

The Future-Ready Organization

Reinventing Work in ASEAN



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Executive Summary

Thanks to changing demographics and worker attitudes, digital enablement and strong growth, the workplace in Southeast Asia today is scarcely recognizable from what it was a decade ago. The Association of Southeast Asian Nations (ASEAN) region has the fastest-growing working-age population in Asia and it will add an estimated 50 million people between 2010 and 2020. Many of those workers are highly mobile and digital-savvy, with different perspectives than previous generations on what constitutes a fulfilling career.

ASEAN is also becoming more diverse, with an increasing mix across cultures, generations and gender in the workplace. This complexity requires business leaders, policy makers and educational institutions to be more agile, accommodating and progressive if they want to seize the opportunities that the rapidly advancing workplace offers. With strong growth in the region, demand for skilled workers continues to increase and all organizations, regardless of profile, will need to ensure they can access a broader range of soft and hard skills to remain competitive.

One critical question raised by these changes is: How should ASEAN's businesses and governments respond to these rapid changes in work? What do they need to do in the short and long term to harness the potential inherent in these new circumstances and not fall behind? What can ASEAN organizations count on from the nascent ASEAN Economic Community (AEC)?

To answer these questions and help stakeholders thrive in this landscape, Accenture conducted in-depth research to develop a perspective on what works – and what doesn't – in ASEAN. We spoke with members of some of the region's best known and successful organizations, and discussed how they are responding to changes. We found that while many are now deploying advanced technologies such as predictive analytics to spot trends and next-generation robotics to revamp workplaces and processes, some

enterprises face substantial challenges in adjusting to ASEAN's evolving environment. Many more grapple with talent and technology gaps, management of extremely diverse workforces, and a clear understanding of the impact of the AEC.

Based upon our interviews and findings, we have proposed strategies to help ASEAN stakeholders address these challenges, reinvent their work practices and create high-performance workforces that can succeed in rapidly changing work environments.

- We recommend business leaders develop differentiated talent management strategies and recalibrate operating models to respond to changes within the region rather than maintain their traditional approaches.
- Public sector leaders and policy makers must better anticipate talent needs and align them with industry needs to become future-ready. This includes putting in place the right policies and capability development infrastructure to build relevant skills and strengthen alignment among future generations of workers, businesses and organizations.

These are just a few of the recommendations developed. Acting on them will strengthen interactions across Southeast Asia and position organizations to benefit from the region's changing environment, creating a stronger foundation to sustain ASEAN's growth trajectory.

The Future of Work in Southeast Asia

The way people work in ASEAN today bears little resemblance to the workplaces of the past. From the characteristics of a rapidly evolving workforce, to the drivers of change, to potential barriers to success, work has been transfigured in little more than a decade and continues to undergo rapid structural and strategic change, both of which present opportunities and challenges to all stakeholders in the region.

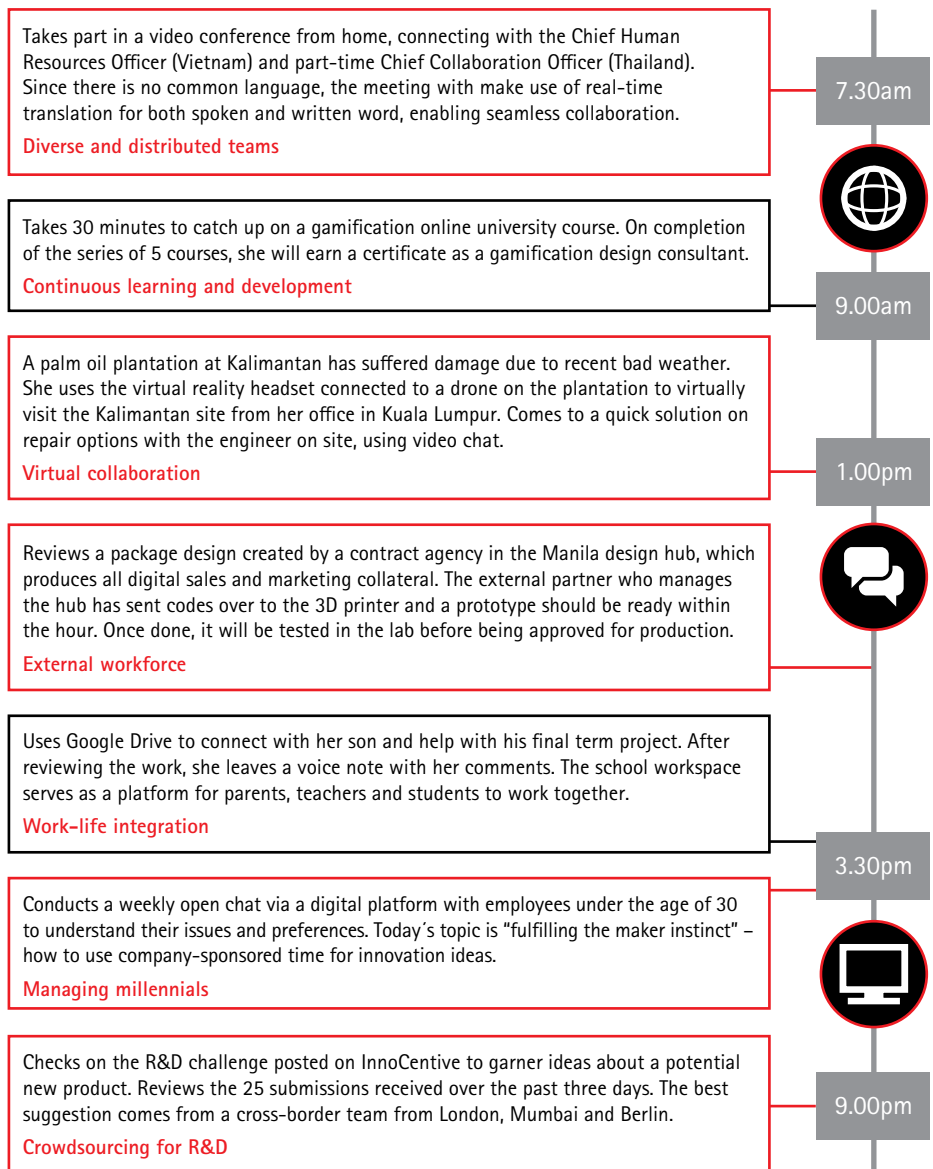


What will it take to be successful in this new work environment? Organizations will need to both adapt to and shape this reinvention, which is characterized by rapid infusion of digital technologies, an increasingly globally-connected and globally-minded generation, as well as new positions and skill requirements that were unheard of ten years earlier but are now embedded in the consumer and corporate landscape.

