



# Empowering Asia: Employment Challenges & Solutions

October 2024

*Exploring the impact of employment challenges and innovative solutions in Asia's workforce*

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Prepared for :  
Macquarie Group Foundation Asia

## 3 Entry Points

Distinguishing overarching goals of employability

Identifying fundamental challenges in employment to address

Determining vulnerable groups to unemployment for targeted support

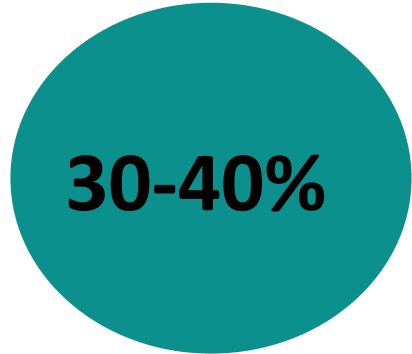


# Mismatch in Skills, Education, Industry and Expectations - I

“There is a significant gap between the skills that young people acquire, and the skills required by employers. This mismatch is a major barrier across Asia.”  
 – Macquarie Staff

**Overview:** A common issue evident across countries in Asia is the mismatch between the skills possessed by job seekers and those required by employers. This mismatch is a major barrier to employment growth within countries and across the region.

- Across Southeast Asia – 30% to 40% of employers cite lack of skills, among both potential and existing staff, as a major constraint to business growth.



## SKILLS MISTMATCH AND OVER QUALIFICATION



**Hong Kong:** 55% of employees are over-educated, with over 50% of graduates in unrelated jobs.



**The Philippines:** 40% of employees are over-educated, earning only 5% more than peers in non-growing sectors.



**South Korea:** 33% of youth work in jobs unrelated to their degrees, feeling overqualified.



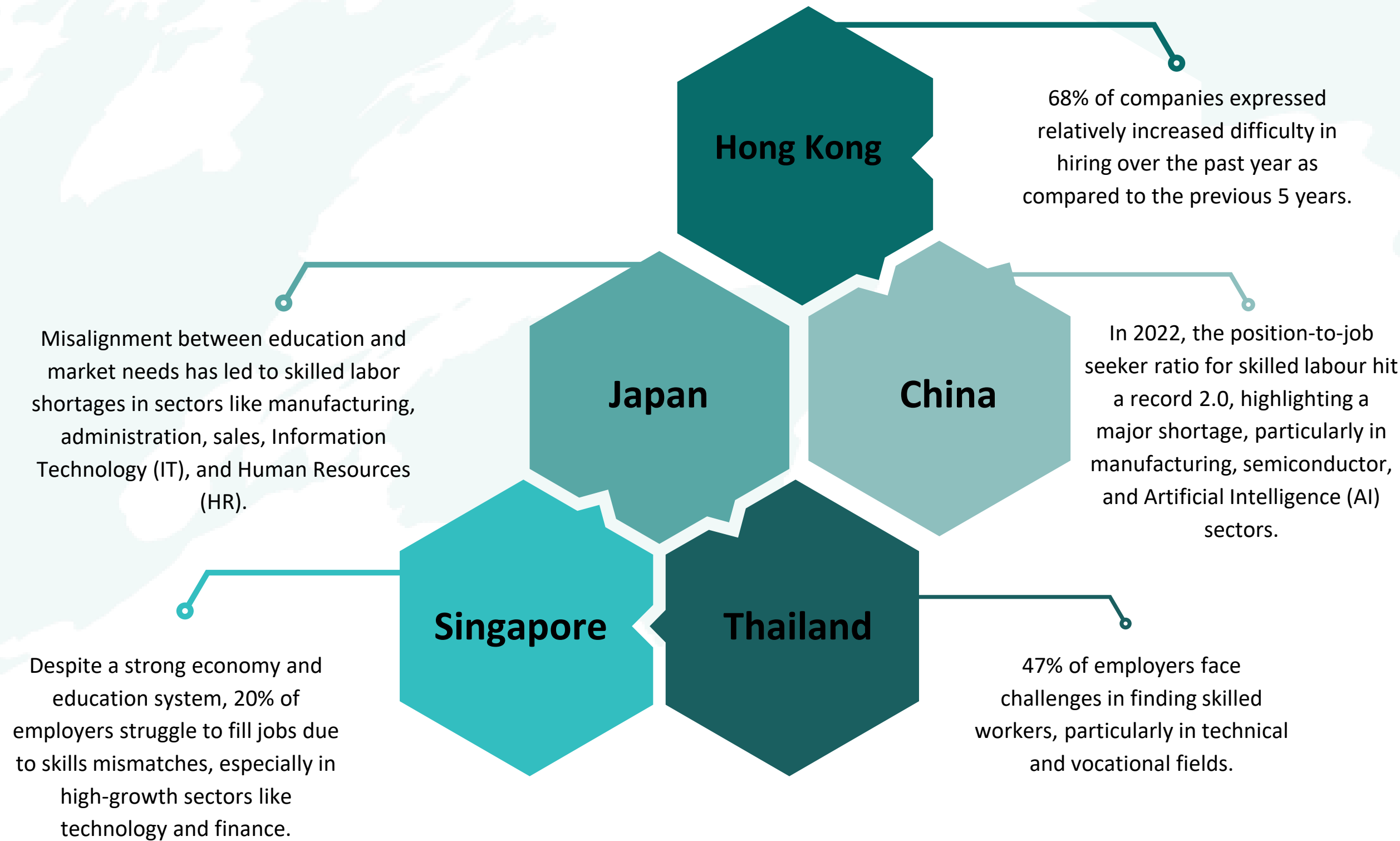
**India:** High graduate unemployment; 33% of youth are not in employment, education or training (NEET), with only 4% accessing vocational training.



