HUMAN DEVELOPMENT PRIORITIES FOR THE ASEAN ECONOMIC COMMUNITY

Contribution by the European Chamber of Commerce, Singapore & European Foundation for Management Development to ASEAN Human Development Strategy
We would like to thank these

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EXECUTIVE SUMMARY

The EU has a unique contribution to the development of ASEAN because of the high level of trade and investment between the two regions (second largest trading partner, largest foreign direct investor), but also because of the EU experience in economic integration.

EFMD CHALLENGES OF BUILDING A REGIONAL MANAGEMENT CULTURE

Regional integration in ASEAN will certainly have an important impact on how businesses are managed across the region. Four questions, based on the European experience of creating a regional management philosophy may be considered for developing an ASEAN management model:

- How to go from a national to a regional perspective and identification among leaders, employees and students. How to develop a regional perspective as a standard for the global economy.
- How to develop the capability of leaders, professionals, employees and students to work effectively across cultures while respecting the uniqueness of different ASEAN cultures.
- How to establish a model of leadership authority that is acceptable and credible for the ASEAN workforce as well as being globally attractive. How to educate and develop leaders who build human capital in the region, support innovation and ensure respect of the United Nations values of decent work at all levels of the organization.
- How to build a framework of governance for businesses that ensures economic effectiveness and agility while contributing to stakeholder needs.

EUROCHAM SURVEY OF HR LEADERS ON ASEAN

European companies in ASEAN are investing heavily in the economic growth and human capital, and their HR managers have a deep understanding of the strengths and development needs of ASEAN. A survey of HR managers from European companies identifies the following points to consider in ASEAN’s next phase of human development initiatives.

1. For European companies in ASEAN the speed of employee growth is moderating: more than half (53%) of companies in our survey project a headcount growth of less than 10% in the next three years; however a quarter of the companies (26%) expect to grow employment by 11-25% in that period.

2. Senior leaders with ASEAN nationality still count for less than 10% in most of the companies interviewed (62%); more than a quarter of the companies (28%) have more than half of their top leaders from ASEAN. Although the percentages vary according the business and experience required for leadership, it is reasonable to expect that more ASEAN leaders will move up thanks to corporate talent programmes that groom managers for senior positions.

3. The quality of ASEAN versus non-ASEAN leaders for European companies shows a 2/3 satisfactory rating for performance but only 1/3 for potential. Given the competition from non-ASEAN Asian companies as well as from developed countries, a human development goal for ASEAN would appear to be finding ways to increase the potential of ASEAN’s future leaders.
4. Drilling down into the specific strengths of ASEAN leaders, HR professionals in European companies identified three sets of strengths that represent a competitive advantage in talent for ASEAN.
   - Cultural agility
   - Disciplined and grounded working style
   - Strong knowledge of local languages and cultures.

5. An important indicator for future potential is the quality of graduates from ASEAN higher education. More than two-thirds of ASEAN graduates are rated satisfactory by HR professionals in European companies. Given the explosive growth in ASEAN higher education, this level of quality represents a real achievement.

6. Turning now to the limitations of ASEAN human development, more than half of the HR professionals who responded identified limitations on mobility, lack of international exposure, career passivity and English language proficiency. Other commonly mentioned limitations are inadequate education and a lack of soft skills. Finally, a common grievance is the high turnover rate and impatience for promotion.

7. What do HR leaders see as priorities for improving human development in the region? The single most important priority is to improve the access and quality of education. A cluster of priorities including promoting overseas exposure, increasing learning and training and improving soft skills and critical thinking were identified.

8. HR leaders indicated what they saw as priorities for action by ASEAN Economic Community to improve the human development. The most commonly recommended actions cluster around improved mobility and international exposure for workers and students. Other recommendations are to improve cooperation and public-private partnership, followed by improvement of the ASEAN workforce in areas such as training and development, creativity and research and entrepreneurship.

9. What does the EU experience bring to the AEC human development agenda? The most important transferable experience, estimated by 43% of HR leaders, is the mobility of workers and students. The second most important is political cooperation at the supranational level, followed by a third area which is the quality of the European workforce including professional development, quality of education and encouraging innovation and creativity. A final area is workforce diversity, use of English as a working language and proficiency in other European languages.
SUGGESTED PRIORITIES FOR HUMAN DEVELOPMENT IN ASEAN

Based on surveys and interviews with EuroCham and EFMD members, we have identified five areas that seem most favourable for human development in ASEAN given the European experience of integration. These are the following:

1. **Extend the mobility of workers** across the region and set targets for increased mobility. Accelerate and broaden the recognition of professional qualifications across ASEAN. Create a fast track for work visas of key employees being transferred inside a company from one Member Country to another.

2. **Extend the mobility of students** in higher education and professional schools by enlarging the number of higher education institutions in the ASEAN University Network beyond the present 30 members and setting regional targets to significantly increase the limited number of students currently benefiting from AEC exchanges. AEC exchanges should also be promoted for professional institutions of higher education, such as technical and tourism schools, as well as universities. Another initiative would be to link AEC initiatives with the European Erasmus programme to increase the exchange of ASEAN and EU students. Set a percentage target of all graduates enrolled in ASEAN Higher Education to spend a period of time studying or training abroad (for the EU it is currently 5% and the goal is to reach 20% by the year 2030).

3. **Set up an ASEAN internship mobility network** that would allow a student from one Member Country to apply for an internship in a company in another Member company. For professional and business higher education degrees, require internships outside one’s home country, especially at the Master degree level. Create ASEAN fast-track work visas for student interns to facilitate ASEAN mobility.

4. To accelerate the number of experts, professionals and managers capable of leading regionally and globally, **increase the number of Master degrees** related to business and technology. Master degrees, for both pre-experience students and for working professionals, ensure a level of knowledge that is required for many leadership positions. Companies working with universities and business schools should ensure that higher education programmes provide real-world learning experience. Company partnerships can significantly enhance the employability of Master degree graduates. Finally, companies can contribute to applied research and provide projects for students.

5. To play a leadership role in the global economy, to create global companies and develop global business leaders, **proficiency in the English language** is necessary in all ASEAN countries. However, ASEAN students also need to **learn other ASEAN languages** and gain experience studying and working in ASEAN countries. This requires a strong emphasis on providing secondary and tertiary education in English as well as promoting the study of ASEAN foreign languages.
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OBJECTIVES AND METHODOLOGY

This white paper is an initiative taken by the Singapore EuroCham HR Committee as the result of exchanges concerning the opportunities and challenges of ASEAN Economic Integration. The EuroCham HR committee members include HR leaders of European multinational companies as well as business schools organizing higher education and executive programs in the ASEAN region and consulting firms working in the region.

Once the idea to produce a white paper was decided, EuroCham Singapore invited the European Foundation of Management Development to contribute as a partner in order to carry out a survey and interviews in Europe in order to identify the positive benefits of European integration for developing human capital and improving management practice. Like EuroCham Singapore, EFMD members represent both business schools and companies.

The beneficiaries of this white paper are the different stakeholders working on the development human capital for the ASEAN Economic Community, namely: ASEAN governing bodies, ASEAN member states’ Ministries and companies with a stake in developing the ASEAN region whether they be companies from the region or multinational companies operating in the region.