First, let's look at how work is changing. Our research identifies five major shifts that are reshaping work in ASEAN.

A Day in the Life of an ASEAN Manager

The Future of Work in Southeast Asia?



1. A workforce that's multi-generational and diverse

Demographically, ASEAN's workplaces are adding more millennials and women, and reflect a more diverse mix of age groups. While all employers will be impacted by these trends, the most successful companies will harness them to distinguish their organizations.

By 2020, 55 percent of ASEAN's working-age population will be between 20 and 39 years old.² These 'millennials' – people who entered adulthood at the start of the new millennium³ – are markedly different from prior generations of workers. They are digital natives, supremely comfortable with and empowered by technology. They are impatient, less inclined to 'wait their turn' for opportunities and thus more likely to change jobs. Indonesia and the Philippines in particular have significant millennial populations.

Also, as life expectancy rises in ASEAN, a broader span of age groups will be in the workplace. In fact, countries have raised minimum ages of retirement, guaranteeing a multi-generational workforce. Malaysia proposed a minimum retirement age of 60 in the private sector⁴ while Singapore requires companies to offer re-employment to eligible employees up to the age of 65, from the previous age of 62.⁵

In addition, greater numbers of women will work due to changing societal norms and more flexible working arrangements. Even though the share of women in the total labor force is fairly low in some countries

(38.6 percent in Malaysia, 37.9 percent in Indonesia,⁶ although slightly more in Thailand, Singapore and Vietnam), a shift is occurring. Organizations like Malaysia's TalentCorp use tax and training incentives to encourage companies to hire women and promote work life integration.⁷

In coming years, employers will also use digital tools to tap into a much wider spectrum of talent—including previously underused workforce segments such as rural and low-income workers. Companies such as the non-profit Samasource are already using the internet to link Europe and United States clients to low-skilled, low-cost talent pools in developing regions. In ASEAN, the Malaysian government is providing low-income communities with IT skills training to connect citizens with job opportunities.⁸

ASEAN's companies will also build increasingly culturally diverse teams by bringing regional and global workers together. In the digital age, companies in Malaysia, Singapore and the Philippines in particular will also tap into their own diaspora to provide virtual advice, skills training and development back home.

2. New mindset and new skills

Employees will develop digital literacy skills such as the ability to mine and deliver insights from data and should expect to perform highly specialized tasks at an earlier professional stage. "Over the next 10 years, if you cannot design your own website or create your own agent-based model, then you're in trouble," was how one executive put it.⁹

Further, ASEAN employees need to commit to updating skills through informal or independent learning, and when seeking employment must be able to promote their mastery. We believe the value of building a 'personal brand' will grow, enabled by digital platforms that allow workers to market themselves. Employers' expectations will also shift and many will want staff to use social networks to build value for organizations.

Yet, digital skills are just one dimension for future employees to master. Horizontal or 'soft' skills, such as adaptability, collaboration, critical thinking and problem-solving, will also be invaluable in future workplaces. Tan Choon Shian, Principal and CEO of Singapore Polytechnic, observed that "in the old days, it was about deep training and practical skills. Now... we also focus on the horizontal skills."¹⁰

Finally, the ability to innovate and produce a constant flow of creative and entrepreneurial ideas will be highly prized by future employers. As work boundaries blur, consensus building, knowledge sharing and collaboration in multicultural settings will become more important.

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3. A workforce that expects highly customized work experiences

Dissatisfied with highly structured, hierarchical workplaces, millennials (and other workers) are keen to shape their own work environment and use digital tools that enable them to work anytime, from anywhere. Accordingly, ASEAN's future workplaces must be more flexible, and the jobs they offer more engaging to retain talent. According to an HR director at an Indonesian company, Generation Y workers have a strong desire to prove their abilities. "It's not about the money... Give me an opportunity: I will deliver." They want more responsibility.¹¹

ASEAN employers will need to take into account millennials' need for a sense of purpose in their work and clearly illustrate how this work has a positive social impact. In addition, employees of the future workforce will want to play a more active role in creating their own job descriptions and designing career paths. In this environment, career progression is anything but linear. Mr Tan Choon Shian conceded, "we.. know that youths will likely have multiple careers in their lives. Even if the company is doing very well, the kids will job hop."¹²

As in Western markets, careers in ASEAN no longer progress in a linear fashion, with workers earning a single degree to use in a full-time job, and holding just two or three roles during their career. In the future, ASEAN's workers will hold 20 to 30 jobs over the course of five to six careers, which could include part-time stints, and working as a contractor. These shifts challenge traditions and beliefs about the value or need for hierarchy, job titles and promotions, and even salary progression.

Some companies are already responding to the needs of the more diverse workforce. For example, Agilent Technologies' Malaysian operations offers several options to help employees balance work and personal life, including flexible work schedules, part time work and working from home.¹³ Customized compensation and reward packages will become standard to give employees choices that suit their life stages. Lee Yan Hong, Head of Group HR at DBS Bank, stated that the bank "emphasizes choice and flexibility" minimizing "one size fits all" programs. Instead, the bank offers employees credits that they can "use for whatever – insurance, glasses, holidays. "We empower them by giving them choices."¹⁴

Learning and development will be treated as a lifelong journey and an important part of most employers' value proposition. Employers will offer capability development options that incorporate massive open online courses (MOOCs) and gamification strategies. Many ASEAN companies will also adopt game-based work practices to encourage workplace behaviours such as goal-setting in their younger employees with their different expectations of work and digital fluency. A veteran Singapore government official is convinced that "one of the best ways to be creative and to be innovative is to gamify the work that we do" to inject an element of play in work activities.¹⁵

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4. A workforce that's organized in radically different ways

A shift to more project-based work that mixes skills and competencies will also restructure how and where work gets done as well as helping employers address widespread talent gaps across the region. Technology now allows geographically dispersed talent pools to be viewed holistically, aggregating individual capabilities, experience and networks and allowing ASEAN employers to adopt a flexible 'plug and play' approach to match tasks to employees with appropriate skills.

Workers will not go to the same office day after day to perform the same tasks with or for the same people. More agile and mobile organizations will have an advantage by being able to bring people together across competencies, company functions and locations in virtual and physical teams. For example, a regional airline will be able to redeploy from Malaysia to fill talent gaps in Indonesia.

These technological advances will affect organizations' internal communication processes. For instance, as ASEAN organizations adopt new technology such as analytics, or make use of internal online forums, information will become more diffused, with employees at all levels gaining access to organizational data and information in a more transparent process. This will lead to decentralized decision-making and increase employee autonomy.