**China:** STEM graduates lack the specific skills and experience required by employers.

Challenges

# Mismatch in Skills, Education, Industry and Expectations - II



**Education-Industry Gap:** Across both staff and grantee discussions, participants highlighted a significant disconnect between the skills young people acquire in educational institutions and the needs of employers. This gap leaves many graduates unprepared for the job market.

“In India, despite the high demand for skilled talent, many youths and even other job seekers only have generic education, and lack the technical skills required by employers.”  
– Macquarie Grantee (External Partner)

# Quality and Accessibility of Education

“*Many youths from low socio-economic backgrounds lack access to education due to financial constraints, which severely limits their employment opportunities.*”  
 – Macquarie Grantee (External Partner)

**Overview:** Limited access to quality education in underserved areas across Asia greatly hinders young people's ability to secure stable employment. Financial barriers and a lack of continuous learning opportunities are key factors that widen the gap between acquired skills and job market demands.



## Disparity in Educational Access

In countries like the Philippines and India, a significant gap in educational quality between urban and rural areas restricts employment prospects for youth. Many young people, especially those in rural or underserved regions, lack access to foundational or technical education, preventing them from acquiring the skills needed for stable jobs.

- India: 42% of youth have less than a secondary education, with many not in education, employment, or training (NEET).
- The Philippines: Youth from disadvantaged backgrounds often enter informal, low-paying jobs due to limited access to education.

## Economic Barriers

Socio-economic status plays a crucial role in limiting access to quality education. Financial constraints prevent many from continuing their studies or obtaining certifications required for formal employment.

## Lack of Lifelong Learning and Reskilling Opportunities

While some countries are making progress in providing lifelong learning and reskilling programs, many still lack structured opportunities for upskilling or mid-career education with industry placement. This shortfall limits career advancement and economic mobility for workers.

“*The disparity in educational quality between urban and rural areas significantly affects employability. Schools in metropolitan areas offer better education, leaving rural youth at a disadvantage.*”  
 – Macquarie Staff



# Migration and Mobility - I

## Challenges

### Migration Drivers

**In South Korea** – An estimated 2.49 million migrants were reported in October 2023. 42% of employees are non-regular workers, including many migrant workers. These individuals are paid less than their local counterparts and often face exploitative conditions, including withheld wages and limited legal protections.

