

Better jobs for Asia

From East to West, Asian economies are rapidly transforming, creating jobs for a growing population of young workers. But can working conditions keep pace? IDRC-supported research is building an evidence base that shows creating better job opportunities can go hand in hand with sustaining growth.

Across Asia, employment is abundant. According to the World Bank, in the last decade, South Asia alone has created some 800,000 jobs a month. But job quality often leaves much to be desired. Of the eight core conventions established by the International Labour Organization (ILO) to protect workers, as of 2012, Burma had ratified only two, and India, only four. Bangladesh and Burma have not yet set a minimum wage, while in Laos, full-time workers may earn as little as US\$75/month. Most developing Asian countries require no mandatory health or employment insurance for workers.

In South and Southeast Asia, garment factories have drawn millions of agricultural workers from rural areas. In Bangladesh alone, five million people — 85% of them women — work in the sector. Most of Vietnam’s two million garment workers are women under 25 years old. While these manufacturing jobs bring much-needed income, labour standards are often disregarded, leaving women and youth especially vulnerable.

Migration offers one outlet for excess labour from South Asia, but migrants are at risk of ill treatment and sub-standard working conditions, with few legal protections. Entrepreneurship, meanwhile, offers millions a path to better livelihoods. Countries across Asia are searching for the right mix of rules and incentives to stimulate and support small business as a stepping stone to prosperity.



Jobs can transform individual lives and whole societies. New job opportunities for women can raise their aspirations and potential earnings, improve the distribution of resources within families, and build social cohesion.

Promoting inclusive growth and fair employment

Better jobs in Asia will demand creative responses from governments, employers and entrepreneurs. IDRC is helping Asian research institutions to identify options that will create the conditions for inclusive growth, leading to more and better employment. Supported research focuses on the most vulnerable, enhancing training opportunities for women and youth; identifying the right frameworks to protect workers and improve their conditions; and pinpointing the ingredients for small business success. IDRC also invests in research leadership in the region, so a new generation can help steer decisions that will shape the labour environment in Asia for years to come.

Inside:

- Counting women into the workforce
- Strengthening frameworks for fair employment
- Creating better jobs in ASEAN countries
- Promoting research leaders in labour issues

Counting women into the workforce

Women play an increasingly important role in Asian economies. Yet most work in the informal sector, where wages are low and there are few social protections.

Many programs are targeting women’s perceived skills gaps, to better equip them for the workplace. Yet for many



Bangladesh's booming garment exports — valued at US\$25 billion in 2014 — have fuelled a major expansion in jobs for Bangladeshi women. Exports are expected to double by 2021.

reasons, they are not always able to participate in or benefit from training programs. For example, rural Pakistan has some of the widest gender gaps in education and employment in the world. The Government of Punjab has designed skills training programs to increase women's employability, but many women cannot take advantage of them. Through the Growth and Economic Opportunities for Women (GrOW) program, a multi-donor initiative managed by IDRC, researchers are studying the factors— such as restrictive social norms and unsafe transportation — that keep women from attending. Their research

will shed light on the cost-effectiveness of training programs and identify interventions most likely to increase enrolment.

Similarly, in northern Bangladesh, researchers are evaluating an innovative training and job placement program to see what incentives work best in linking rural residents to secure factory jobs. The program, launched four years ago by a local NGO, involves skills training and a stipend, followed by an internship at a garment factory. Participants receive mentoring and help finding a good job. To date, more than 90% of graduates have found work. Research focuses on why

some drop out and aims to identify which elements — the stipend, training or mentoring — contribute most to success.

Manufacturing jobs offer higher pay across all economies, but they are out of reach for most Asian women. While women in China and Vietnam have made some gains in manufacturing, their counterparts in many parts of South Asia lag behind. The Delhi-based Institute for Human Development (IHD) spearheads the South Asian Research Network on Labour (SARNET) which tracks and documents South Asian labour conditions through timely reports. Its upcoming 2016 South Asian Labour Report will discuss how the varying growth of employment in the manufacturing sector reflects wider economic constraints on women's employment: only 4.9% of working Nepali women are in manufacturing versus one in four in Sri Lanka, where the garment trade is thriving.

