution of the employment and recruitment industry in the region and the many challenges and opportunities that it faces.

In particular the meeting heard from India, Indonesia, Malaysia, Philippines, Thailand and Vietnam - six markets which provide fascinating insights into the future of the employment and recruitment sector. With membership drawn from both multinationals and local players, **each association and country is distinctly different and displays unique characteristics, however, there are nevertheless a number of factors that they share in common:**

Firstly, the countries in the main have **a young, demographic profile, with a significant proportion of the population under 25 years of age.** This means a plentiful supply of workers entering the labour market in the years ahead which spells good news for their economies and for our sector. However there is also high mobility in some markets and pressure from foreign workers also competing for jobs. As with most regions of the world, employers in these markets are also in a constant search for talent.

Secondly, **traditional industries such as agriculture continue to represent a significant proportion of the economies in many of these markets.** The industrial sector is nevertheless established and continues to develop and service industries are typically expanding fast. Indeed the whole region is showing buoyant economic growth compared with regions such as Europe and North America. Much like the economies of Latin America in fact.

As is usually the case in emerging economies, **the labour market in these countries is less regulated with fewer people working with contracts and a lot more informal and flexible**

**work.** This often results in high levels of employment – in many cases well over 90% - but also means less formalised employment conditions, resulting in fewer benefits and social support. At the same time, when employment laws do exist, they are often outdated and extremely burdensome for companies to comply with.

There is quite some disparity in the acceptance of agency work in the different markets and generally **our sector is not well understood or optimally regulated.** Ciett members spend a lot of time working with their respective governments to introduce the employment and recruitment sector and to organise the industry under one strong national association. They stress the triangular relationship between agencies, contractors and client companies and illustrate the positive contribution which the sector makes to labour markets, enabling work, adaptation, security and prosperity.

**In Malaysia our sector is well developed,** with the private employment agencies act in place since 1981 and 987 licenses as of 2011. A national federation is about to be established, with the support of Ciett. Indonesia too is established with the ABADI association, a member of Ciett since 2014, now working to develop business-to-business collaboration on a number of levels.

**In the Philippines meanwhile, PALSCON, the sole voice of the recruitment industry that refuses to charge fees to jobseekers,** has made tremendous strides in being recognised by the Department of Labour and Employment. Their goal now is to work to dismantle laws against contracting and promote smart regulation of employment. In other markets, such as Vietnam, labour subleasing is limited to 17 occupations and for a limited time, while in India the flexi-staffing industry still needs to be accorded legal recognition: the Indian Staffing Federation is working hard on it, using the Ciett World Employment Conference to be held in New Delhi in May this year as a major hook. In Thailand, outdated laws do not support staffing industry operators and the industry is calling the government to have approval granted to the industry association.

Regardless of the degree to which the employment and recruitment industry is evolved and accepted in their market, **each of our associations is engaged in ongoing lobbying and communications with governments, employers, workers and other stakeholders.** The fostering of dialogue and cooperation are core to the work of our partners in these markets and driving greater understanding of the sector is key as our members seek to change outdated labour laws which prohibit or restrict contractors and prevent the industry from playing a positive and active role in the labour market.

It is our role as Ciett to provide support and advice to our members around the world in delivering this change. **We facilitate discussion and the sharing of best practice between associations and geographies.** For the emerging markets of south east Asia this represents an important opportunity and Ciett members at the capacity building workshop organised in Bangkok for them laid great emphasis on the sharing of expertise and best practice in driving forward their organisations and our sector. Key principles such as freedom to operate, social protection for workers and the setting in place of principles such as the ILO convention 181 were all seen as key to future success.

I am excited by the potential for the private employment industry in south East Asia and I look forward to the **ASEAN Outsourcing Summit that will take place in Jakarta in 2017** where all of the countries will come together once again to discuss how to leverage the opportunities for the sector in the years ahead.