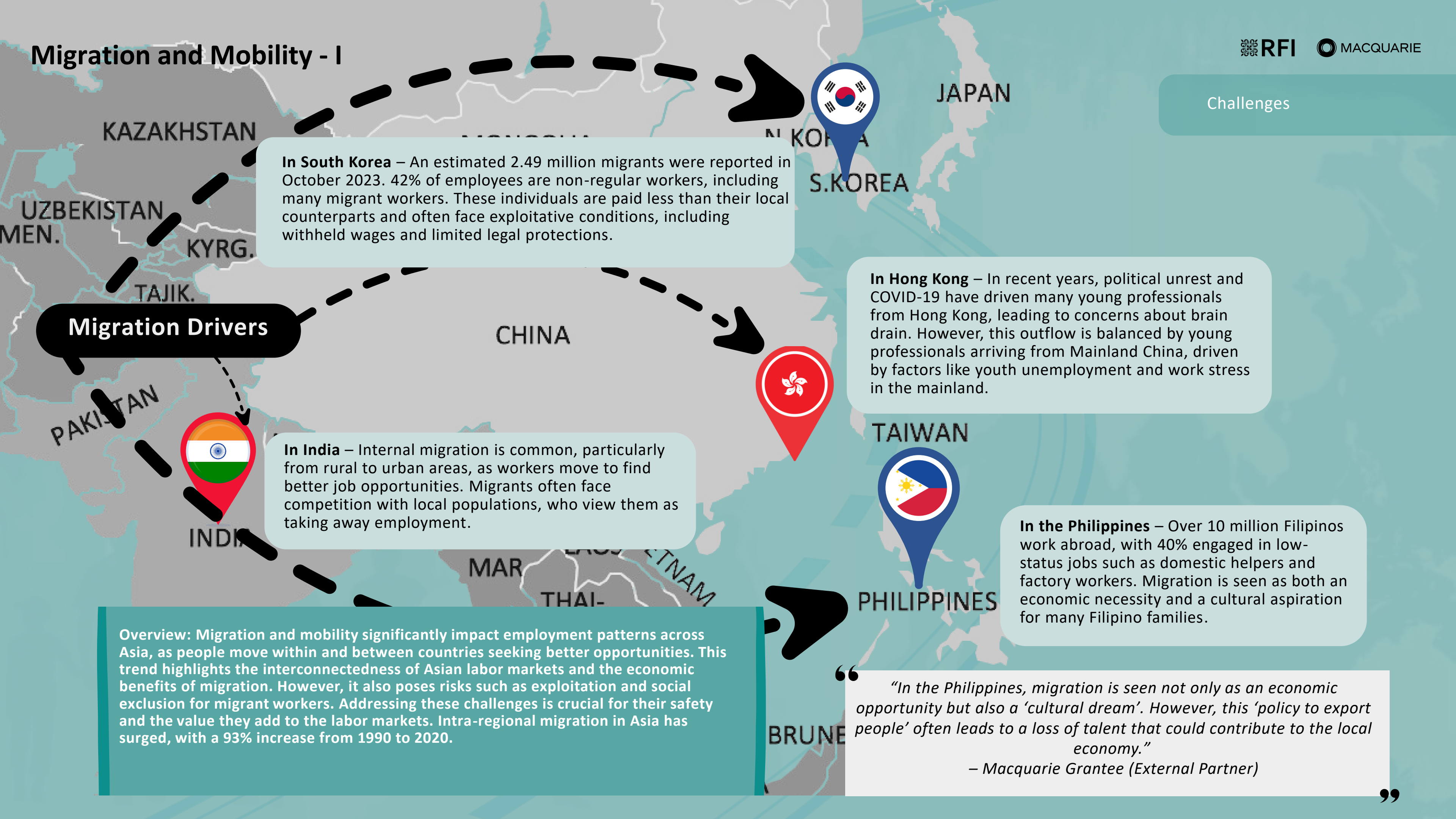
**In Hong Kong** – In recent years, political unrest and COVID-19 have driven many young professionals from Hong Kong, leading to concerns about brain drain. However, this outflow is balanced by young professionals arriving from Mainland China, driven by factors like youth unemployment and work stress in the mainland.

**In India** – Internal migration is common, particularly from rural to urban areas, as workers move to find better job opportunities. Migrants often face competition with local populations, who view them as taking away employment.

**In the Philippines** – Over 10 million Filipinos work abroad, with 40% engaged in low-status jobs such as domestic helpers and factory workers. Migration is seen as both an economic necessity and a cultural aspiration for many Filipino families.

**Overview:** Migration and mobility significantly impact employment patterns across Asia, as people move within and between countries seeking better opportunities. This trend highlights the interconnectedness of Asian labor markets and the economic benefits of migration. However, it also poses risks such as exploitation and social exclusion for migrant workers. Addressing these challenges is crucial for their safety and the value they add to the labor markets. Intra-regional migration in Asia has surged, with a 93% increase from 1990 to 2020.

“*In the Philippines, migration is seen not only as an economic opportunity but also a ‘cultural dream’. However, this ‘policy to export people’ often leads to a loss of talent that could contribute to the local economy.*”  
 – Macquarie Grantee (External Partner)



# Migration and Mobility - II

## Challenges

**Economic Impact:** While migration can lead to remittances and economic benefits for families and communities, it also creates brain drain and a loss of local talent, especially in high-demand sectors such as healthcare, engineering and education.



**In the Philippines** – The export of skilled workers abroad leads to a significant talent drain, impacting the local economy. While working abroad is often sought after, it also creates long-term challenges such as family separation and loss of domestic human capital.



**In Japan** – There is increasing reliance on foreign workers to address labour shortages, particularly in sectors such as healthcare and construction.



**In Bangladesh** – Remittances from overseas workers account for about 6% of GDP.



**In Nepal** – Remittances contribute to approximately 24% of GDP.

**Vulnerability of Migrant Workers (Social and Legal Challenges):** Migrant workers face exploitation, including poor working conditions, low pay, and discrimination, often with limited legal protection and social integration in host countries. They generally lack access to healthcare, legal recourse, and social safety nets, especially undocumented migrants, women, and low-skilled workers, worsening their vulnerability.



