

Improving human resource through mutual recognition in ASEAN

John Paolo R. Rivera, Cynthia P. Cudia, and Tereso S. Tullao, Jr.

The founding of the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC) has eased the flow not only of goods and services but also of funds and labor among the ASEAN member-states (Austria 2013). Specifically, it has facilitated the movement of skilled labor permitting for the recovery of investments in human capital (Kikkawa and Suan 2019). This is aided by mutual recognition arrangements (MRAs).

MRAs are framework arrangements directed to liberalize trade in services, increase mobility of skilled labor, and promote best practices on standards and qualifications. They also “promote efficiency and competitiveness of ASEAN service suppliers” (Aldaba 2013, p. 1). Through MRAs, ASEAN member-states agreed on recognition mechanisms, such as equivalence of registration, licensing, and reciprocity requirements. These mechanisms enhance regional mobility of skilled professionals, thereby allowing for the comparability of competencies, strengthening of trade in services, and further deepening of AEC (Iredale 2001).

Although MRAs facilitate the movement of natural persons, movement is largely determined by strict domestic regulations among ASEAN member-states.

Hence, mobility of professionals may not ensue because in reality, nearly every country has visa, residence, and work permit restrictions, which can impede the movement of professionals to country locations where they are needed (WTO n.d.). Nonetheless, in an environment with stringent domestic regulations governing the practice of professions in ASEAN, MRAs are still relevant because they can advance human resource development (HRD) of ASEAN member states.

This *Policy Note* is a product of various document reviews, analyses, and validation workshop with experts on MRAs. It provides an alternative lens in analyzing the mobility of skilled workers through MRAs and identifies lessons for developing economies on the HRD benefits of MRAs.

Benefits of MRAs

MRAs improve human capital

Among others, MRAs have inspired respective ASEAN member-states to ensure that their professionals continuously improve their competencies at par with the international competition of trade in services. To be comparable, sending economies were compelled to upgrade their educational systems, training,

accreditation, certifications, licensing, and professional regulatory frameworks to enforce higher standards in the conduct of professional service. Additionally, through MRAs, professionals were obliged to continuously improve on their respective crafts.

Aside from enabling capacity-building initiatives of ASEAN member-states, MRAs have also led governments to recognize the importance of a multistakeholder approach in improving education and skills of their people (Muller-Wirth and Yasunaga 2006). Such initiatives include prioritizing tertiary education for corporate knowledge and market-driven multiple skills (Khan 2007), providing assistance to program development, maintaining strong linkage between industry and university, and providing support to research and development (Tullao et al. 2009).

MRAs improve knowledge capital

MRAs have also necessitated the need to acquire higher levels of knowledge and competencies through advanced graduate education. This is expected to result in the growth of research capabilities in an economy and creation of new innovations (Furman and Hayes 2004).

MRAs enhance social capital

Social capital refers to qualities relevant in the development of work attitude and people skills (Furman and Hayes 2004). With MRAs, its development is plausible through compliance with the practice of ethical behavior, professionalism, and domestic regulations of host economies.

Across all professions, ethical behavior is given utmost weight (Leonard 2018). A professional may be suspended, disqualified, or delisted from professional practice when ethical standards are violated, regardless of extent. These principles and sanctions are emphasized in the curriculum through major courses on ethics, included as questions in licensure examinations, and reviewed and updated in training programs on continuing professional development (CPD).

MRAs and comparability of competencies

According to Gilley and Egglund (1989) and Tullao and Cabuay (2014), the enhancement of individuals' abilities in forming social, human, and knowledge capitals can be used in an economy's productive and distributive activities. These are fundamental in maintaining ASEAN dynamism in the midst of an expanding and differentiating labor force.

This study evaluated the readiness and comparability of Filipino professionals through the human resource drivers enumerated by Aldaba (2013) as seen in Figure 1. These drivers include (1) education and training, (2) assessment and examination, (3) continuing professional development, (4) experience, (5) accreditation, (6) certification and licensing, and (7) research and publication. These advancements complement one another in fostering economic integration by leveling the playing field among the ASEAN member-states. With the movement of natural persons, the ASEAN member-states can harness the benefits of abundance of a specific labor in another economy, as well as the advantages of having diverse skill sets and work ethics.