As a result, organization structures will become leaner and less hierarchical. With more data in the hands of line managers, leaders in ASEAN will adapt, focusing on giving their workforce the right decision-making tools. Managers will let go of command-and-control leadership and develop standardized procedures that enable local decision making on the frontlines. And as autonomy in the workplace increases, leadership roles will become more about facilitating and integrating new ways of working.

In this model, career progression and leadership pathways are not linked to experience or age, but instead to capabilities—a more meritocratic approach. "For us, if you're good enough, you're old enough," said the Human Resources director at a regional company.¹⁶

In this model, career progression and leadership pathways are not linked to experience or age, but instead to capabilities—a more meritocratic approach.

5. A workforce that integrates external resources using open ecosystems

In the future, more ASEAN companies will leverage technology to identify skilled external talent, such as temporary contractors or freelancers. In Singapore, two-thirds of employers already hire contract staff and the trend will grow.¹⁷ The global online marketplace oDesk supports the trend by connecting over 4.5 million freelancers with 900,000 clients. Malaysia is one of oDesk's fastest growing markets, showing that companies there have a definite need for talented freelancers.¹⁸

Fortunately, a more collaborative approach to work reflects traditionally collectivist Southeast Asian social systems as embodied in the ethos of the mandala. As one executive told us, "The concept of the mandala is central [here], which is not a hierarchical way of organizing. We have intersecting spheres of influence, and an understanding that those things interact in a very dynamic, lively sort of way."¹⁹

The 'not invented here' ethos will be all but dead as crowdsourcing ideas and problem solving takes hold in public and private sectors. The Malaysian government already crowdsourced feedback and suggestions on the country's 2014 budget. For example, through its '#Bajet2014' campaign.

As skilled talent flows to wherever the greatest professional and personal opportunities exist, organic and inorganic talent hubs will develop. The Philippines, for example, is already a major global hub for offshore outsourcing services—the sector has grown at a rate of 20 percent annually since 2007. It's now moving to higher-value tasks such as animation, software development and medical transcription in a bid to generate US\$5 billion in revenue and hire 1.3 million direct employees by 2016.²⁰

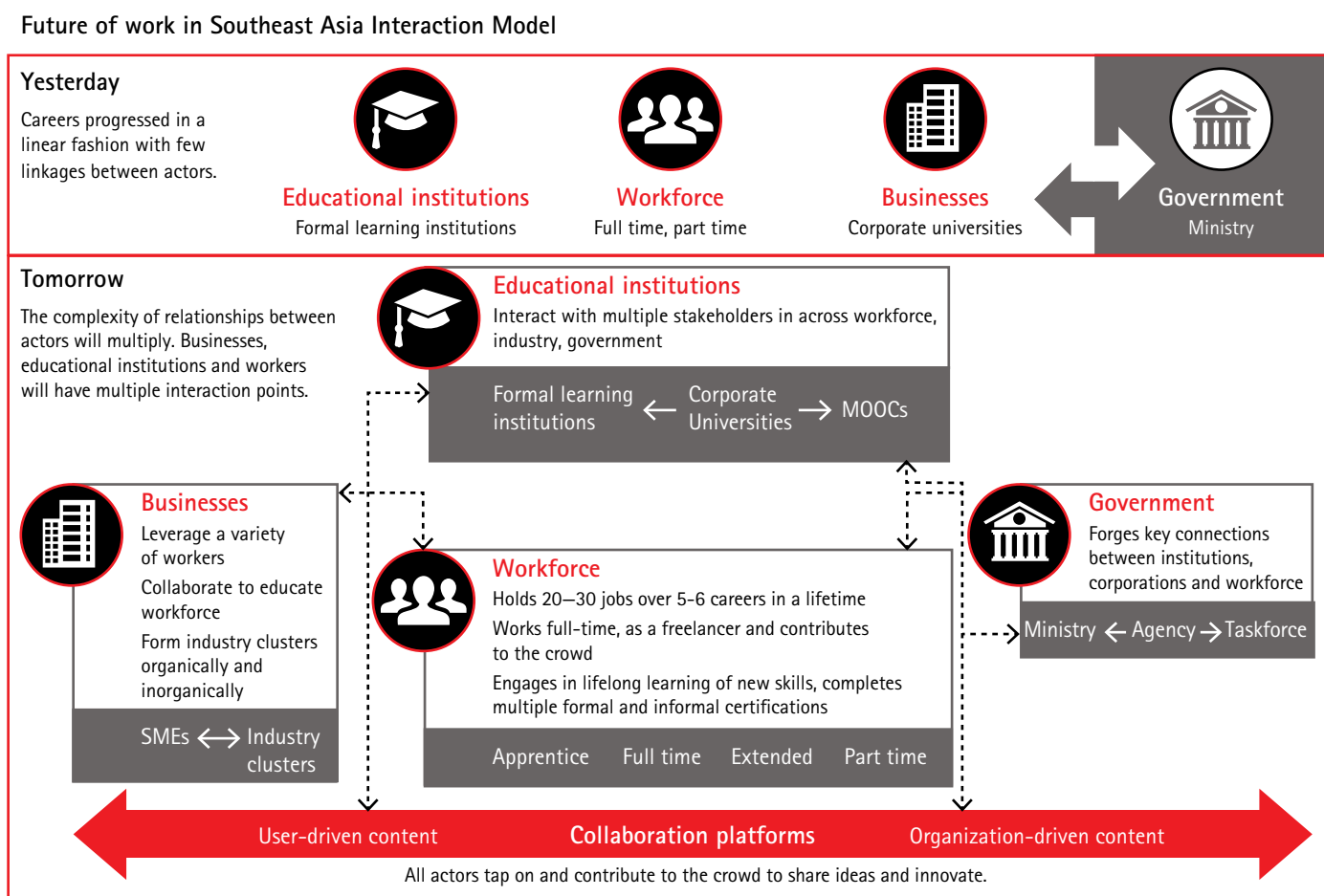
By integrating talent and capability from a variety of sources and forming larger networks and collectives, companies can quickly gain complementary, specialized skills and broaden their ability to find new and exciting opportunities to spur business growth.

In summary

These five characteristics reinventing the workplace make for an exciting but also complex set of opportunities, where linear progression and predictability are giving way to opportunism and dynamism. As shown in Figure 1, many stakeholders will play a role in developing a highly-connected and evolving employment ecosystem in ASEAN. While this shift can help ASEAN build more competitive economics, it also increased the complexity of stakeholder relationships.