**In Hong Kong** – Migrant domestic workers face specific legal challenges, including the ‘two-week rule’, which forces them to leave the country if their contract is terminated within two weeks. This, coupled with the ‘live-in policy’, makes them vulnerable to exploitation.



**In South Korea** – 17.8% of migrant workers are undocumented, facing even greater legal and economic insecurity. Migrant workers earn 72% less than regular workers, illustrating the stark contrast in labor market outcomes. Female migrant workers face additional challenges, earning less than their male counterparts, and are subject to sexual harassment and abuse.



**In India** – Migrant workers from rural areas often face precarious working conditions with little access to social protections, leading to higher poverty rates.



**In Singapore** – While the country relies heavily on foreign labor, migrant workers continue to face challenges such as inadequate healthcare, workplace safety, and legal vulnerabilities.

# Digitalisation

## Challenges

**Overview:** Digitalisation is transforming labour markets across Asia, offering both opportunities and challenges. While digitalization can drive economic growth and innovation, it also presents significant barriers for vulnerable populations who lack access to digital tools, skills and infrastructure.

**In India** – Low access to digital infrastructure and technology in rural areas severely limits the ability of young people to acquire digital skills, with only 4% of youth having access to formal vocational training that includes digital competencies.

**In South Korea** – Despite being a highly developed country, the rapid pace of digitalization leaves many older workers and low-income individuals unable to transition to tech-enabled jobs.

**In India** – The fear of job loss due to automation is significant, especially in manufacturing. Many individuals lack the skills to transition into new tech-enabled roles.

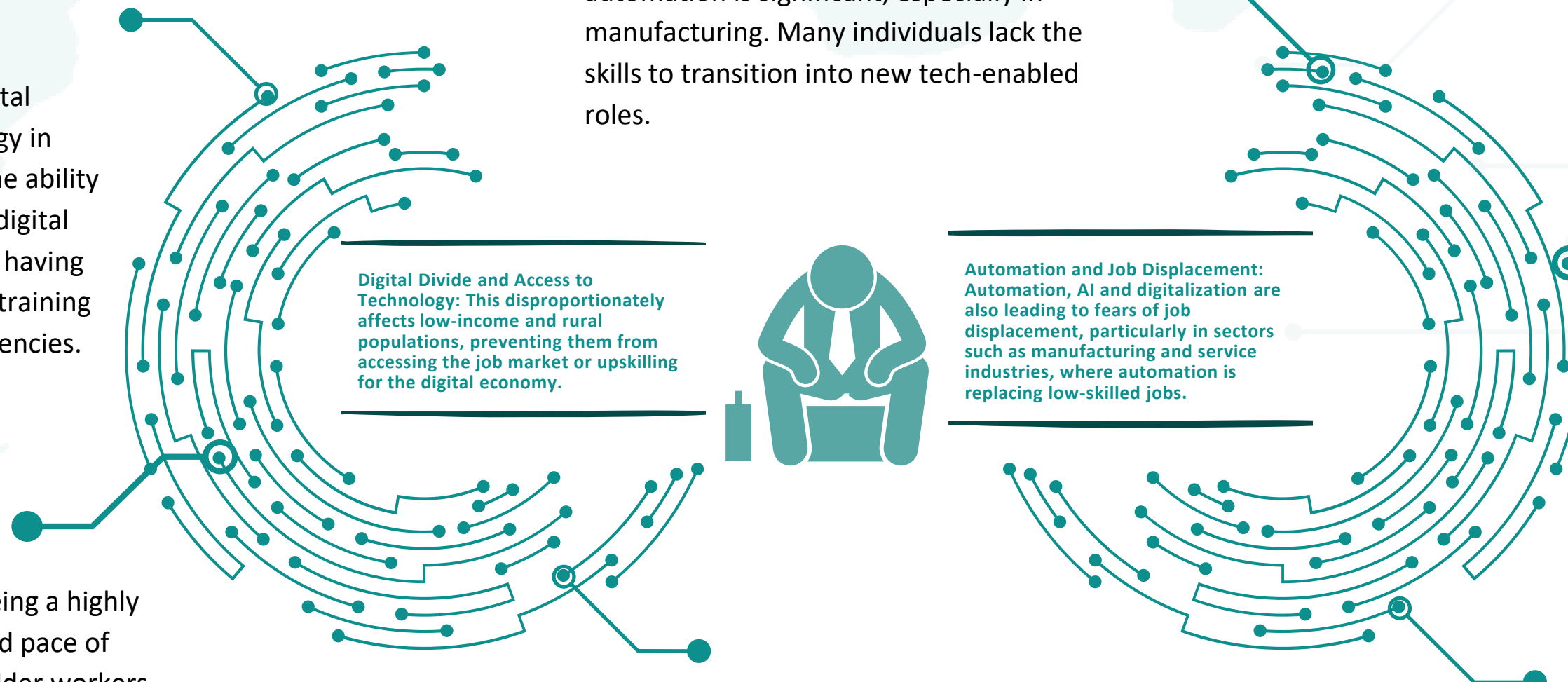
**Automation and Job Displacement:** Automation, AI and digitalization are also leading to fears of job displacement, particularly in sectors such as manufacturing and service industries, where automation is replacing low-skilled jobs.