OBJECTIVES

This White Paper has two principal objectives:

1. To assess the successful initiatives coming out of the European experience of economic integration and to share transferable principles and practices with ASEAN stakeholders. In other words, what worked for EU integration in terms of human development that would be useful for ASEAN?

2. To suggest opportunities and priorities for human development initiatives within ASEAN from the point of view of European companies and business schools who work in the region. In other words, what can and should be done in the next stage of ASEAN integration to ensure effective development of the ASEAN workforce?

RESEARCH METHODOLOGY

EuroCham and the EFMD shared the research work in order to capture the experience and viewpoint of its members to understand why internships are so highly valued in European higher education and in companies as an essential component of their human capital development strategies.
The research methodology began with gathering information from documents and research on ASEAN since 1967 as well as European integration from beginning with the European Coal and Steel Community of 1951 leading to the 1992 Maastricht Treaty and today’s European Union of 28 member states and 19 Eurozone members.

The actions for gathering data were the following:

1. Define the benefits of European integration for companies and institutions of higher education with a survey followed up by qualitative interviews.
2. Analyse the transferability of European initiatives in the context of ASEAN integration.
3. Identify the areas of opportunity and concern of HR managers and business school representatives for developing human capital in ASEAN and formulate possible priorities and initiatives for ASEAN stakeholders.
4. Initiate exchanges with ASEAN stakeholders to examine principles and actions being taken in the ASEAN Economic Community.

For the ASEAN survey we organised meetings with companies and business schools working in at least three of the ten ASEAN countries. We then conducted the survey and followed up with structured interviews with HR professionals from major European companies operating in ASEAN.

For the EU survey we organised meetings with companies and business schools in the EFFM and interviewed members who had played an active role in promoting European management and management education.

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  - Gerald van Schaik, former CEO of Heineken and Chairman of EFMD for his comments on European management and recommendations for ASEAN
  - His Excellency Dr. Michael Pulch, EU Ambassador to Singapore, for his comments on EU policy and investment in ASEAN
  - Matthew Wood, Director of EFMD, for his contribution of historical documents on European management
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GLOSSARY OF KEY TERMS

In this white paper we shall use the following terms:

- **ASEAN University Network (AUN)** is an association of Universities established by ASEAN Member countries. AUN evolved from the original idea in 1992 to establish an ASEAN University when it became clear that funding, location and leadership issues would make a single university model unworkable. A network of existing universities became the model in 1995 with a founding membership of 13 institutions. In its early years (1995–1999), the AUN focused mainly on the sharing of knowledge and experiences and on small-scale student and staff exchange. The early collaborative activities developed to include joint curriculum programmes and information technology. With ASEAN enlargement and development of the model, AUN membership now includes 30 Member Universities. However the number of student exchanges in the AUN model remains relatively modest.

- **Erasmus Programme**: Officially, the European Community Action Scheme for the Mobility of University Students was established in 1987 as a programme of cross-border cooperation between Member States to develop international studies. The program is for 3 to 12 months and may include internship or training in a company. In January 2014 it was reorganised as “Erasmus+” to combine all the EU's current schemes for education, training, youth and sport.

- **Human Capital**: An economic concept that became prominent in the last three decades of the twentieth century through the work of Nobel Prize winner Gary Becker and others. Human capital is the sum of the components in work that creates economic value: it includes education, competencies, talent, experience, motivation, networks of relations, health – a host of components that has now been enlarged to social capital, emotional capital, cultural capital and mobility capital. Human capital is not without its critics: what it measures is human value as a means of production which is why the United Nations

- **Human Development**: The United Nations in the Human Development Index were careful to make the distinction between human capital and human development. Human development considers improving the human condition as an end and not a means. The United Nations human development goals aim to help people widen their choices and improve their own well-being as well as developing as human capital.

- **MRA Mutual Recognition Arrangements**: these are agreements between ASEAN countries to recognise professional services for a limited number of professions. The agreement was signed in 2012.
PART 1

CREATING A REGIONAL MANAGEMENT CULTURE
Charles Handy has been a major influence on the development of European management as an educator and author of management and social philosophy. He is also a keen observer of Asia, which began in 1956 when he took a job with Shell after his studies at Oxford. One of 14 trainees in Shell’s three-month induction course, he recalls that each trainee was handed an envelope at the end of the program. Handy’s envelope said Kuala Lumpur although, he admits, he had then no idea where it was. In his second year, he was transferred to Singapore when his boss said, ‘London have asked us to appoint an economist for South-east Asia: and you’re it.’ Twenty-five years later, in 1991, Handy was invited back to a very different Singapore by the government to comment on their twenty-year management plan. After thinking over what he wanted to become, Handy decided to leave his career at Shell and eventually became a management writer. He has since written 20 books on management and social philosophy starting with Understanding Organisations (1976) to his latest, The Second Curve (2015). He was also the first professor of management development at the London Business School and later was the academic advisor and principal author of the first Open University course in management. In 1987 Handy wrote a report on management education and training for the British government entitled “The Making of Managers” often referred to as “the Handy report”, in which the management development systems of the USA, West Germany, France, Japan and Britain were described and compared. He was also one of the early thought leaders of the EFMD. Today Charles Handy is considered one of Europe’s most important management thinkers.

Our great missed opportunity in Europe was that we didn’t really teach managers to think creatively and to develop their own sense of being a leader in life and for society. We concentrated instead on equipping them with a toolkit of knowledge and skills to help them in their current jobs.

When European integration started to become a major influence on management in Europe, there were hardly any business schools. European companies didn’t believe it necessary to educate future leaders specifically in management; it was considered an American product. London Business School, where I taught, was one of the early pioneers but the French had their Grandes Ecoles and Germans had their “Dual System” with many company heads of technically based firms holding a scientific doctorate. Management education in business schools wasn’t fashionable in Europe until about 1986. While the business schools made management a respectable occupation, what they didn’t do was provide significant innovation in learning outside the classroom, nor did they link business education to the wider needs of society. European business schools were too enraptured by the American model and became too dependent on the MBA as a cash cow. Our great missed opportunity in Europe was that we didn’t really teach managers to think creatively and to develop their own sense...
of being a leader in life and for society. We concentrated instead on equipping them with a toolkit of knowledge and skills to help them in their current jobs.

As a professor at London Business School I noticed that the best students were those who had studied history because when it came to complex business issues, they could put the pieces of the puzzle together. Those with backgrounds in accounting and engineering took their MBA as an advanced training in business skills but did not get enough exposure to complexity, critical thinking and leadership responsibility. That is now changing, but fifty years too late.

During that period of European integration we failed to produce our own international gurus and thinkers to balance what the Americans were producing or to match what Europe was creating in other areas such as science, culture and social innovation. When I first began writing management books, people thought that I must be American and they would ask me how long I intended to live in London.

**WHICH MANAGEMENT MODEL FOR ASEAN?**

There will be an Asian form of capitalism that emerges from the growing economic clout of Asia. It will be important to attract the brightest and best of the young into business with the idea that they will be the ones who build companies to work for the greater good of all.

So my first message to business leaders, educators and politicians who are integrating the ASEAN countries would be to create your own business leadership education rather than copying a model imported from somewhere else. Create learning as organized reflection of personal experience rather than an overview of current best practice, which is something that can best be learnt in work. Make business leadership prestigious and valued for the ASEAN region but also include responsibility to stakeholders and anticipation of how business can help meet the challenges of society. Encourage and support ASEAN business gurus and thinkers who can project leadership to the wider world.