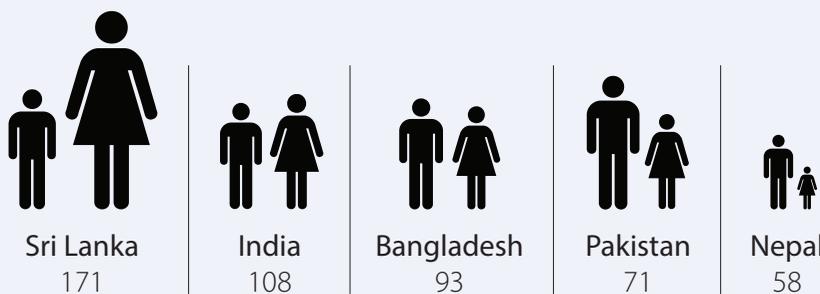
Besides manufacturing, what industries might provide well-paid jobs for South Asian women? Some will come from services, says Dr. Preet Rustagi of IHD, and women will need new skills and training to compete.



"Jobs are going to be in the service sector [...] in the booming malls that are coming up, in all the billing counters. The new jobs [...] need basic competencies, some basic level of education, maybe graduation and even beyond.

— Dr. Preet Rustagi, IHD

Share of employment in manufacturing | Gender equality M/F = 100



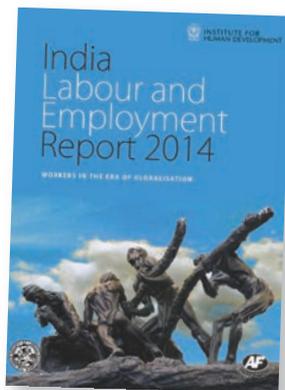
Manufacturing can offer better pay for men and women. In Bangladesh and India, the sector employs an equal proportion of men and women. However, Sri Lankan women are more likely to work in manufacturing than men, in sharp contrast with Pakistani or Nepalese women.

Strengthening frameworks for fair employment

Asia's rapid economic growth has ignited concerns over labour rights and working conditions.

Over recent decades, China has sustained impressive growth, but wage inequalities have widened significantly. Policies to establish minimum wages were introduced in 1994. IDRC-funded research by the Beijing Normal University has found that, over time, increasing minimum wages has served to curb wage inequality, supporting a strategy of inclusive growth pursued by the central government. Compliance with minimum wage rules has risen to 91% of firms, and is strongest in wealthier, coastal provinces, drawing migrants from Western provinces. The experience underscores the benefits that have flowed to China from the evolution of global value chains, linking trade, productivity, and higher wages.

Opinions differ on how to address equity and fairness in regulations to balance worker protection and business incentives. In South Asia, even where workforce regulations exist, enforcement is generally weak. India, with 15% of the global labour force, has also enjoyed substantive growth over the last two decades. Yet 92% of its workers are still in informal, low-productivity jobs, with few social protections. Some 276 million workers live on less than \$2 per day. These findings were highlighted in the first India Labour and Employment Report, produced by IHD with support from IDRC and the ILO. While the report notes small gains in formal employment, the country's legal frameworks leave much room for improvement. The upcoming 2016 India Labour report will focus on the manufacturing sector and examine



China has moved up the value chain and diversified exports. But for low-income Asian countries, higher value-added exports are unlikely to be a source of jobs for the masses of unemployed youth due to gaps in education.

recent progress in formal job creation, wages, and labour conditions as the country embarks on regulatory reforms.

The private sector also plays a critical role in improving labour conditions. The 2013 collapse of the Rana Plaza factories in Bangladesh prompted international buyers to work with the country's government to improve workers' safety standards. The Centre for Policy Dialogue, funded by the Think Tank Initiative, has closely followed the tragedy, reporting on how the garment industry is responding.

As governments and employers become more proactive in promoting better conditions for workers, IDRC —