*“Digitalisation is both an opportunity and a challenge. Many young people are eager to engage in the digital economy, but they lack the necessary skills and access to technology to do so.”*

– Macquarie Staff

**In the Philippines** – Automation in industries such as customer service and logistics threatens to displace thousands of workers in jobs that are susceptible to digitisation.

**In South Korea** – Automation and digitalisation are contributing to job insecurity, with 42% of the workforce employed as non-regular workers. These individuals are at higher risk of displacement as industries increasingly automate.



**Digital Divide and Access to Technology:** This disproportionately affects low-income and rural populations, preventing them from accessing the job market or upskilling for the digital economy.

**In the Philippines** – Youth from poorer regions face barriers in accessing digital tools, such as smartphones or internet, which restricts their ability to find jobs or engage in digital upskilling.



# TARGET GROUPS

## Target Groups

### YOUTHS

Youth remain a vulnerable group across many countries in Asia with various underlying factors including mismatch between education and labour market needs, lack of job opportunities in formal sectors, insufficient work experiences and skills, societal expectations, economic downturns and crises.

- Pan-Asia – Youth unemployment transcends economic development levels across the region, ranging from 5.4% to 17.6% in the countries studied.

**Lack of relevant skills, training and experience:** Many youths lack access to relevant training, skills, and experience, leaving them underprepared for the job market. Many also turn to the gig economy for quick financial gain, which undermines long-term career stability.

**Vulnerability:** This disproportionately affects vulnerable youths such as those who are:

- From rural regions
- Non-English-speaking
- Out-of-school
- Recent graduates
- From low-tier universities
- Less educated

### WOMEN

Women face significant barriers to employment due to cultural norms, societal expectations, childcare and familial responsibilities limiting opportunities and participation in the labour market, despite even educational attainments for women especially from developed or urban regions.

**Cultural and Societal Norms:** In many Asian countries, cultural expectations and societal roles limit young women's access to the workforce, particularly when it comes to balancing work and family responsibilities. Women in rural areas and those with lower socio-economic status face additional barriers.

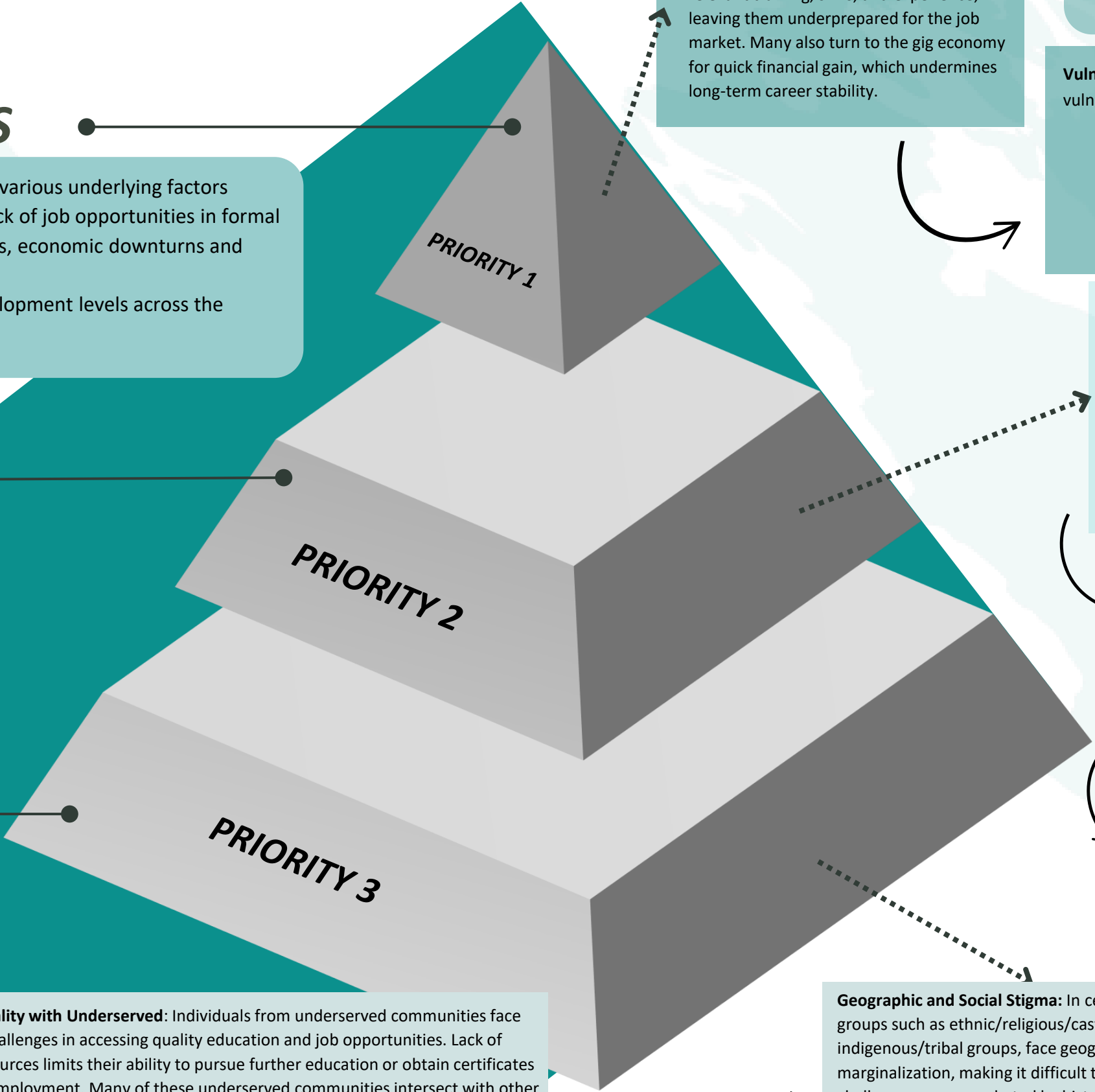
**Sectoral Gender Imbalance:** There is a gender imbalance in certain industries, with women underrepresented in male-dominated fields such as technology and finance, further limiting their employment opportunities. They are often over-represented in informal and low-wage sectors.