A more collaborative approach to work reflects traditionally collectivist Southeast Asian social systems as embodied in the ethos of the mandala.

Figure 1: The reinvention of work practices of work increases the complexity of stakeholder relationships



Drivers of Disruption

What are the root causes of this transformation?

It's more than just numbers of people or even generational differences. We have identified two overarching forces: the impact of technology across the region and ASEAN's unique characteristics that magnify global trends.



Technology disruptors

Earlier we summarized how technology is changing the way information is processed, how decisions are made and how knowledge is shared. But what specific technologies are responsible for these outcomes? There are at least four:

Analytics

Sophisticated analytics allow companies and organizations to discover insights into their operations and markets in near real time. The cost of industrial-strength analytics is falling as computing power becomes more commoditized. Thus analytics tools are available to large and small organizations alike, which can level the playing field to a certain extent. PT Ruma, an Indonesian for-profit social initiative, is capitalizing on this trend by offering locals a 'business in a box,' enabling them to create enterprises and collect revenue via mobile phone and financial services payments.²¹ PT Ruma then uses data analytics to measure clients' business performance and their progress out of poverty against key global benchmarks.²² By evaluating this data, the organization is able to continually adjust its approach to ensure it is meeting its social goals and helping clients improve their lives.

Collaboration tools

ASEAN companies and organizations are increasingly accessing sophisticated tools to overcome 'silo' mentalities and create truly collaborative operations. For example, the Infocomm Development Authority of Singapore (IDA) uses collaborative platforms to help enterprises solve real-world challenges by crowd-sourcing solutions. The Data Innovation Challenge (DEXTRA) was launched to provide more than 9,000 datasets from various sectors to allow data scientists to extract insights and value. With this, local enterprises can tap on the development of analytic solutions to address complex data-driven business challenges.²³

Intelligent tools

Many ASEAN organizations reduce costs by offloading routine tasks to automated assistants and intelligent tools. For example, Singapore's Ngee Ann Secondary School is using web-based artificial intelligence 'chat bots,' presented as key historic or scientific figures such as Einstein or Shakespeare, to identify students' learning patterns and assess their educational needs. Every student response is incorporated into a database that helps to ensure that the system improves with every interaction.²⁴

Next-gen robotics

No longer confined to the realms of sci-fi fantasy, robots or drones are helping companies accomplish a broader range of work more efficiently and cost-effectively. In Indonesia, palm oil producer PT Triputra Agro Persada plans to use aerial drones to monitor new plantings and to track workers as they manage plantations.²⁵ More activities will be performed by combined teams of humans and machines.

Unique ASEAN disruptors

ASEAN's specific demographic, technological and economic DNA is also accelerating the pace of change in workforces and workplaces.

Fast-growing working-age population

ASEAN boasts one of the fastest-growing working-age populations anywhere, with 50 million people expected to enter the workforce between 2010 and 2020. Fuelled by double-digit gains in Indonesia and the Philippines, the region's 14.4 percent expected growth rate significantly outpaces the major economies and regions (see Figure 2).

As noted earlier, younger workers will spur workplace evolution with their new expectations and preferences. An Indonesian executive has found that millennials "require a more dynamic environment, transparency and openness with management and colleagues."²⁶

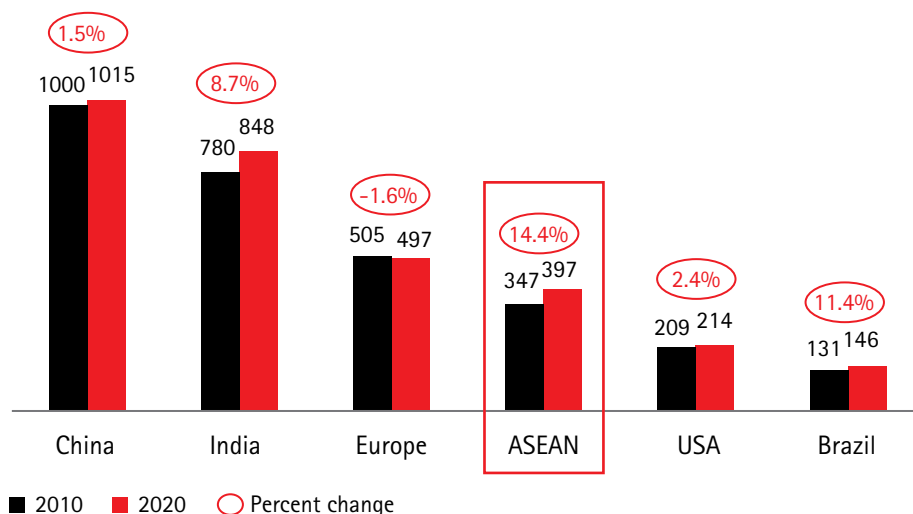
ASEAN's digital drive

Consumers across ASEAN are also unique in their quick and tight embrace of all things digital to better manage their lives and to improve their productivity at work. ASEAN citizens' digital connectedness is reflected across platforms. Mobile penetration rates are already strong across the region, despite varied levels of economic development. Internet usage rates have increased significantly in the past five years (see Figure 3). ASEAN's online population is largely under the age of 35 (see Figure 4). Southeast Asian nations are also among the most active users of social media in the world. Indonesia has the world's fourth largest Facebook population, and the Philippines ranks as 8th.²⁷

For millennials, digital devices are necessary personal and professional tools and change the way they work, play, communicate, access entertainment and manage their time, finances and busy schedules. Millennials expect companies to understand and enable their digital inclinations with mobile platforms and other digital channels that can increase productivity. In response, new roles in organizations such as Chief Digital Officer are being created to better understand and respond to digital expectations and needs.