My second message would be to encourage students to study different things at university in Asia rather than start with narrow business degrees that supposedly open the door to a lucrative career. Put the emphasis of business education on preparing leaders at the pre-experience level immediately after higher education, preferably by getting students to work on problems and by learning to find solutions as teams. Management education should concentrate on fulfilling the post-experience needs of leaders who already have some practical experience.

My third message is to build on your diaspora of alumni — business schools should bring their past students back to the classroom from time to time to dip into changes in the business environment, to reflect on their own experience and to think through issues for themselves as future leaders. Although business education provides the main source of income for business schools, the real impact will be achieved through their alumni. They will be your agents for change in society and must be nurtured.
THE EU AS PARTNER IN ASEAN HUMAN DEVELOPMENT

In 2003 ASEAN announced its intention to create a regional Community based on three pillars: the ASEAN Economic Community (AEC), the ASEAN Security Community and the ASEAN Socio-Cultural Community. The aim was to achieve regional economic integration by the end of 2015 and establish ASEAN as a single market for trade, capital and skilled labour for some 600 million people. In terms of development, the region has experienced GDP growth of 5.1% since 2007 although this number is being impacted in the second half of 2015 by slowing growth in China.

The EU has been a partner in the development of ASEAN since the beginning. Today, the 28 countries of the EU represent the second largest trading partner after China and by far the biggest source of foreign direct investment.¹ ASEAN is the EU’s third largest trading partner outside Europe.

The health of the European human development has a direct relationship to ASEAN because 14% of European employment depends on international trade – that represents 31 million jobs.

Beyond trade and financial investment, European companies invest in ASEAN human development through employment, training and skills acquisition, management and partnerships with education institutions. Moreover the EU has made a direct contribution to the effort of integrating ASEAN. According to European Ambassador to Singapore, Dr Michael Pulch:

*The European Union has invested more than 145 million Euros to assist ASEAN integration and we now have permanent Secretary and a EU ambassador to ASEAN. We would like to see more EU – ASEAN integration in the form of student exchanges and scientific exchange.*

European companies have a vital interest in ensuring continuous human development in ASEAN and including leaders from ASEAN countries into senior management ranks. While European HR and business schools have transferred know how and experience to ASEAN in the past, today those leaders recognize that it is no longer a one-way process. To understand why recognition has come so quickly, you need only consider that in the 1990s, just 12 countries in the world generated growth in incomes per head at a pace that was twice the OECD average; but in first decade of this century 83 countries were growing twice the OECD average².

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¹ European Commission: EU-Singapore Trade and Investment 2015. The chart is adapted from the ASEAN Investment report 2013-2014.
The ASEAN countries set medium term development targets and the OECD has estimated when each ASEAN developing country could move to a high-income country with a “best scenario” estimate based on World bank criteria for high income.¹

<table>
<thead>
<tr>
<th>Country</th>
<th>Timeframe</th>
<th>Mid-term Development Theme/Vision</th>
<th>Best Scenario date to become a high income country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>2012-17</td>
<td>Knowledge and innovation to enhance productivity and economic growth</td>
<td>Currently High income</td>
</tr>
<tr>
<td>Cambodia</td>
<td>2009-13</td>
<td>Growth, employment, equity and efficiency</td>
<td>NA</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2010-14</td>
<td>Realisation of an Indonesia that is prosperous, democratic and just</td>
<td>2042</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>2011-15</td>
<td>Socio-economic development, industrialisation and modernisation</td>
<td>NA</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2011-15</td>
<td>Charting development towards a high-income nation</td>
<td>2020</td>
</tr>
<tr>
<td>Myanmar</td>
<td>2012-15</td>
<td>Development of industry, balanced development, improvements in</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>education, health and living standards and improved statistical</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>2011-16</td>
<td>Pursuit of inclusive growth</td>
<td>2051</td>
</tr>
<tr>
<td>Singapore</td>
<td>2010-20</td>
<td>Highly skilled, innovative economy, distinctive global city</td>
<td>Currently High income</td>
</tr>
<tr>
<td>Thailand</td>
<td>2012-16</td>
<td>A happy society with equity, fairness and resilience under the</td>
<td>2031</td>
</tr>
<tr>
<td></td>
<td></td>
<td>philosophy of a Sufficiency Economy</td>
<td></td>
</tr>
<tr>
<td>Viet Nam</td>
<td>2011-20</td>
<td>A modern, industrialised country by 2020</td>
<td>2058</td>
</tr>
</tbody>
</table>

Learning from ASEAN markets and business cultures and developing ASEAN talent requires true integration. This represents a new stage of partnership between the EU and ASEAN.

EUROPEAN MANAGEMENT AND ASEAN

The evolution of European management from a national to a regional identity and culture represents for ASEAN the most relevant example for building a human development leadership culture at a regional level. It is important to underline that European management is an example, and not a model to copy. Building a regional philosophy of management eliminate national difference. One only has to observe how respect for punctuality, relations of hierarchy and attitudes towards capitalism vary in Europe to see that national difference persist. Nevertheless the European experience shows how principles and values going from the national to the regional level become integrated not only in the region itself but also globally as a leadership philosophy.

In 1971 the creation of the European Foundation of Management Development (EFMD) as a non-profit foundation promoted a European identity for management, human development and corporate governance as well as thought leadership on education for management and leadership.

¹ Economic Outlook for Southeast Asia, China and India 2014 © OECD 2013: Beyond the Middle-Income Trap
The EFMD was actually a merger between the International University Contact for Management Education and the European Association of Management Education. Its creation was strongly supported, but not financed, by the European Commission, which had by then an interest in how European management contributed to European society and human development.

More than any other institution operating in Europe at the time, the EFMD was the leading forum for discussing what European management is and should be. Governance of the EFMD reflected a dialogue between senior corporate leaders who traditionally took role of Chairperson (with companies like Akzo, Unilever, Shell, Heineken and continuing to the present day Chairman Alain Dominique Perrin of Compagnie Financiere de Richemond and President of the Cartier Foundation), while management education leaders took the Vice President roles. With this dual viewpoint of running a business and developing future managers, EFMD conferences and publications demonstrate the evolution of European management from a mosaic of national perspectives to a common set of values and a differentiated leadership culture.

In 1980, the EFMD had concluded that European management could be defined by its commitment to social responsibility, which was formalized in the publication of the “Societal Strategy Project”\(^4\):

> ... the roles which permit the firm to make its optimum contribution to society will require significant changes in the value systems, behaviour and social-political strategies of many firms. Even those firms which opt to minimise their socio-political involvement will need to rethink the free enterprise ideology to make it more defensible in tomorrow’s society.

This statement was one of the early declarations of a European consensus that leading a business is more than a question of maximizing shareholder value.

In 1992 Philippe de Woot of the Universite Catholique de Louvain gave a keynote speech at the EFMD conference with an attempt to define a European model of management. Drawing on this speech, we can identify four key characteristics or values that define European management.