### UNDERSERVED MINORITIES

Underserved (e.g. people living in poverty, people from low socio-economic backgrounds etc.) and minority (e.g. ethnic/religious/caste minorities, indigenous/tribal groups, people with disabilities etc.) populations face systemic barriers to employment across Asia. They are disproportionately represented in low-paying, unstable jobs and experience discrimination in both hiring practices and workplace conditions.

**Intersectionality with Underserved:** Individuals from underserved communities face significant challenges in accessing quality education and job opportunities. Lack of financial resources limits their ability to pursue further education or obtain certificates needed for employment. Many of these underserved communities intersect with other vulnerable groups such as youth, women and especially minorities, creating compounded barriers to employment and social mobility.

**Geographic and Social Stigma:** In certain regions, minority groups such as ethnic/religious/caste minorities and indigenous/tribal groups, face geographic and social marginalization, making it difficult to find employment. These challenges are exacerbated by historical biases and cultural stigmas.



## Goals of Employability

**Addressing the Challenge of Skills Mismatch:** Across the focus groups, participants repeatedly pointed out the gap between what educational institutions are teaching and the actual needs of the job market. This mismatch leaves many young people and vulnerable groups underprepared for employment in the current job market, particularly in emerging sectors such as digital and green jobs.

**Practical Skills and Real-World Application:** There was a strong call for education systems to focus more on practical skills, including soft skills and digital literacy, to better prepare job seekers for the workforce. Participants across the focus groups highlighted the importance of vocational training and practical skills development as critical for bridging the education-employment gap. Formal education alone was seen to be not enough to secure stable employment.



**In India** – Vocational training uptake is low, particularly in poorer regions where it is most needed. Expanding access to vocational programs that are aligned with local and regional industry needs is crucial and of current key interest to the Indian government.



**In the Philippines** – Many job seekers lack soft skills such as resume photo taking and interview preparation and basic technical skills needed to secure employment.



**In South Korea** – Soft skills such as resume writing, interview preparation and digital literacy are often missing from formal education, contributing to youth unemployment despite high educational attainment.



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*“Vocational training and skilling initiatives must be aligned with the needs of the job market. Otherwise, young people will continue to struggle to transition from education to employment.”*

– Macquarie Staff

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*“Both the education system and the skilling initiatives or training must align with industry needs to address the mismatch between job seekers’ current skills and the employers’ requirements. This involves both technical skills and soft skills like communication and cultural fit within organisations, as well as industry matching to secure potential employment after these initiatives and attachment.”*