Figure 2: ASEAN has one of the world's fastest growing working-age populations

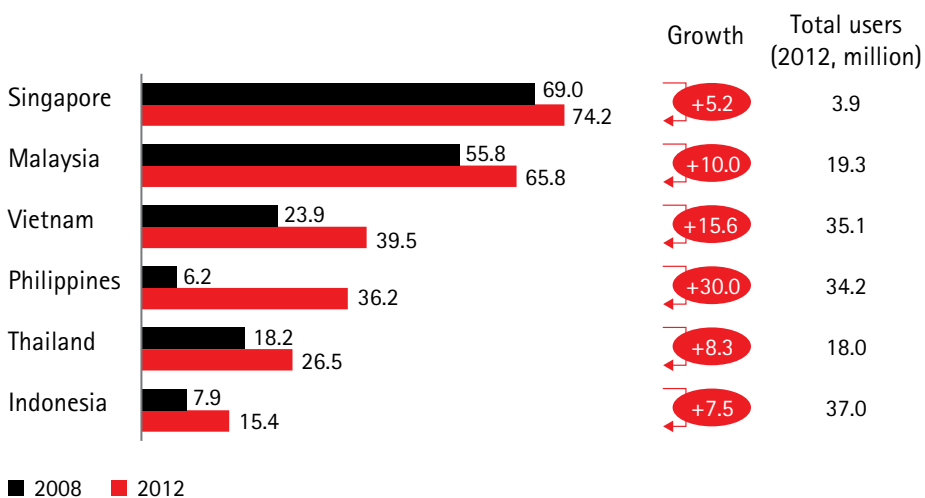
Working age populations, ASEAN vs the rest of the world (aged 15–64, millions; percentage change)



Source: Accenture Analysis of data from Euromonitor International, 2013.

Figure 3: Internet usage rates in ASEAN have increased significantly in the past 5 years

ASEAN's internet users (per 100 people)



Source: Internet users per 100 people, ICT Development Report and database, International Telecommunication Union.

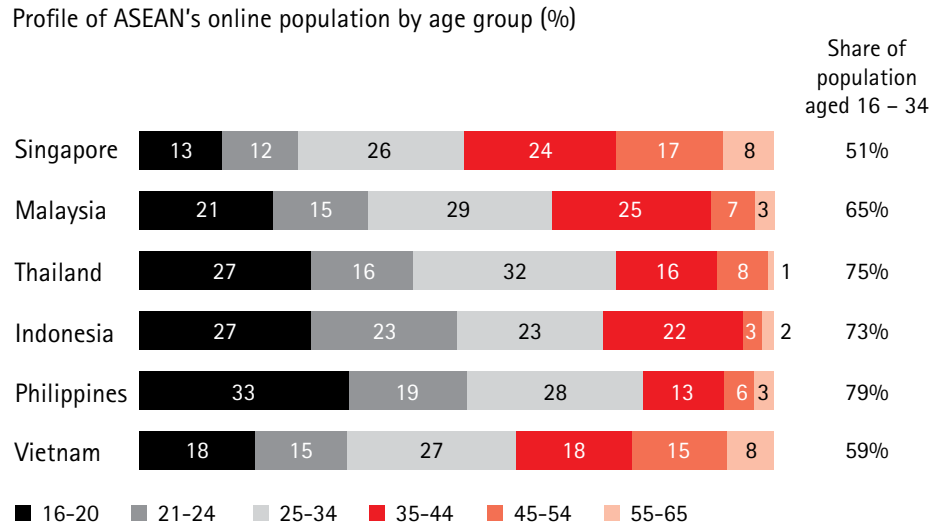
ASEAN's enviable economic growth

Many of the world's markets have yet to recapture the momentum they had before the 2008 financial crisis hit. Not so in ASEAN. ASEAN's 5 percent projected growth rate is greater than that of other developing economies such as Brazil (3.6 percent) and Russia (3.2 percent) and is only surpassed by India and China (both at 7 percent) (see Figure 5).

While growth rates vary across ASEAN, the region as a whole is experiencing greater internationalization. For example, between 2003 and 2013 inbound investment grew at an annual average of 14 percent, while outbound investment from ASEAN grew by an annual average of 10 percent.²⁸ Not surprisingly, a recent survey found that 90 percent of ASEAN-based companies are committed to further international expansion.²⁹

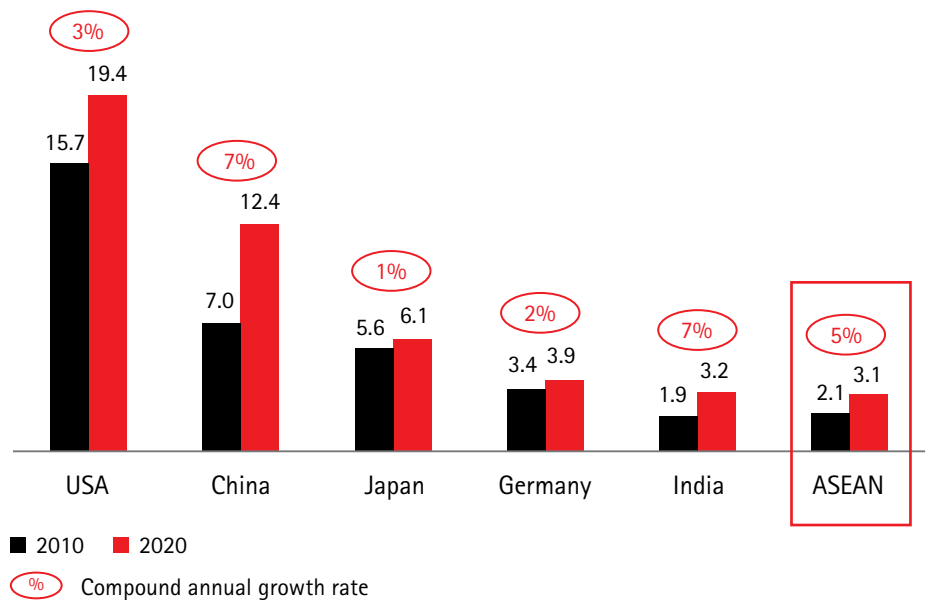
The business community is bent on maintaining its growth rate. Near-term objectives of the new ASEAN Economic Community (AEC) are to position ASEAN as a globally competitive, single, integrated market and production base, as well as to build stronger trade connections outside the region. Longer term, the AEC will facilitate talent and labor mobility across ASEAN to better balance labor demand and supply in priority sectors. It will also help individual countries meet their talent needs through the development of sophisticated labor market information networks that cut right across ASEAN.

Figure 4: The majority of the online population in ASEAN is under 35



Source: TNS Digital Life, 2011; IDB census, 2011.

Figure 5: World's largest economies – real GDP by 2020 (USD trillions, 2012 and 2020)



Source: Accenture analysis based on data from IHS Global Insights, 2013.



Overcoming Barriers to Change

Despite, or perhaps because of, their success, ASEAN companies and organizations face challenges in adjusting their work practices quickly enough to respond to trends and disruptive forces. Although all can be overcome, it will take continuous attention and collaboration from stakeholders across ASEAN to make sure these barriers do not become roadblocks.



Finding the right sort of talent is not the only problem. Organizations also struggle with talent retention as talent churn accelerates.