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>1. Global perspective</td>
<td>With economic union, Europe became the largest trader in the world with practically half of the world’s trade, so large European companies had grown beyond their national cultures and even beyond perspective of the region. European management in large companies has a <strong>global perspective with a multicultural base</strong>.</td>
</tr>
<tr>
<td>2. Ability to work across different cultures</td>
<td>Due to cross-border trade, nearly all European large and medium sized companies develop managers who are capable of <strong>working in different cultures</strong> and use English as the language of business. This is significantly enhanced by the international orientation of European business schools, which require international internships.</td>
</tr>
</tbody>
</table>

\(^4\) EFMD white paper co-authored by Igor Ansoff and Gay Haskins, 1980. This was one of the founding documents for an international association of educators working with the United Nations Global Compact on
After 25 years of activity the EFMD decided to compile views of business leaders from companies and business schools as a book on how European management had evolved. Published in 1995 and entitled *Training the Fire Brigade* it represented, as the title suggests, an attempt to formalise how European management had developed in 25 years but also to look forward to the role of European management in a future where globalisation beyond the dominance of the West would be a reality.

At the time, the European management model on the Continent was being criticized in comparison to the “USA-UK model”, politically represented by the Reagan and Thatcher governments which gave primacy to shareholder value, minimal government controls of business and encouragement of entrepreneurs. European management by contrast was seen as complacent in accepting high taxes, high unemployment and slow growth and international economic institutions encouraged reforms to continental Europe’s “labour market rigidities”. European management was also experiencing business restructuring, which had started in the United States due to a high number of mergers and acquisitions and massive layoffs. This of course provided the basis for reflecting on the viability of the traditional European social contract.

But the EFMD constantly maintained a view that maximizing shareholder value was not the only goal of business. This point was underlined in a 2012 EFMD meeting by Richard Lambert, Chancellor of Warwick University, and editor of the Financial Times during the years 1991 to 2001.

Today’s business leaders are in a difficult place. They are being criticized for their lack of diversity and for their compensation practices. They run close to the bottom of the opinion polls when it comes to questions of trust and reputation. After everything that has happened in the past few years, shareholder value no longer seems a reliable model on which to build a company’s future. And they do not quite know how to handle the politics of a much more uncertain world. They need guidance. They need big new ideas and fresh thinking about their role and responsibilities. And that, above everything else, is what business schools should be seeking to develop and promulgate today.

Meanwhile Asian economies were just beginning their rapid development starting with the rise of Japanese management, then the fast growth of the four “little dragons” (Korea, Taiwan, Hong Kong and Singapore). China in 1995 had just begun its extraordinary development.

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3. **Participative Leadership**

Because of the traumatic experience of destruction in two World Wars that started in Europe during the twentieth century, leadership in the European model avoids management models based on authority and coercive power. Business leaders are encouraged to master the “natural unforced ability to inspire people” in order to be accepted by workers and middle managers.

4. **Stakeholder Governance**

European management promotes “responsible capitalism” where the purpose of a company is not only to maximize shareholder value. This is more traditionally the philosophy in continental Europe, in contrast to the American and British model. As capital and markets do not ensure social responsibility, European management considers that government has a legitimate say in ensuring social equity as well as the development and well being of workers.

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5 EFMD publication, Training the Fire Brigade published in 1996
Working with the European Commission, the EFMD created a joint venture in China called CEIBS (China Europe International Business School), which would become a leading management school on its own. European business schools also began developing Asian programs, some of which would become permanent campuses. In 2012 Howard Thomas, then Dean of Lee Kong Chian School of Business at Singapore Management University and former Vice-President of EFMD, underlined how European business was supported by these overseas campuses.

Internationalisation and globalization are very important to large European corporations (and the EU as a trading bloc) as they expand their markets and corporate influence globally. European schools such as INSEAD (in Singapore and Abu Dhabi), Nottingham (in China) and CEIBS (in Shanghai) provide evidence of how European schools have rapidly built an international footprint to mirror the international growth perspectives of European businesses.

Gerald van Schaik is one of those well equipped to talk about the evolution of European management, since he played a dual role a business leader and as well as a thought leader. In the 1990s, Mr van Schaik was CEO of Heineken, one of the world’s largest breweries, which also included Asian brands like Tiger beer. He was also President of the EFMD until 2008 when he became honorary President.

For this White Paper, Mr van Shaik made the point that business develops naturally across borders and many of the large European companies were managing globally long before the advent of the European Union. What EU integration brought was free trade and more importantly free movement of labour.

The EU provides rules and a fairly good legal system, which gives businesses a certain sense of legal security and a clear idea of what they can do and can’t do. This can go too far if regional governments become too involved in central administration. I have seen some ridiculous directives coming from the EU such as the time when one bureaucrat deemed that all cucumbers should be straight. You couldn’t sell a curved cucumber in a grocery store because the EU had decided that that wasn’t a standard cucumber.

On the other hand, regionalism is a good way of recognising and preserving differences in culture and behaviour. When companies become very big -- and Heineken is a big company -- they tend to manage by numbers. For van Schaik the danger of having a purely numbers-based management system is that it neglects differences in culture and behaviour. For him, building European leadership on the basis of culture and behaviour was a kind of mission and argued that is should be the mission of business leaders as well as business education to stimulate diversity and mobility across cultures. Leaders should not only have technical skills but be able to develop and optimise talent, stimulate exchanges of cultures and help employees to work with different cultures inside and outside the company. He was against the standardisation of human behaviour because he saw that these differences are the source of creativity and innovation – what makes business move forward.

When I became CEO of Heineken I had been COO for a number of years and was on a first-name basis with the CEOs of our different business units. However I saw first hand when I became the boss how the centralisation of power can destroy differences. We decided that we wanted to review our global strategy and I wanted to consult our subsidiaries. So I went

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7 EFMD Global Focus, Volume 06 “What is the European Management School model?” by Howard Thomas, Issue 01 2012
Today, people think of Europe as a single block but there are regional differences between Northern and Southern Europe that are extremely important, as there are with the Eastern European countries. Van Schaik points out that these differences will not disappear and that we shouldn’t try to eliminate them. He believes that the stronger Europe becomes the more we will see recognition of regionalism. The ability of leaders to work with different human cultures and behaviours is something that should be encouraged in ASEAN management according to Mr. van Schaik.

My advice for ASEAN is to seek cooperation on the free movement of trade and people and above all to stimulate mobility for young people to study and work in another ASEAN country. In spite of our mistakes and disorganized way of dealing with some of our challenges in Europe, we have managed to preserve the freedom to work and study freely in our member countries.

**COMPARISON OF EU AND ASEAN HUMAN DEVELOPMENT FRAMEWORKS**

The European Union is often compared as a benchmark for ASEAN’s initiative of regional integration in work, education, labour policy, health, human development and immigration. However, the two regional communities are in fact quite different.

The European Union is an integrated politico-economic union of 28 member states where decisions concerning human development are legally binding and implementation is enforced. An example is free mobility of labour.

In ASEAN, on the other hand, policies are based on inter-governmental agreements rather than a regional government making decisions and issuing directives. ASEAN Member States operate to create mutual understandings and prefer informal procedures that are often not legally binding.⁸ ASEAN has a declaration of human rights signed in 2012, which provides basic protections and access to opportunities, but policies and standards for development have to be discussed and made into law by the Member States.⁹ For example, the mobility of labour or access to ASEAN universities by students from another ASEAN member country is organised on a country-to-country basis.