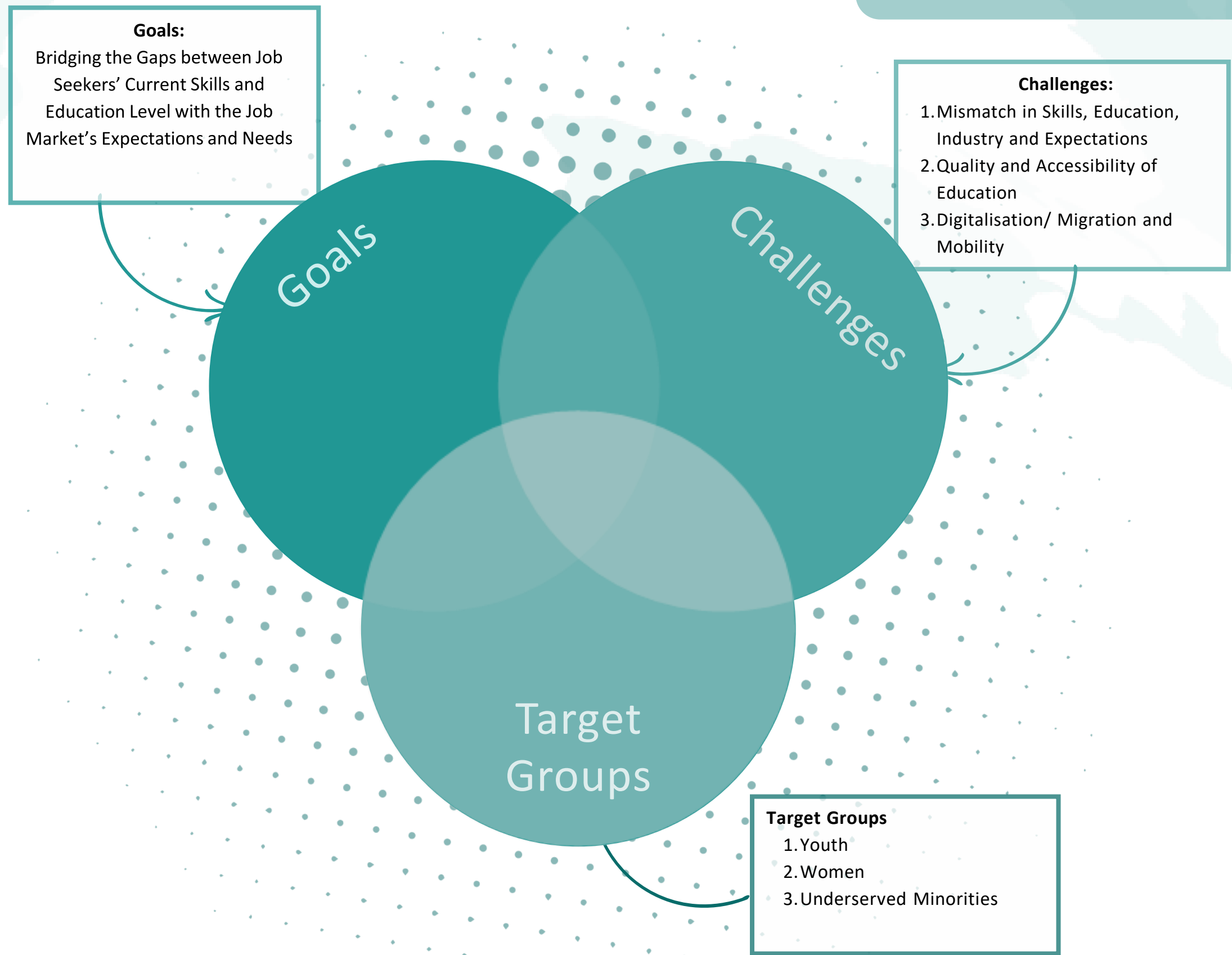
– Macquarie Grantee (External Partner)

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# Framework

## Framework

- **Levels of Importance:** In the Venn Diagram framework, the three key components – goals, target groups, and challenges – are positioned on the same plane, signifying that each holds equal importance. This equality ensures that no single component is prioritized over the others, emphasizing a balanced approach to grantmaking within this model.
- **Grant Making Prioritisation:** The prioritization process within the Venn Diagram framework follows a structured approach based on the degree of alignment between the three components:
  - **First Priority (Intersection of All Three Components)** – The highest priority for grant allocation is given to initiatives that address all three components – goals, target groups, and challenges – simultaneously. These projects are considered of top priority and are most likely to receive funding under this framework.
  - **Second Priority (Intersection of Any Two Components)** – The second level of priority is assigned to initiatives that meet the requirements of any two of the three components. While not fully aligned with the entire framework, these projects demonstrate significant alignment and are still eligible for grant consideration.
  - **Third Priority (Alignment with One Component)** – The third and final level of priority is for projects that meet the criteria of any one of the three components. Although these projects address only a single component, they may still receive grant support based on their potential impact.



