

# AEC, TPP & Brexit

## HOW CAN VIETNAM'S CURRENT WORKFORCE SERVICE ADDITIONAL GROWTH?

Raymond Gordon

Brexit and ASEAN economic community from the perspective of integration



## Introduction

Professor Ray Gordon, RMIT University, Vietnam

Full Professor and Doctor of Philosophy (Management)

Research publications are in leadership and power in organizations

Currently research interest are in the relationship between power and learning. In more formal terms, the interplay between power and pedagogy.

I am not an economist, my contribution to this topic comes from a management education perspective.

Raymond Gordon



## Structure of this presentation

Broad benefits and challenges of AEC and TPP

Focus on one key challenge - skills gap

Propose a link between this challenge and potential Brexit issues

What to do?

Raymond Gordon



## Benefits of AEC and TPP

The benefits for Vietnam entering the AEC and TPP are currently being argued

- Vietnam will benefit the most of participating countries
- Gain greater access to international markets and increase GDP
- Market will drive structural change in the economy
- Sectors such as Textiles, apparel, leather and footwear, utilities and construction will flourish

Source: Vietnam Development Report, World Bank, 2014.

VEPR, The Impacts of TPP and ACC on the Vietnamese Economy, 2015

Raymond Gordon



## Challenges of AEC and TPP

The challenges relating to Vietnam entering the AEC and TPP are also currently being argued

- Vietnam already has a strong GDP, will the nation be able to sustain additional growth
- Potential recurrence of post-WTO issues with monetary problems, asset bubbles and high inflation. This and other potential internal problems will need to be monitored and managed closely
- Economic restructure will hurt some industries - Dairy, beef, poultry etc.)
- Additional challenges will emerge as the economy restructures

Source: Vietnam Development Report, World Bank, 2014.

VEPR, The Impacts of TPP and ACC on the Vietnamese Economy, 2015

Raymond Gordon



## Key challenge for AEC and TPP

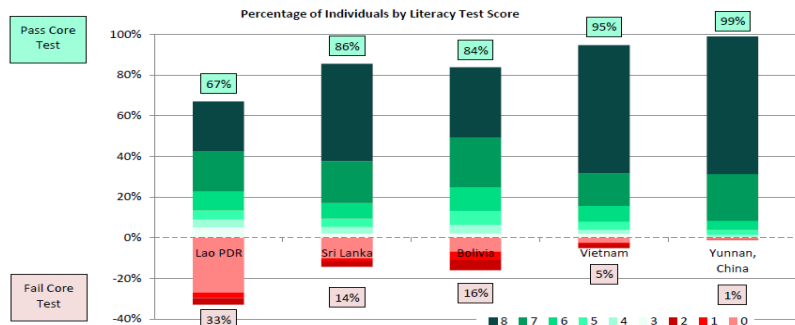
Does Vietnam have the skills required to support the expected additional growth?

Raymond Gordon



## Key challenge for AEC and TPP

Vietnam is an educated nation.



Source: World Bank staff estimates using the STEP household survey, n=3328. All country samples are restricted to urban only for comparison reasons. The scores reflect performance of individuals on a reading literacy test; individuals who score 3 or more on the test are considered sufficiently skilled to be able to continue on to the next level of the test while those who score below 3 are considered to have failed the test of basic literacy skills.

Raymond Gordon



## Key challenge for AEC and TPP

However the World Bank's 2014 development report demonstrates that employers cannot find workers with the skills they require

- Vietnam is currently experiencing both:
  - **Skills gap** (in adequate skills of applicants)
  - **Skills shortage** (scarcity of workers in some occupations)

In short, the report shows that while Vietnam is an educated nation but it lacks the skills it needs to support the demands of its current economic growth.

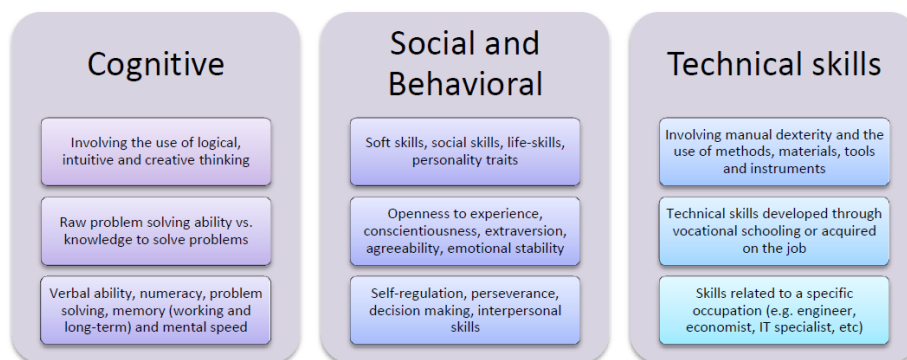
Source: Vietnam Development Report, World Bank, 2014.