Important differences in the two regions are the following:

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<table>
<thead>
<tr>
<th>Dimension</th>
<th>ASEAN</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislation</td>
<td>Explicit human rights guarantees such as strengthening criminal justice responses to trafficking in persons. Meetings of Labour Ministers of Member countries provide guidelines and recommend national targets rather than creating regional legislation. ASEAN leaders do not want to copy the European welfare model.</td>
<td>The vision is to maintain the high quality of Europe's workforce across the EU with open access to jobs promoting mobility (see EU2020). There is a significant body of EU legislation and harmonisation of labour legislation across Europe. For instance, European directives recognise specific professional qualifications and allow holders to pursue their profession in Members States. Nevertheless employment conditions and minimum wages, health and retirement benefits are governed by the Member States. The recent financial crisis has challenged the EU human development model and highlighted the need to tackle high unemployment rates, low productivity growth, demographic issues and a persistently low percentage of women in senior executive and board positions in companies.</td>
</tr>
<tr>
<td>Governance</td>
<td>Traditional ASEAN management is based on family-run companies. However some industries are dominated by Government-Linked Companies and State Owned Enterprises. The number of regional multinationals is small but growing with few are global companies. Management practices by Western, Japanese, Korean and Chinese companies operating in ASEAN create diversity of management values. No regional ASEAN management model has yet emerged.</td>
<td>Long tradition of managing international firms with professional management in joint-stock companies. However most small and medium companies and some large ones are family-owned firms. State-owned companies continue but less than in the past, while government is an active shareholder in a number of publically traded companies. Governance provides for worker participation and responsibility to stakeholders. The typical large European company often includes an international management team and a multicultural perspective.</td>
</tr>
<tr>
<td>Identity</td>
<td>ASEAN identity is not yet consolidated. Asian management culture is not limited to ASEAN member states – there is wider Asian identity due to ethnic origins as well as historical regionalisation and the influence of trade. ASEAN represents a very high level of diversity – ethnic, historical, religious and political. Ethnic and religious conflicts exist and some prejudices are still present in the workplace although they seem to be diminishing.</td>
<td>Following the two World Wars, closer cooperation and European identity was a priority: the EU motto is: united in diversity. For many EU citizens a European identity exist alongside their national identity. While pressures from immigration have given rise to tensions and protectionist political movements, EU countries are sharing the responsibility for immigrants. Internal EU immigration proved to have positive benefit for unemployment and access to better jobs after the economic recession of 2009.</td>
</tr>
</tbody>
</table>
### Mobility

A “freer flow of skilled labour and professionals” was agreed by ASEAN leaders in 1995 and a Blueprint was published to facilitate movement across ASEAN through issuance of visas and employment passes.

The ASEAN Agreement on Movement of Natural Persons was drafted in 2012, but is still awaiting ratification by some Member States.

Mutual Recognition Arrangements (MRAs) for professional services is limited to 8 professions and implementation varies widely across Member Countries.

For student mobility the ASEAN University Network has created opportunities for students of 30 universities for international exchange, statistics show that ASEAN students still prefer to study in English-speaking countries rather than ASEAN universities. ASEAN languages not promoted.

Open borders for workers and students to freely move to member countries covered by European legislation. Mobility is a fundamental freedom enshrined in EU Treaties. In the words of Lazlo Andor (2014), Commissioner for Employment, Social Affairs and Inclusion “Labour mobility is an individual right, but also makes good economic sense”

The creation of Erasmus + in 2015 builds on the mobility of 3 million students and extends to internships and sports.

### Quality of Education

Coming from a low base of access to university in the 1970s, ASEAN countries have increased the quantity and quality of education – which remains highly diverse across the 10 countries.  

ASEAN countries with the exception of Singapore are at middle and lower middle levels of country rankings in talent competitiveness and workforce quality.

With its long tradition in education and training in companies, the EU was challenged during the twentieth century by the American rise of top universities and new worker training methods.

Within Europe, the strong development of higher education has benefited the productivity and competitiveness of Southern Europe which lagged behind Northern Europe. The 1989 collapse of the Soviet Union led to the integration of Eastern European countries into the EU and the aggressive promotion of higher education and exchange of students represented a major benefit in human development.

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10 2014 Education Policy Research Series Discussion Document No. 5 Education Systems in ASEAN+6 Countries: A Comparative Analysis of Selected Educational Issues. This document provides tables comparing education indicators.
PART 2

HUMAN DEVELOPMENT
STRENGTHS AND NEEDS IN ASEAN
Given the high level of trade and investment by European companies in ASEAN, and because their companies have experienced regional integration in the EU, we thought that their views on human development for ASEAN would be useful for policy makers, educators and business-government partnerships.

The HR professionals we surveyed are in very senior roles and have a strategic view of the region. They understand the diversity of the ASEAN workforce and most of them are responsible for ensuring the quantity and quality of leadership and talent to enable the growth of their companies in ASEAN.

The survey is both quantitative and qualitative, using the following questions:

1. How do you estimate the workforce evolution for your company in the ASEAN region in quantitative terms in the next 3 years?

2. What is the percentage of top leaders with ASEAN nationality in the countries where you operate (Key Regional Positions + Executive Committee in each country where you operate)?

3. How satisfied are you with the quality of ASEAN versus non-ASEAN leaders working in the region in terms of (a) current performance and (b) potential to develop?

4. What are the 3 most important strengths of ASEAN leaders in your opinion?

5. How satisfied are you with the quality of higher education graduates, in the ASEAN countries where you operate, in providing the talent that you need?

6. Please list the top three issues that you believe limit the development of the ASEAN workforce in your company.

7. Please list your top 3 priorities for improving human development in the ASEAN region.

8. What do you believe are top 3 measures the ASEAN Economic Community should take in order to improve the development of the ASEAN workforce for the needs of your company.

9. Please suggest what the 3 most important things that the European experience of integration can contribute to the ASEAN Economic Community agenda in developing human capital for companies.
Human Development Priorities for AEC

GROWTH OF THE ASEAN WORKFORCE PROJECTED IN EUROPEAN
MULTINATIONALS

Given the current GDP growth of more than 5% across ASEAN, human resource professionals are projecting growth in the number of employees. But the correlation between GDP growth and employment may not continue and the EU experience shows that slower growth can produce high unemployment.

**Question 1:**
How do you estimate the workforce evolution of your company in the ASEAN region in quantitative terms in the next 3 years?

For European companies in ASEAN the speed of employee growth is moderating: more than half (53%) of companies in our survey project a growth of less than 10%, no change, or a decrease in new workers.

At the high end of the growth scale, about one company in five (21%) expects to grow by more than 25% in the next three years and another quarter of the companies (26%) expect to grow between 11-25% in the next three years.

Hence, although most companies have plans to increase the ASEAN workforce, slower growth means that the human development focus will be less on quantity issues such as recruitment, retention and competition in a “talent war”, although these are still issues. More emphasis can be expected on the quality of human capital in the company, managing employee development and ensuring productivity growth to meet rising labour costs.
ASEAN LEADERS IN EUROPEAN COMPANIES

Although some European MNCs in our survey, for example Unilever and Siemens, have been operating in Southeast Asia for more than a hundred years, most of them established trading offices or factories after World War Two. However whether they have been in the region for a long time or are recent arrivals, their perception of ASEAN leaders has changed in recent years. In the latter part of the twentieth century many of the key positions in the Southeast Asia region were run by expatriates. But by the twenty-first century, most European MNCs had created leadership development programs for locals with the goal of moving them up into leadership positions. Initially this was to reduce the cost of expatriates who enjoyed generous overseas remuneration packages. However it soon became apparent that ASEAN leaders possessed a different set of skills that enabled them to be more effective in the region. Today, as the salaries of leadership positions for locals are approaching those of expatriates and the benefits of expatriate packages are becoming less generous, European MNCs are opting for a strategy of having the right international mix of leaders to fit their business needs.