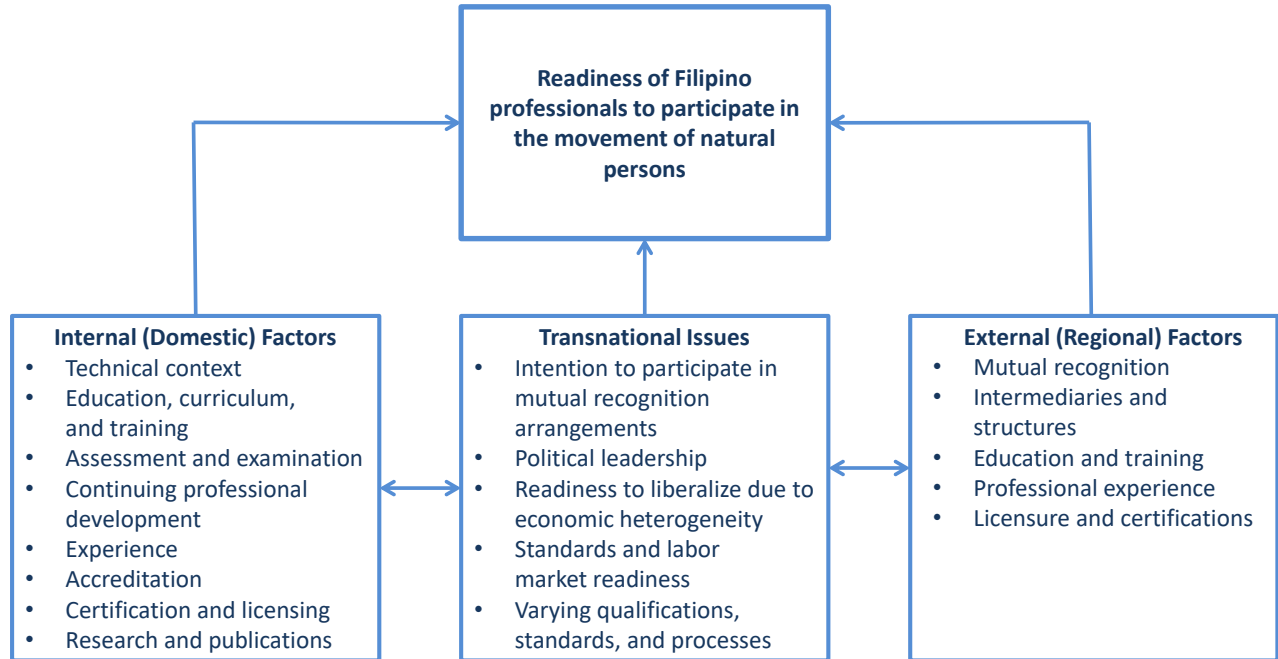
The competencies of Filipino professionals are generally deemed comparable with other ASEAN member-states. However, there are areas where competencies of Filipino professionals can still be augmented to further ease mobility. These areas include, but not limited to, adaptability and flexibility to "structural transformation, urbanization, demographic change, and rapid technological advances under the Fourth Industrial Revolution" (Aquino 2019).

Issues and constraints

Lack of readiness to relinquish domestic regulations

One of the apparent concerns in attaining regional and international comparability is the lack of benchmark for best practices (Huggins 2010). For instance, in the field of engineering services, only Malaysia and Singapore

Figure 1. Factors affecting readiness of Filipino professionals to participate in movement of natural persons



Source: Aldaba (2013)

have completed the steps to implement the MRA. For tourism professionals, Cambodia and Indonesia are models for having early government coordination with relevant agencies to establish a tourism infrastructure dedicated to implementing the MRA.

This lack of benchmark is exacerbated by the lack of progress among ASEAN member-states in submitting a notification of intention to fully participate in the MRA. This is evidenced by the varying qualification processes and additional layers of requirements each member-state has set for other ASEAN professionals to be qualified, making MRA implementation more challenging. This is indicative of their varying levels of readiness in developing the necessary framework and structure to MRA implementation and their varying levels of development resulting in lack of willingness to relinquish full control over their professional standards.

Lack of standardization of frameworks

Despite the comparability of Filipino professionals with most of the requirements of the different MRAs,

recognizing an MRA is just an initial step toward comparability. For instance, while the educational system and licensure procedures of the Philippines are now comparable with other ASEAN member-states, a professional cannot easily practice in another member-state as the recognition will still depend on the domestic regulations of the host economy. In fact, foreign professionals are accepted on a case-to-case basis, wherein one has to comply with the existing domestic requirements to practice profession in another economy.