Raymond Gordon



## Skills missing in the workforce

The World Bank reports that there is a shortage of the following skills in Vietnam



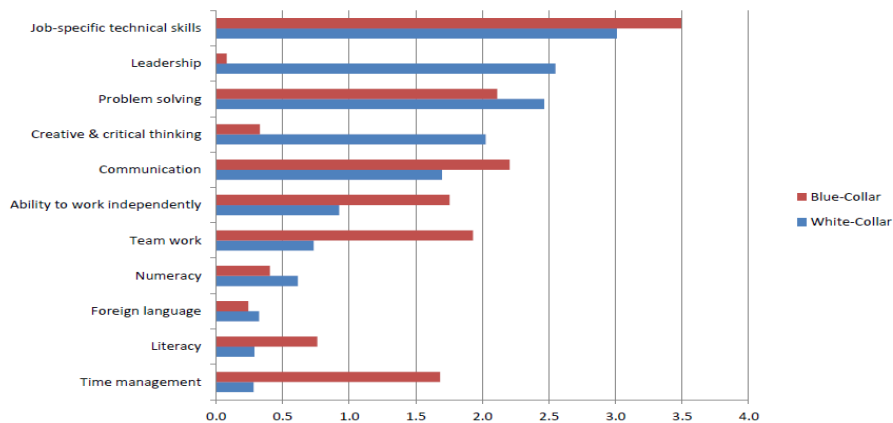
Source: Vietnam Development Report, World Bank, 2014 p. 55.

Raymond Gordon



## Skills missing in the workforce

The World Bank also reports on the changing nature of the skills between blue and white colour workers:



Source: Vietnam Development Report, World Bank, 2014 p.57.

Raymond Gordon



## Fast action is essential

### World bank indicates that this gap needs to be addressed now !!!!!

***“The time to act is now***

*Vietnam’s continued transformation towards a successful industrial, middle-income economy is not automatic or guaranteed. Structural reforms in the enterprise and banking sectors and sound macroeconomic policies will matter in ensuring continued fast change, but so will the quality of Vietnam’s workforce. Changes in education and training can take a generation to result in a workforce equipped with the right skills. The time to modernize skills development is now to ensure that worker skills do not become a bottleneck.”*

Source: Vietnam Development Report, World Bank, 2014 p.9.

Raymond Gordon



## Fast action is essential

Much work has been done already across the education sector with excellent pilot projects already in place. Such as VNEN Escuela Nueva

But the outcome to these projects are all long term (a generation before results are realised)

Raymond Gordon



## Additional growth will exacerbate the Gap

The AEC and especially the TPP will increase GDP

Further growth will exacerbate the Gap

**The AEC and the TPP will increase the pressure on this gap**

Raymond Gordon



## What can be done in the short term

### Import skilled labour

- Many benefits to this strategy and Vietnam is doing this already
- But there are potential consequences
  - Limits opportunity for Vietnamese workers in the short term, little opportunity for broad based human resource development.
  - May give rise to Brexit issues
  - Social and micro political issues

Raymond Gordon



## What else can be done in the short term

Focus short term action on University and College sector (main contribution can be made at the VET sector not HE)

- Partner with foreign universities and training colleges (AEC and TPP) **✓✓✓**
- Create incentives for the completion of skills based training courses **X???**
- Internally develop local University and College curriculum, teaching methods and staff **✓ ???**
- Hybrid model, where foreign approaches and practices are tailored to local needs (this is already being done) **✓ ???**

**But not addressing the need for widespread access to training as opposed to selective scholarship**

Raymond Gordon



## What else can be done in the short term

### Key challenges for this approach

- Moving from instructional to student centred exploratory, discovery and problem solving pedagogical models
  - Pre-class work (Information) → In-class (PBL) → Post-class (Reflection)
- Must engage with education technologies to realise time and resource efficiencies
  - Other nations across the world (including those within the AEC and TPP) are already realising the benefits of digital education technologies
  - Vietnam is yet to embrace and realise these benefits

Raymond Gordon





## What else can be done in the short term

### Key Benefits of digital education technologies

- Education Technologies enhance the learning experience
  - High quality design and pedagogical frameworks
  - Facilitate flexible self paced learning
  - Provide large scale access to training
  - Facilitate greater interaction between teachers and students
  - Facilitate greater learning support services
  - Facilitates self learning and initiative (central to industry)
  - Achieve greater efficiencies

Raymond Gordon



## Key Contribution to Vietnam

Digital Education Technologies provide:

**QUALITY**  
**ACCESS**  
**EFFICIENCIES**  
**OPPORTUNITIES**

Raymond Gordon



## Summary and conclusion

- There are benefits and challenges associated with the AEC and the TPP
- AEC and TPP forecast additional growth
- Vietnam already has a skills gap and shortage
- Additional growth will exacerbate this problem
- Just importing foreign labour to fill the gap runs the risk of potential Brexit issues (social and micro political)
- Long term – continue with existing education reform
- Short term – must engage digital education technologies

Raymond Gordon

Thank You!