How well have European companies promoted ASEAN managers to senior leadership positions?

**Question 2:**
What is the percentage of top leaders with ASEAN nationality in the countries where you operate (Key Regional Positions + Executive Committee in each country where you operate)?

**Frequency mentioned**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10% ASEAN leaders</td>
<td>33%</td>
</tr>
<tr>
<td>11% - 25% ASEAN leaders</td>
<td>29%</td>
</tr>
<tr>
<td>26% - 50% ASEAN leaders</td>
<td>10%</td>
</tr>
<tr>
<td>51% - 75% ASEAN leaders</td>
<td>14%</td>
</tr>
<tr>
<td>More than 75% ASEAN leaders</td>
<td>14%</td>
</tr>
</tbody>
</table>

A third of companies interviewed still have less than 10% of their leadership from the region and more than half (62%) indicated that their companies’ leadership was composed of no more than 25% of ASEAN leaders. At the other end of the scale more than a quarter of the companies (28%) have more than half of their top leaders from ASEAN.

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11 http://www.insead.edu/facultyresearch/research/doc.cfm?did=46545
The proportion of ASEAN and non-ASEAN leaders in each company depends on business requirements and experience required for the top jobs. It is reasonable to expect more ASEAN leaders will move up to key leadership positions in European companies with programmes to groom young managers for senior positions.

**QUALITY OF ASEAN LEADERS**

Promoting internally and recruiting a higher percentage of ASEAN leaders in European companies depends on two key factors: the current level of performance and the estimated potential of ASEAN leaders to move up.

**Question 3:**

How satisfied are you with the quality of ASEAN versus non-ASEAN leaders working in the region in terms of (a) current performance and (b) potential to develop?

![Chart showing satisfaction levels for current performance and potential to develop.

The current performance of ASEAN leaders is described as being generally satisfactory to very satisfactory by 58% of the companies interviewed, while nearly 1/3 (32%) are slightly satisfied to dissatisfied. On the other hand only a third (36%) of companies rate the potential of ASEAN managers as satisfactory to very satisfactory while nearly two-thirds (64%) rate ASEAN leaders as slightly satisfactory to dissatisfactory.

Once leaders are inside the company, the willingness to build leadership development pipelines for internal promotion of ASEAN leaders may be constrained if the motivation and potential is not satisfactory. To recruit high potential leaders for ASEAN, HR professionals can draw on a huge talent pool composed of millions of students Asian leaving Chinese and Indian universities as well as European expatriates who are attracted to international careers. For ASEAN future leaders to be competitive, developing their potential appears to be a strategic human development goal.
**STRENGTHS OF ASEAN LEADERS**

We now turn to the strengths attributed to leaders of ASEAN nationality in the eyes of European companies. The list below shows the spontaneous identification of strengths (expressed spontaneously without choosing from a prepared list) by HR professionals.

**Question 4:**
What are the 3 most important strengths of ASEAN leaders in your opinion?

![Bar chart showing top ASEAN strengths](chart)

Grouping these traits together, we can identify three sets of strengths:

1. Cultural agility
2. Disciplined and grounded working style
3. Strong knowledge of local languages and cultures

Other key strengths highlighted include being meticulous and analytical and possessing an understanding of regional geopolitical and institutional dimensions in the region.

While these traits are valuable for managing operations in the region, they do not include some important strategic leadership skills that are identified in questions 6 and 7. This suggests that higher education and companies should work together to identify and develop strategic capabilities.
EDUCATIONAL QUALITY OF ASEAN GRADUATES

One of the key indicators of human capital for European companies is the quality of graduates, in terms of their education and in matching talent needs.

**Question 5:**
How satisfied are you with the quality of higher education graduates, in the ASEAN countries where you operate, in providing the talent that you need?

HR professionals find the quality of graduates to be generally satisfactory: more than two-thirds of companies report satisfaction with the quality of the students they hire, most of whom have been educated in ASEAN.

A 2014 UNESCO report\(^{12}\) underlines that ASEAN countries have experienced explosive growth in higher education over the last 20 years, as a result of high birth rates, increasing school participation rates, and the perceived importance of advanced education. This sharp rise in the percentage of youth attending university is very encouraging for the next generation of leaders, experts and professionals and we shall see further development identified as a human development goal in questions 6 and 7.

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\(^{12}\) UNESCO (2014) ‘Education Systems in ASEAN+6 Countries: A Comparative Analysis of Selected Educational Issues, Education Policy and Reform Unit report.'
LIMITATIONS IDENTIFIED IN THE ASEAN WORKFORCE

A key challenge for human capital development in ASEAN is to address the issues that limit the development of workforce in the region.

Question 6:
Please list the top three issues that you believe limit the development of the ASEAN workforce in your company.

According to HR professionals in European companies, a cluster of issues suggest development needs for ASEAN.

The first grouping is inertia in taking advantage of opportunities for mobility, lack of international exposure, career passivity and language proficiency show a real need to improve mobility, not only in terms of access but also in attitudes in ASEAN.

The next most commonly mentioned limitations are inadequate education and a lack of soft skills.

In addition, a common grievance highlighted by HR managers is the high turnover rate and impatience for promotion: together these factors account for close to 8% of the limitations in the ASEAN workforce.
PRIORITIES FOR IMPROVING ASEAN HUMAN DEVELOPMENT

As the European Union constitutes the biggest source of foreign direct investment (FDI) in the ASEAN region, HR leaders have responsibility to support this investment through people. What do they see as priorities for improving human development in the region?

Question 7:
Please list your top 3 priorities for improving human development in the ASEAN region.

![Bar chart showing company priorities]

The single most important priority is to improve the access and quality of education (19% of respondents).

The second most important priority highlighted by HR managers is a cluster counting 41% of responses which includes promoting overseas exposure such as exchange programmes (16%), increasing learning and training (14%) and supporting critical thinking (11%).

The third area of priorities are about the development of soft skills (5%) and nurturing of young talent (5%).

Meeting the challenges identified in the first and second cluster will require policies and programmes for cooperation and investment. European companies can help by stepping up their investment in training and actively supporting education development.

The third area is one where European companies have significant experience from EU integration: European businesses has a tradition of working with government and higher education to improve the content and effectiveness of learning.
To take the question of what is needed for human development a step further; we asked HR professionals what measures should be taken concretely to improve the development of the ASEAN workforce.

**Question 8:**
What do you believe are the top 3 measures the ASEAN Economic Community should take in order to improve the development of the ASEAN workforce in your company.

The recommended actions cluster around improved mobility and international exposure for workers and students, counting for 31% of replies. This is an area of human development where the experience of European integration is of direct relevance to ASEAN.