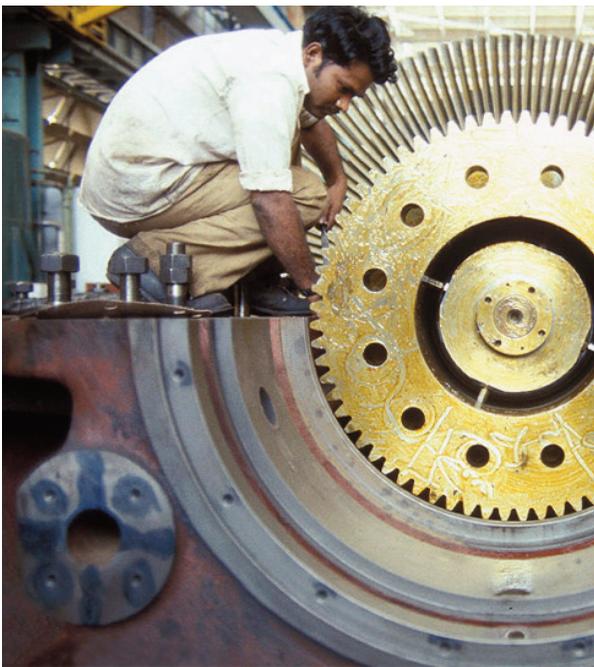
together with other stakeholders — continues to promote debate on the impact of labour standards, looking at the "business case" as well as at the "development case", with lessons for other parts of Asia.

Creating better jobs in ASEAN countries

ASEAN (the Association of Southeast Asian Nations) includes some of today's most dynamic economies. With the exception of Thailand, all are overcoming legacies of authoritarian rule. Since the 1990s, foreign investment and a vast pool of workers have helped Cambodia, Laos, Vietnam, and more recently Burma connect with global value chains in fashion, electronics, food processing, and other industries.

Ensuring that transformation leads to better jobs for growing numbers of youth is a top priority in these countries. Two new IDRC projects address this challenge.

A regional network will examine current policies and practices to upgrade skills and improve working conditions for young, low-skilled workers — mainly women and ethnic minorities. The Cambodia Development Resource Institute serves as the hub of the network, which will launch a competitive research call on this subject in the region. The initiative



RAY WITLIN / WORLD BANK

Education is essential to future opportunities. In several Asian countries with large youth bulges, investments in training will be needed to equip the next generation for work in more skill-intensive sectors.

will fund up to 12 studies, some of which will test approaches that may be scaled up in the future.

In Burma, new research led by the Centre for Economic and Social Development at the Myanmar Development Resource Institute focuses on labour market reform. The project aims to provide labour ministry officials and other relevant stakeholders with evidence to support the development of fair and efficient labour markets as a basis for inclusive growth. Activities include studies on productivity, social security schemes, and wages; a survey of the needs of employers and employees in the garment and food processing sectors; and a comprehensive review of labour regulations.

Most jobs in South Asia are in fact created by workers themselves. Entrepreneurship is much touted as a pillar of growth in ASEAN countries, but they

lack evidence on which to base supportive policies. As part of the Global Entrepreneurship Monitor (GEM) initiative, research led by Malaysia's UNIRAZAK (Universiti Tun Abdul Razak) is bridging this gap through a benchmarking exercise that measures how entrepreneurs are emerging in the region. It brings together teams from the Philippines, Indonesia, and Vietnam, and will also study experiences in Thailand and Singapore. Research to date shows that Singapore continues to lead ASEAN in creating conditions for entrepreneurship, while Vietnam needs to improve financing, education, and its commercial and regulatory infrastructure to support business start-ups and growth. Their recommendations underscore the need for more effective business incubators and training to face the competitive challenge of further integration within ASEAN.



“Opportunity exploitation at a regional level can result in [...] improvements, not just for companies but for communities in terms of social gains. Entrepreneurship and innovation, rightly engineered, enables this and much more.”

— Roland Xavier, Southeast Asia Regional Global Entrepreneurship Monitor, UNIRAZAK

Promoting leaders in labour research

Despite the importance of labour for the region, Asia has a shortage of specialists in labour research and analysis. To address this gap, IDRC supports training, networking, and publication to advance a research agenda that will stimulate better employment and growth policies.

Since 2013, IDRC has funded a labour economics training program organized jointly by IHD and the ILO. In 2014, the program accepted 30 trainees from Afghanistan, Bangladesh, India, Burma, Nepal, Pakistan, and Sri Lanka. It covers the latest theories of labour markets, econometric techniques, research methodologies, and key issues in the field. While promoting labour economics expertise, it also aims to foster partnerships among young academics across South Asia.

Moreover, in 2015, the Indira Gandhi Institute of Development Research launched a graduate program with IDRC to back a new cohort of Asian economists looking to specialize in labour and industrial policies. Indian students will be supported in part by the Reserve Bank of India, while IDRC will fund scholarships and awards for qualifying students from developing parts of Asia who want to pursue master's degrees or conduct doctoral research on regional labour and industrial issues.

Supporting Inclusive Growth

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