Hence, there is a need to reform domestic regulations to liberalize highly restrictive professions. Moreover, to successfully ensure the ease of mobility, the member-states must review, amend, and modify existing rules and regulations not only in specific regulatory bodies but also in all other related agencies.

Inadequate knowledge creation

Other critical issues refer to the difficulty of earning sufficient experience, the exorbitant cost of acquiring CPD programs, and the dearth of new technology,

infrastructure, and effective regulatory framework in different fields, which hamper readiness to participate in labor mobility. One reliable way to address these is through the generation of knowledge via research that stimulates technological development, as well as creation of new practices that upgrade human resource practices. Incidentally, the role of knowledge creation and technological development through research is vital in enhancing the conduct of professional practice. Although not all researches are practicable, they can generate patents, innovations, and new methodologies that can contribute to the development of society in the long run.

Regulatory nature of CPDs

To enhance the readiness of Filipino professionals, CPDs should be developmental, value adding, and impactful rather than regulatory. That is, CPDs should be geared toward the maximization of gains for professionals rather than an administrative requirement for them to renew their licenses to continue practicing their professions. This can be achieved through strong academe-industry linkage, wherein the likelihood of professionals attending trivial seminars and redundant training programs to collect CPD points is mitigated.

The value of MRAs

Despite being influenced by domestic regulations, there is still value in looking into MRAs as an enabling factor of skilled labor mobility. This is because the key role of MRAs is in improving the human resource dimensions of professionals. As stated earlier, MRAs have compelled ASEAN member-states to upgrade their educational systems, training, accreditation, certifications, licensing, and professional regulatory frameworks to enforce higher standards in the conduct of professional service. Through MRAs, professionals also were obliged to continuously improve on their respective crafts.

With professionals possessing high competencies, economies can be made more attractive to foreign investors. The obvious issue now is the hesitation

of ASEAN member-states to give up their domestic regulation and nationally defined standards toward accrediting and licensing professionals.

While the ASEAN member-states are working toward standardization of regulatory and certification frameworks, they can prioritize education given its role in enabling their professionals to be comparable with MRA requirements. As explained earlier, MRAs do not only facilitate mobility but can also enhance human resources.

To further enhance the value of MRAs for ASEAN member-states, ASEAN universities should continue strengthening their associations toward benchmarking of curriculum, pedagogies, and learning standards. Higher educational institutions (HEIs) can cooperate to redesign curricula comparable with regional and international standards.

Likewise, ASEAN member-states must review the ASEAN Integration in Services and recalibrate it if necessary, to make it much easier for professionals to integrate themselves in the host economy. Although this has yet to achieve seamlessness, enhanced cooperation in services among the member-states has progressively improved the competence and competitiveness of ASEAN skilled labor. It has also diversified intraregion productive capacities, supply, and distribution of services.

Moving Forward

Hence, for ASEAN to further realize a freer trade in services, the scope of liberalization measures has to be expanded beyond those initiated by individual member-states. The expanded scope may include comparable technical requirements, immigration policies, and facilities that will ease social integration.

Harness technological development

ASEAN must also continue maximizing the economies of scale brought about by rapid technological developments. Technological advances in ASEAN have increased not only the efficiency of goods and services mobility within



The founding of the Association of Southeast Asian Nations (ASEAN) Economic Community has facilitated the movement of skilled labor permitting for the recovery of investments in human capital. Nonetheless, mobility of professionals may not ensue because in reality, nearly every country has visa, residence, and work permit restrictions, which can impede the movement of professionals to country locations where they are needed. The obvious issue now is the hesitation of ASEAN member-states to give up their domestic regulation and nationally defined standards toward accrediting and licensing professionals. Photo by: autan / Flickr

the region but also the array of services provided. These services include shared financial services, travel and tourism, education, medical services, consultancy, and other professional services whose transactions are executed through electronic channels and networks.

Harmonize regulatory frameworks

ASEAN should also harmonize its regulatory frameworks among member-states toward professional mobility. This will eventually result in the convergence of regulations, wherein regulatory requirements across member-states become comparable and aligned in meeting a shared objective.