Talent gaps

The relatively quick emergence of new industries in ASEAN has created a mismatch between the skills needed and those currently available. For example, Vietnam is evolving into a manufacturing-intensive and export-driven economy (the contribution of exports to its GDP grew from 30 percent in the mid-90s to approximately 80 percent in 2012). Yet, almost 60 percent of graduates in 2010 focused on fields unrelated to industrial sectors, while only 16.8 percent of graduates specialized in such areas as engineering, manufacturing, and construction.³⁰ This disparity has led to shortfalls in qualified technical workers, and impeded Vietnam's growth.

The talent gap is a common story across ASEAN. "We don't have enough engineers in Indonesia," an HR executive told us. "We are not just talking about those with bachelor degrees, but also people which can skilfully manage maintenance."

Finding the right sort of talent is not the only problem. Organizations also struggle with talent retention as talent churn accelerates. Several executives we spoke with noted the struggle to cope with a workforce that consistently job-hops.³¹ Demand for talent, technical and soft skills is increasing, as is talent attrition. As a result, organizations will need to think carefully about filling talent gaps in more effective ways.

Technology deficits

With the exception of Singapore, ASEAN-based firms are characterized by the limited availability and slow adoption of new technology (see Figure 6), even though consumers have quickly adopted technology innovations. For example, Indonesia ranks 30th globally for innovation and 72nd for the latest availability of technology. Without ready access to cutting-edge tools, Southeast Asian businesses could be restricted in their ability to innovate, create new products and services, and adapt to new workers and ways of working.

These technology deficits are also evident in the workforce. An HR leader in Indonesia told us, "There are technical gaps but also a lack of experience, so people need to be taught how to work in the field. It is an important part of work in our company to train them to be able to use their theoretical skills in the field, and make them more practical."³² Such issues will hinder organizations from accessing the benefits of the enhanced digital tools.

Need to evolve management mindsets

To embrace new ways of working and appeal to younger workers, ASEAN businesses will need to move away from strict hierarchical structures and grow comfortable with more open, flexible, transparent organizations. However, this mindset change will be challenging in Southeast Asia where decisions are made centrally and departments can be siloed.

The Hofstede Power Distance Index, which measures acceptance of unequal power distribution and hierarchy, shows several ASEAN countries (particularly Malaysia and the Philippines) lagging much of Europe and the US (see Figure 7). This rigidity and adherence to hierarchy are roadblocks to organizational change and adoption of new ways of working.

Building a mindset that includes an ability to change is a fraught and inexact process. An executive we spoke to in Singapore worries that critical change management skills do not exist. "People think you make an announcement, send out a mass email to everyone and you've managed change," he said. "Change management is a deeply human process fraught with emotion and difficulty and it's not linear."³³

Learning to continuously transform is something managers in all sectors need to be comfortable with and knowledgeable about to succeed in the long-term.

Adapting to AEC from 2015

As the AEC becomes a reality, businesses and organizations will need to prepare for a more competitive and mobile talent landscape. Some ASEAN-based executives are concerned about losing workers in the new AEC environment. Indika Energy's Vice President Director, Mr. Arsjad Rasjid observed, "our university graduates have to compete with those from Singapore and Malaysia, and our low-skilled workers compete with those from Myanmar and Vietnam who offer lower wages."³⁴ Despite facing a more competitive workplace, executives believe workers will rise to the challenge. No ASEAN players want to miss out on the benefits of the AEC, or as one executive put it: "There is so much pride between ASEAN countries; we don't want to be known as the least productive."³⁵

As the AEC becomes a reality, businesses and organizations will need to prepare for a more competitive and mobile talent landscape.

ASEAN diversity

While diversity can be a source of strength it also means decision makers must manage social and cultural differences, as well as a host of talent requirements. As a veteran government official told us, "there is no single ASEAN context."³⁶ Yet, increased talent mobility will mean organizations must be expert at managing teams and workforces that are more diverse.

"We have to be more open-minded about our differences. Different cultures have different ways of working. Simulating and finding the balance is the challenge of every business owner and manager," an executive told us.³⁷ An Indonesian business leader sees the upside: "There is a greater potential for diversity, especially with the youngsters coming in, as they are the true bearers of the credo of diversity. They don't care if their friends are [different]."³⁸

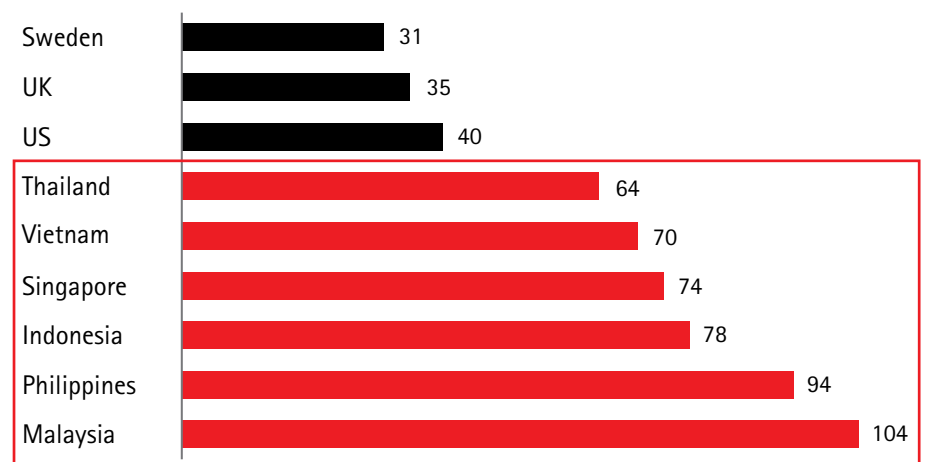
Diversity also occurs among countries, and businesses will also need to understand, navigate and make the best use of the various degrees of economic maturity and development amongst ASEAN countries. From an industrial development perspective, the Philippines and Vietnam are focused on improving productivity and performance, while Indonesia and Thailand are working to move up the value chain. Singapore and Malaysia, meanwhile, are pushing for innovation and value-add services. These different objectives can be used to strengthen ASEAN as a whole.

Figure 6: ASEAN's technology gaps

Country	Ranking (out of 144)		
	Availability of latest technology	Firm-level technology absorption	Capacity for innovation
Japan	11	4	1
Singapore	12	8	20
Malaysia	35	29	17
Philippines	56	46	86
Indonesia	72	56	30
Thailand	73	54	79
Vietnam	137	126	78
China	107	71	23
India	47	40	42

Source: World Economic Forum, Executive Opinion Survey 2013.

Figure 7: Hofstede Power Distance Index cross-country comparison



Source: The Hofstede Center, geert-hofstede.com.