# Strategic Alignment

## Framework

**Skill Development Initiatives:** The government launched the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) to offer short-term skills development training to youth, especially from underprivileged backgrounds, to enhance employability.

**Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):** This scheme provides a legal guarantee of 100 days of wage employment per year to rural households, aimed at supporting rural and vulnerable populations.

**National Apprenticeship Promotion Scheme (NAPS):** To incentivize employers to hire apprentices and provide on-the-job training, thus helping young and vulnerable workers transition into formal employment.

**Reservation Policies:** The government mandates job reservations in public sector jobs for Scheduled Castes (SC), Scheduled Tribes (ST), and Other Backward Classes (OBC) to promote equity in employment opportunities.

**India**

**Skill Development:** PMKVY offers skill training to improve youth employability.

**Rural Employment:** MGNREGA guarantees 100 days of wage work for rural households.

**Apprenticeship Promotion:** Encourages on-the-job training for vulnerable workers.

**Job Reservations:** SC/ST/OBC job quotas promote equity in public sector employment.

**Hong Kong**

**Wage Subsidies:** Employment Support Scheme helps retain low-income workers.

**Youth Training:** YETP provides pre-employment and on-the-job training for young people.

**Support for Disabled:** WOPS incentivizes hiring of disabled workers.

**Elderly Employment:** EPEM supports hiring older workers with financial incentives.

**Employment Support Scheme (ESS):** Introduced during the COVID-19 pandemic, the ESS provides wage subsidies to employers to retain employees, particularly for those in lower-income or vulnerable sectors.

**Youth Employment and Training Program (YETP):** This offers pre-employment and on-the-job training for youth aged 15-24 who lack qualifications, improving employability in various industries.

**Support for Elderly and Disabled Workers:** The government has initiatives such as the Work Orientation and Placement Scheme (WOPS), providing incentives to employers who hire people with disabilities, along with training and job matching services for the elderly.

**Special Employment Programs:** Programs such as the Employment Program for the Elderly and Middle-aged (EPEM) aim to encourage businesses to hire workers from vulnerable age groups by providing financial incentives.

**Technical Education and Skills Development Authority (TESDA):** This agency provides skills training and certification programs for Filipinos, especially targeting youth, women, and rural workers, to improve their employment prospects.

**Public Employment Service Office (PESO):** PESO provides job placement, career guidance, and employment facilitation services to help match job seekers, particularly from vulnerable groups, with job opportunities.

**Balik Probinsya, Bagong Pag-asa Program:** Aims to reduce overcrowding in urban areas by encouraging people to move back to rural provinces, offering livelihood and employment support to returning families.

**DOLE Integrated Livelihood Program:** The Department of Labour and Employment provides livelihood grants to vulnerable workers, including those displaced by natural disasters or crises, promoting self-employment.

**The Philippines**

**Skills Development:** TESDA offers training for youth, women, and rural workers.

**Job Matching:** PESO connects job seekers with opportunities.

**Rural Employment:** Balik Probinsya supports relocation with job and livelihood assistance.

**Livelihood Grants:** DOLE provides grants for vulnerable workers to promote self-employment.

**South Korea**

**Youth & Disabled Support:** Youth Hope On and vocational training for disabled workers.

**Wage Subsidies:** Supports businesses hiring vulnerable groups (e.g., women, elderly).

**Social Enterprises:** Government-backed support for rural employment.

**Elderly Workers:** Part-time/temporary job subsidies for older adults.

**Youth Employment Support:** The Korea Employment Promotion Agency for the Disabled provides vocational training and employment support for people with disabilities. For youth, the government has introduced programs such as Youth Hope On, offering career counseling, internships, and job placements.

**Wage Subsidies and Public Employment Programs:** South Korea has increased subsidies for small businesses hiring vulnerable workers, such as women re-entering the workforce and older adults.

**Social Enterprises and Cooperatives Support:** The government supports the establishment of social enterprises and cooperatives, especially in rural areas, to provide employment opportunities for marginalized groups.

**Policies for Elderly Workers:** South Korea has expanded opportunities for elderly workers through part-time and temporary jobs in sectors such as care services and hospitality, supported by government-funded wage subsidies.

### Government Actions to Address Employment Challenges & Support Vulnerable Groups

**We will support initiatives...**

**That address these challenges towards employment in Asia,**

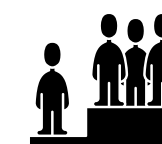
**For the following target groups:**



**Youth**



**Women**



**Underserved Minorities**



**Mismatch in Skills, Education, Industry and Expectations**



**Quality and Accessibility of Education**



**Digitalisation/ Migration and Mobility**

## For the purpose of...

Bridging the gaps  
between job seekers'  
current skills and  
education level with the  
job market's  
expectations and needs

Which results in...

**The breaking down  
of barriers to  
employment**



Thank you

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