Craft national certification framework

ASEAN member-states should strengthen their national certification framework. In determining the qualification

level of a professional, they should establish a harmonized and streamlined process by which the training needs of professionals with competency gaps are identified and addressed. To do this, a competency assessment system of collecting evidence and making judgments on whether competency has been achieved by a professional relative to benchmark must be established. Moreover, such system should recognize a professional's currently possessed competencies acquired from prior educational, training, and professional experiences.

Advance a multistakeholder approach to curriculum design and quality control

National professional regulatory authorities among ASEAN member-states can also embrace best practices in the requirements and qualifications for

registration and certification. Thus, in developing further the region's human resources and in assessing competencies, HEIs should begin to discuss potential areas of cooperation.

However, they cannot progress on this alone. The coming together of regulators and professional organizations should complement the discussions of HEIs so that together, they can strengthen the program design, delivery, and quality control of professional degree programs and training services. By doing so, HEIs will be encouraged to offer new graduate degree programs, which are more specialized and technologically advanced. 📖

References

- Aldaba, R.M. 2013. ASEAN Economic Community 2015: Labor mobility and mutual recognition arrangements on professional services. PIDS Discussion Paper Series No. 2013-04. Makati City, Philippines: Philippine Institute for Development Studies. <https://dirp4.pids.gov.ph/ris/dps/pidsdps1304.pdf> (accessed on June 15, 2019).
- Aquino, N.P. 2019. Skilled labor mobility in SE Asian to ease disruptions. *BusinessWorld*. <https://www.bworldonline.com/skilled-labor-mobility-in-se-asia-to-ease-disruptions/> (accessed October 30, 2019).
- Austria, M.S. 2013. Challenges facing the ASEAN economic integration. *Asia Pacific Business & Economics Perspectives* 1(2):98–117.
- Furman, J.L. and R. Hayes. 2004. Catching up or standing still? National innovative productivity among 'follower' countries, 1978–1999. *Research Policy* 33(9):1329–1354.
- Gilley, J.W. and S.A. Eggland. 1989. *Principles of human resource development*. New York, NY: Addison-Wesley.
- Huggins, R. 2010. Regional competitive intelligence: Benchmarking and policymaking. *Regional Studies* 44(5):639–658.
- Iredale, R. 2001. The migration of professionals: Theories and typologies. *International Migration* 39(5):7–24.
- Khan, M.A. 2007. Role of human capital in attracting foreign direct investment: A South Asian perspective. *SAARC Journal of Human Resource Development* 3(1/3):5–25.
- Kikkawa, A. and E.B. Suan. 2019. Trends and patterns in intra-ASEAN migration. In *Skilled labor mobility and migration: Challenges and opportunities for the ASEAN Economic Community*, edited by E. Gentile. Cheltenham, United Kingdom: Edward Elgar Publishing.
- Leonard, K. 2018. Professional & ethical behavior in the workplace. <https://smallbusiness.chron.com/professional-ethical-behavior-workplace-10026.html> (accessed October 20, 2019).
- Muller-Wirth, P. and M. Yasunaga. 2006. Workshop on public-private partnerships in education for all. http://portal.unesco.org/fr/ev.phpURL_ID=33868&URL_DO=DO_TOPIC&URL_SECTION=201.html (accessed on June 15, 2019).
- Tullao, T.S., M.I.P. Conchada, and J.P.R. Rivera. 2009. Trade and human resource development policies for inclusive growth: A literature review and a case study of the Philippines. Bangkok, Thailand: Asia-Pacific Research and Training Network on Trade.
- Tullao, T.S., and C.J.R. Cabuay. 2014. Challenges and opportunities in developing R&D capacity under the ASEAN Economic Community. Manila, Philippines: Angelo King Institute for Economic and Business Studies.
- World Trade Organization (WTO). n.d. Movement of Natural Persons. https://www.wto.org/english/thewto_e/minist_e/min96_e/natpers.htm (accessed October 15, 2019).

Contact us

Address: Research Information Department
Philippine Institute for Development Studies
18/F Three Cyberpod Centris - North Tower
EDSA corner Quezon Avenue, Quezon City

Telephone: (+63-2) 8877-4000

Email: publications@mail.pids.gov.ph

Website: www.pids.gov.ph

PIDS Policy Notes are analyses written by PIDS researchers on certain policy issues. The treatise is holistic in approach and aims to provide useful inputs for decisionmaking.

The authors are consultants at PIDS. The views expressed here are the authors' own. The views expressed are those of the author and do not necessarily reflect those of the PIDS or any of the study's sponsors.