Other recommendations for action fall into two clusters. The first is the policy cluster which counts for 45% of replies and includes public-private partnership (10%), improving access and quality of education (13%), opening up national economies (5%), education cooperation (5%), minimising bureaucracy (3%), political cooperation (3%), harmonising standards (3%) and more participation in company programs (3%).

The second cluster brings together management and education initiatives to improve the quality of the ASEAN workforce counting for 25% of responses and including engaging and developing the workforce (8%), increasing business value chains (5%), using English for work (3%), improving R&D (3%), improving creativity and entrepreneurship (3%) and embracing the diversity of the workforce (3%).
To conclude the survey of HR professionals of European companies operating in ASEAN, we wanted to know what they consider the positive and transferable results of European integration that apply to ASEAN.

**Question 9:**
Please suggest what the 3 most important things that the European experience of integration can contribute to the ASEAN Economic Community agenda in developing human capital for companies.

The top two results concern mobility of workers and students counting for 43% of replies. The first result is an area where the Single European Labour Market created a wave of migration, especially from the poorer Eastern European and Southern countries to the richer countries where they could receive higher wages. However this mobility has not created difficulties only. Due to the decreasing fertility in European countries, the ability to fill the needs for workers has benefited the European economy.

The second area is for improved political cooperation at the supranational level (18%) indicating the desire of European companies to see ASEAN member states work together cohesively to take strategic initiatives for human development.

A third area of transferable experience corresponds to learning and the quality of the European workforce which count for close to a third of replies (31%). These include professional development (18%), improving the access and quality of education (8%) and encouraging workforce innovation and creativity (8%).

A fourth area of positive results accounts for the remaining 12% of responses – respondents indicated aspects such as the tolerance to workforce diversity, use of English as a working language, proficiency of other languages and reducing inequality among member states.

Taken together, HR leaders suggest that AEC can benefit from the European experience on mobility, political cooperation, improvement of education quality, developing diversity and proficiency in the English language.
PART 3

SUGGESTED PRIORITIES FOR ACTION
Taking together the results from the survey and the recommendations made by EFMD members in the interviews, we can identify five human development priorities that could constitute initiatives for ASEAN. These are:

1. Extend the mobility of workers across the region and set targets for increased mobility. Accelerate and broaden the recognition of professional qualifications across ASEAN. Create a fast track for work visas of key employees being transferred inside a company from one Member Country to another.

2. Extend the mobility of students in higher education and professional schools by enlarging the number of higher education institutions involved. Set regional targets to significantly increase the limited number of students currently benefiting from AEC exchanges. Extend exchanges to professional institutions of higher education, such as technical and tourism schools. Create links between AEC initiatives and the European Erasmus programme to increase the exchange of ASEAN and EU students. Set a target of all graduates enrolled in ASEAN Higher Education to spend a period of time studying or training abroad (for the EU it is currently 5% and the goal is to reach 20% by the year 2030).

3. Set up an ASEAN internship mobility network that would allow a student from one Member Country to apply for an internship in a company operating in another Member company. For professional and business higher education degrees, require internships outside one’s home country. Create ASEAN fast-track work visas for student interns to facility ASEAN mobility.

4. To accelerate the number of experts, professionals and managers capable of leading regionally and globally, increase the number of Master degrees related to business and technology. Company partnerships can significantly enhance the employability of Master degree graduates. Finally companies can contribute to applied research and provide projects for students.

5. To play a leadership role in the global economy proficiency in the English language is necessary in all ASEAN countries. However, ASEAN students also need to learn other ASEAN languages and gain experience studying and working in ASEAN countries. This requires a strong emphasis on mastering English as well as promoting the study of ASEAN foreign languages.
In 2013 there were around 7 million EU citizens - 3.3% of the EU’s total labour force - working and living in a member country other than their country of citizenship. In ASEAN in 2013 some 6.5 million ASEAN citizens were reported to reside in other ASEAN states according to the UN Global Migration Database, and this does not count unrecorded migration. So the question of extending work mobility is one of quality rather than quantity.

In the EU, the free movement of workers policy abolishes discrimination on the ground of nationality as regards their employment, remuneration and conditions of employment. All occupations are open to workers from other member states with the exception of occupations in public service. This free movement extends to the economically inactive and now covers all EU citizens as well as their foreign relatives. For workers who maintain their employment contract with an employer in their home country and stay enrolled with their home country social security systems but move to another EU country to work for a period of up to two years there is no need of a work permit recognition of their professional qualifications is guaranteed. EU migrant workers and their family have the right to the same taxation and enjoy the same social advantages as compared to their fellows in the host state including child raising allowances, the right to education for children etc.

In ASEAN, the largest category of recorded labour flows is in low- and semi-skilled labour and this is certainly true for unrecorded migration. However AEC human development policy does not cover unskilled and semi-skilled worker mobility.13

Our recommendation is to ensure the flow of workers employed by the same company across borders in an open but regulated way as massive immigration flows can have a destabilizing effect. WE also suggest regional immigration policies for undeclared migration, human trafficking and political asylum.

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As ASEAN develops in the future, the inflows and outflows of workers will follow economic fluctuations and employment opportunities in each country. As the chart shows, countries like Malaysia, Singapore, and Thailand are migration attractors while countries like Indonesia, Philippines and Vietnam will need to attract more managers and professionals in order to maintain their growth.

Studies on the effects of open immigration in the EU show that labour mobility brings significant economic benefits to host countries. The 1992 “big bang” extending membership in the EU all member countries with the signing of the Maastricht Treaty created an employment dividend for European countries due to open immigration flows.

**RECOGNITION OF PROFESSIONAL QUALIFICATIONS**

Mutual Recognition Arrangements (MRAs) for professional services was signed in 2012 for a limited number of professions: engineering, accountancy, architecture, surveying, nursing, dental and medical practitioners, and tourism. Implementation of these MRAs is still a “work in progress” varying widely across Member Countries.

We recommend opening mobility to a large number of professions and recognition of qualifications across ASEAN. While we understand that this cannot be done without harmonization of quality criteria, we believe that the European experience can provide an example of how to achieve harmonisation of qualifications and how to legislate for increased mobility.
**FAST TRACK FOR INTRA-COMPANY TRANSFERS OF KEY EMPLOYEES**

Intra-Corporate Transferees (ICTs) with duration of stay between 2 to 8 years and Business Visitors (BVs) for a duration of 30 to 90 days are available.

**PROPOSAL 2: PROMOTE STUDENT EXCHANGES WITHIN ASEAN**

HR managers as well as educators and consultants have indicated that an important benefit of European integration was the mobility of students through free enrolment across the region and exchange programs such as Erasmus. (see Appendix 2 for a complete description of the Erasmus model).

Starting with a pilot for exchanges in 1981 with about three thousand students in the first year, the Erasmus programme in 2014 Erasmus+ combined all the EU’s current exchange schemes for education, training, youth programmes and sport.

By 2013 more than three million students benefited from the Erasmus exchange programme and the European Union expects four million students to benefit from 2014 to 2020 with a budget of more than 14 billion Euros.

The result of the Erasmus programme is increased international mobility that truly represents a demographic dividend: 40% of Erasmus students to another European country to work and 33% had a life partner from a different nationality. The effect on openness to living outside one’s country of origin is impressive: 93% of Erasmus students can easily imagine living abroad.