"We have to be more open minded about our differences. Different cultures have different ways of working. Simulating and finding the balance is the challenge of every business owner and manager."

Getting Fit for the Future

The changes that will affect the evolution of ASEAN's working environment are profound and thrilling, and demand attention and strategic responses. We have developed recommendations for businesses, government agencies, and education institutions to consider as they refine their strategies.



Recommendations for businesses

Business leaders must think beyond winning the war for talent and focus on creating more customized work experiences, leveraging the broader ecosystem of talent and enablers, updating their operating model, and evolving the right leadership mindsets.

Develop differentiated talent management strategies

Businesses seeking to become future-ready will need to consider how they can develop the right talent pipeline to fulfil business outcomes. Building a differentiated talent management starts with investing in building 'job-ready' workers even before they enter the workforce. Businesses need to consider extending their 'talent supply chain' to reach potential candidates while they are still in school. In this way students can start to focus on employment and build the necessary skills to be ready for work. It is a win-win proposition for students and employers, saving both time and money.

For their current workers, employers will need to revise talent management processes substantially. They must segment workforces to account for employees' diverse professional aspirations and priorities, and offer a menu of modular benefits that employees can choose from to meet their needs.

As part of this process, organizations should consider ways to customize career progression and development as a way of increasing engagement, particularly as the younger workforce also seeks higher levels of responsibility. Companies will need to provide development opportunities to enable employees to grow their skills. For example, a large Indonesian bank already allows employees to sign up for special projects to plug gaps in experience or external training and certifications. If the bank's own training modules do not meet specific competency needs, public training can be explored instead. Further, organizations can encourage contribution above and beyond expectations when this generation of workers are engaged and recognized for taking on increased responsibilities. This generation wants to be challenged. Companies can reap the benefits of providing ample opportunities to stretch them.

One Indonesian entertainment company offers flexible work, particularly for young, female staff members. "They have to be around to take care of their babies, but they still want to continue working," the executive told us. "We allow them to work from home, as long as they deliver what they have to."³⁹ In fact, without recognizing and accommodating such needs, organizations risk overlooking a large and valuable talent pool that can contribute value in new and more creative ways than they may have been enabled to do in the past.

Digital technologies are critical to enabling this kind of customized talent management. Analytics solutions can project what skills will be needed and when, and develop the most efficient staffing models so talent can gain new skills and gaps are covered. CP All, the Thai firm behind 7-Eleven, already uses analytics for workforce planning. The firm plans to open 600 stores in 2014 alone. Because of this growing need for new skilled workers, CP All uses a balanced scorecard to forecast and prepare for periods of increased talent demand. As a result, the firm is able to fulfil 90 percent of its talent demand.⁴⁰ These are the types of analytics and workforce planning capabilities that will be critical in organizations expecting to thrive in the future economy regardless of the products, services or channels through which they pursue their business.

Tap into an extended workforce

Winning the war for talent is not about filling talent needs at one point in time, as turnover is likely to be a constant. Instead, the companies that come out ahead will be those that find a way to constantly source the right workers at the right time, such as through creatively tapping into diverse pools of talent, and leveraging networks across an expanded ecosystem to meet business goals. Further they will strike the right balance between internal and external contributors and have the capabilities in place to generate and maintain a body of organizational knowledge that diminishes the dependence on an ever decreasing proportion of prized, long-standing or highly experienced employees.

As companies balance and merge internal and external talent, it will be critical to identify the skills, competencies, performance and interests of the talent base. Once gaps are identified, business leaders can then create discrete outcome-based tasks that can be fulfilled by contingent workers, alumni, online contractor exchanges, or even volunteer communities.

Crowdsourcing to drive innovation and co-creation will enable leaders to draw on talent, ideas, and services from members throughout the digital universe. For example, Philips Healthcare used crowdsourcing approaches in its Plus Project to gather ideas for improving 'liveable cities' and health which were then voted on by the public. After crowd-sourcing from more than 600 entries, the company is developing a mobile app featuring interactive information on breast cancer in order to improve early self-detection of the disease.⁴¹

Of course, this approach to using an extended workforce also brings enhanced risks, including increased business complexity, the dilution of intellectual property and potential threats to data security. Given these issues, organizations must develop risk-mitigation, brand management, HR and operations.

Recalibrate the operating model

To adjust to ASEAN's fluid operating environment, companies and organizations should make operating models as flexible and dynamic as possible or risk being left behind.

As businesses evolve, leaders will have to identify the skills, technology and structure that are needed to enable future ways of working. For example, a flexible structure enabling a 'buy, borrow, build, move' talent model will help build agile organizations that draw on diverse talent pools, internally or externally. Organizational structures will also evolve to become flatter and more fluid as technology adoption and increased information flows challenge hierarchy and decentralize decision making.

At the same time, organizations will need to refresh performance management processes to accommodate the changing work environment. Lee Yan Hong, Head of Group HR at DBS Bank, says her workplace already measures people "on the output, rather than the face time."⁴²

Evolve the right management mindset

Through all these changes, it will be vital for organizations to inculcate adaptability and change management skills and structures to survive in an ever-changing world.

As organizational structures become flatter and less hierarchical and autonomy in the workplace increases, companies will need to guide their leadership to focus on facilitating, integrating, and synthesizing. BP, for example, is working to change notions of hierarchy and become more flexible. This involves distinguishing managing from leading: the task of managing involves providing step-by-step instructions, while the task of leading involves setting direction while giving staff members the space and resources to effectively apply their skillsets.⁴³

The mindset of leaders and management teams will also need to shift fundamentally to recognize the porous boundaries of the organization. Leaders and management teams will need to welcome an extended workforce and even invest in these workers to get the most out of them. This may require a fundamental rethinking about organizational boundaries and 'who belongs to my organization'.

Finally, companies will need to create champions for change—leaders who embrace change by adopting new technology, and who embed collaboration and innovation into daily work.

Recommendations for government organizations

Public sector organizations such as government and education institutions can also help build a future-ready ASEAN by forming valuable partnerships with industry and developing vital infrastructure. To do both, organizations need to be proactive. Recommendations include:

Anticipating and aligning investments to industry needs

Governments create the environment in which businesses operate, and play a key role in ensuring the talent supply is job-ready and future-ready to meet changing demands. Some governments across the region are showing the way.

Malaysia's Talentcorp has implemented the FasTrack program to ensure talent is ready for the changing demands of industry.⁴⁴ It is creating a pipeline of industry-ready talent to support research and development in the electronics industry in Penang.

In Singapore, the Workforce Development Agency (WDA) is investing in an online portal to help build career resilience of its resident workforce. With input from business, the portal will assist workers in understanding the demand for jobs in the labor market and the most valuable skills to develop.

Overall, the WDA will act as a one-stop shop for labor market information, including providing information on jobs in high growth industries in Singapore. The objective is to empower workers to make decisions relating to skills and career so workers can focus on building skills in high-demand areas. WDA Senior Director, Dr Gog Soon Joo clarified that "we're not trying to solve today's problem, but tomorrow's issues ahead of the curve."⁴⁵

In addition, education institutions should examine current curricula to ensure they are helping students develop skills that are in demand and preparing them for lifelong learning. The goal is no longer to equip students for or track them into a course of study relevant to only a single life-long qualification, but to give students ongoing support for future career transitions within a professional ecosystem that places a premium on knowledge. Increasingly, this will include emphasis on soft skills, such as adaptability, collaboration and critical thinking.

Strengthen ecosystem interactions

Governments should consider ways to get all stakeholders working together to make ASEAN and the member countries destinations of choice. Facilitating partnerships or collaboration across the business communities, public sector organizations and education institutions should be a goal in every ASEAN country.

For example, Singapore's Agency for Science, Technology and Research (A*STAR) introduced the Technology Adoption Programme (TAP) to give small and medium enterprises (SMEs) better access to the latest technology by connecting SMEs with technology experts from the public and private sectors. Since its introduction in 2013, TAP has facilitated over 110 adoptions, boosting the competitiveness for participating SMEs by accelerating the research and development process and reducing the time to market.⁴⁶

Governments can also strengthen workforce ecosystems by creating talent hubs or industry clusters that enable economic development by attracting regional talent and capital, and boosting the overall talent base. For example, Malaysia's Multimedia Super Corridor (MSC) serves as a hub for high-value, innovative and technology-driven projects and offers incentives for companies to help Malaysia further develop as a knowledge-based economy.⁴⁷

Many public-private collaborations have already taken root (see Sidebar – Building Talent Ecosystems).

Build infrastructure

To succeed in ASEAN, organizations need access to reliable power and telecommunications infrastructure. Lack of infrastructure will hinder the ability of businesses to take advantage of technical advancements, leverage collaboration platforms and boost productivity. Funds are not unlimited, and governments will need to prioritize investments, and provide clear legal frameworks (such as intellectual property and data privacy) to encourage enterprise innovation.

As a region, ASEAN has already taken steps to strengthen infrastructure through the ASEAN Infrastructure Fund (AIF). In December 2013, the fund commenced lending operations with a US\$25 million loan to fund electricity links in Indonesia. The AIF is expected to finance up to US\$300 million a year for the development of road, rail, power, water and other critical infrastructure.⁴⁸

Building ecosystems for talent development in ASEAN

A number of Southeast Asian companies are at the cutting edge of creating ecosystems for talent that creatively and consistently address skill and talent gaps.

Matching talent through the cloud⁴⁹

Based in the Philippines, Kalibrr has come up with a novel solution to the growing skills mismatch in the nation's Business Process Outsourcing industry, which has up to 200,000 job openings each year. Kalibrr offers online skills assessments and training to local applicants looking for outsourced jobs, especially in customer service.

With a recent injection of US\$1.9 million in funding, Kalibrr is creating a comprehensive talent management platform that uses cloud-based software and advanced machine-learning algorithms to match applicants to job openings based on performance on online assessments. Companies can choose from a range of pre-designed job- and skill- specific assessments or choose to create their own. At the same time, applicants will be offered a host of assessments to build up their skill set. If they don't qualify for a role, Kalibrr will connect the jobseeker to training programs.

Getting the balance right⁵⁰

Intel is investing heavily to upgrade skills and create a talent pipeline in Vietnam. In 2010, Intel opened its US\$1 billion chip testing and assembly plant which is expected to create several thousand job openings for skilled labor in high-tech manufacturing. The investment amplified the need to address the skills mismatch and secure the right talent for its business.

To address its immediate need for skilled talent, however, Intel partnered with Portland State University to provide two-year scholarships for Vietnamese engineering students. In exchange for training, the students will work with Intel for a minimum of three years after completing the program.

More importantly, Intel has partnered with the Vietnam Ministry of Education to launch the Higher Engineering Education Alliance Program with three vocational colleges and five universities. The \$40 million initiative will modernize the curriculum and educational methods in Vietnam's engineering programs and build English language capabilities.

Taking a collaborative approach to training leaders⁵¹

Unilever extended its education efforts by investing US\$85 million to establish the first Asian branch of its corporate university in Singapore. Building on the model of Four Acres London (created in 1953), Unilever partnered with Singapore's Economic Development Board to create the institution which aims to deliver more than half of the company's global leadership development programs. Its academic programs have been developed in consultation with INSEAD, Harvard Business School and Singapore Management University.

Conclusion

As work is reinvented in ASEAN, there is no time to sit back and watch. Rather, as disruptive trends take hold, and the region prepares for the AEC, companies and organizations must proactively adjust to the radically shifting world of work.

Now is the time for organizations to plan for significant shifts in workforce expectations, skills and numbers. As the region prepares for the AEC, companies and organizations must proactively adjust to a more diverse and demanding workforce and prepare to shift work practices as well to make the most of this unique moment in ASEAN history.

Whether based in ASEAN or looking in from the outside, business and government leaders must not rest on past success, but instead build on those positive changes in order to be fit for future success. This is the conclusion of the senior executives in ASEAN we surveyed as part of this research project. The pragmatic strategies identified here can help companies and organizations at all stages of maturity navigate the region's fluctuating landscape to survive and thrive as work is reinvented in ASEAN.

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About the Research

There are two components contributing to this research report.

In-depth interviews

Accenture, in collaboration with the World Economic Forum, conducted interviews with 25 senior executives in Indonesia, Malaysia, Thailand and Singapore. These executives were from the public sector and educational institutions as well as the business sector, including MNCs operating in ASEAN.

Key trends analysis

We also undertook detailed secondary research to understand key trends in the supply and demand of talent, and across demographic, economic, education and market trends and factors. We undertook detailed market scan to develop case studies drawing out the experience of future-ready organizations in ASEAN, and around the world.

Authors of this study

Arika Allen

Senior Manager, Strategy
Accenture Innovation Center, Asia Pacific

Sabina Ahmed

Consultant, Accenture Strategy, Singapore

Grace Yip

Managing Director, Accenture, Singapore

Carly Switzer

Senior Manager, Accenture, Singapore

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Expert Panel

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