<table>
<thead>
<tr>
<th>ERASMUS MOBILITY DEVELOPMENT INDICATORS</th>
<th>ERASMUS STUDENTS</th>
<th>NON MOBILE STUDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moved to another country after graduation</td>
<td>40%</td>
<td>23%</td>
</tr>
<tr>
<td>Can easily imaging living abroad in the future</td>
<td>93%</td>
<td>73%</td>
</tr>
<tr>
<td>Have a life partner with a different nationality</td>
<td>33%</td>
<td>13%</td>
</tr>
<tr>
<td>Met their life partner during their stay abroad</td>
<td>27%</td>
<td>-</td>
</tr>
</tbody>
</table>


As a point of comparison, where do students from ASEAN’s largest member country go? According to 2013 UNESCO statistics\(^{14}\), less than 1% of Indonesian students enrolled in tertiary education study abroad -- less than forty thousand individuals. Nearly half (47%) go to English speaking countries: Australia, USA, UK, and New Zealand. Only 17% study go to other ASEAN countries. For Singapore the picture of regional mobility of students is even ASEAN oriented. Nearly 9% of Singaporean students study abroad but 87% of those go to the English speaking countries while only 4% of those internationally mobile students go to ASEAN countries for studies.

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\(^{14}\) These statistics can be found on the UNESCO Institute for Statistics website [http://www.uis.unesco.org/Education/Pages/international-student-flow-viz.aspx](http://www.uis.unesco.org/Education/Pages/international-student-flow-viz.aspx)
The current ASEAN UNIVERSITY NETWORK (AUN) offers organises exchanges of students and faculty in 30 universities in all 10-member states. But programmes are limited voluntary and fairly limited to a small number of students in the hundreds each year. Given the size of the AEC and the massive increase in higher education, we believe that open enrolment and a massive number of exchange programs is a question of AEC policy.

**PROPOSAL 3: CREATE OPPORTUNITIES FOR EXPOSURE TO WORKING IN ASEAN THROUGH INTERNATIONAL INTERNSHIPS**

Europe has a tradition of internship and apprenticeship that goes back to the Middle Ages and even in that period young craftsmen would travel across Europe in the companionship movements that defied the limits of the medieval guilds. In modern education and training, Europe has implemented a massive number of international internships and this extends to the elite business schools of Europe as well as to technical schools. (See the Eurocham Singapore White Paper on internships published in 2013\(^\text{15}\))

We believe that mobility across ASEAN for students and workers would naturally include the category of interns, apprentices and trainees. The experience of European companies in managing these international programs in Europe could be a valuable demonstration of what is possible in ASEAN.

Our suggestion is for the AEC to consider this specific category of mobility as a priority for the integration of the region and for building human capital in ASEAN countries.

**PROPOSAL 4: DEVELOP MASTER DEGREES WITH INVOLVEMENT FROM BUSINESS**

In the foreword to this White Paper, Charles Handy states that Europe at the time of integration relied too heavily on the American MBA and the ideology of shareholder value as the foundation for management education rather than developing models already in existence in Europe. He advised ASEAN countries to develop their own models of capitalism.

A very important way of building regional integration is through higher education. Building an ASEAN model of management constitutes a challenge not only for companies but also for business schools (See Annex 1 for comments on this question by Gerry George of SMU).

But there is a paradox for ASEAN in defining its own future. We have noted that students from ASEAN prefer to study outside the region. The AEC can overcome this paradox by lifting the level of higher education in the region.

We believe that one way to do this quickly and effectively is to create more Master degrees within the region. Of the top 70 masters programmes listed in the Financial Times ranking of Masters in Management, 64 were from European business schools.

\(^{15}\) European Chamber of Commerce Singapore White Paper: The Internship Imperative 2013
Indeed, Della Bradshaw of the Financial Times writes:

*Ask any European business school dean to name his or her school’s flagship programme and almost all will give the same answer: the Masters in Management degree. It is a situation that completely baffles academis in the US, for whom there can be only one answer to that initial question: the MBA* \(^{16}\)

What is interesting to note is that more 38% of the students enrolled in these European Master programmes are from East and Southeast Asian students, more than from other European countries at 22%. \(^{17}\)

Europe is not the only country benefiting from the outflow of Southeast Asian students looking for a quality Master degree. Australian business education is dominated by pre-experience Master degree programs \(^{18}\) which now take in 150 thousand students or 27% of all higher education enrolments. In fact Australia hosts the fifth largest number of international students after the US, UK, Germany and France with most students coming from China, India and Southeast Asia.

We believe that the AEC can promote the value of Master degrees and avoid the situation of China where Master Degrees in business have not taken off because of government restrictions on the price of the degree, whereas the MBA is priced freely.

Master degrees can significantly improve the professional quality of certain jobs in ASEAN. To take an example, there are not enough human resources professionals with a Master’s degree in ASEAN countries with the consequence that the level of HR professionals in ASEAN is judged by European HR Professionals as inadequate for the needs of managing the region \(^{19}\). Looking at the number of Master degrees in HR in ASEAN countries, according to the Eduniversal rankings of 2014-2015, the list shows only 4 ASEAN universities providing an HR Master degree at the three-star level and none at the four star level. This compares with 21 Master degrees in HR at the four-star level in Western European universities. \(^{20}\) If one assumes that each of the ASEAN three-star programmes produces 30 students per year with a high quality Master degree in HR, this comes to only 120 individuals per year to provide human development leadership for a workforce of 310 million.

The example of HR shows how a key profession has lagged in quality due to the low number and quality of Master degrees. Our recommendation is for AEC policy to identify jobs and industries where Master degrees can significantly improve human development for the region.

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\(^{16}\) Della Bradshaw, “Can the MiM become a global brand?” Global Focus (volume 09 | Issue O2 | 2015

\(^{17}\) Prof Eric Cornuel, Director General and CEO, EFMD writing in Global Focus where a special supplement on Masters programmes was published in 2015. The analysis of origin of enrollments is in the Article "Masters programmes: a European Perspective (volume 09 | Issue O2."

\(^{18}\) John Shields, Deputy Dean of Sydney Business School writing in the same issue of Global Focus “Business school masters programmes in Australia: Challenges, Achievements, opportunities.

\(^{19}\) This has been the subject of a number of meetings of the HR Committee in the European Chamber of Commerce in Singapore.

Within the European Union, there are 23 officially recognised languages. There are also more than 60 indigenous regional and minority languages. The European Commission has three official "procedural languages": German, French and English. But with EU expansion there are now 23 languages recognised in the region.

A speech made in 2013 by German President Joachim Gauck on the future of the EU suggested that English should become the EU’s common official language and that this would not be detrimental to the use of national and local languages.

"I am convinced that, in Europe, both can live side by side. The sense of being at home in your mother tongue, with all its poetry, as well as a workable English for all of life’s situations and all age groups."

Fortunately for ASEAN, Article 34 of the Charter adopted in 2009 states: The working language of ASEAN shall be English. The ten countries of ASEAN currently represent a great linguistic diversity with more than a thousand languages from a range of different language families spoken throughout the region.

Our recommendation for the AEC is to increase proficiency in English for the purpose of work, but also to encourage the study of local languages in ASEAN through student exchange programs.

The study of English which includes the need for teachers of the language in middle and high schools as well as university professors who can teach their courses in English was a severe limitation for several European members of the early stage of the European Union. While AEC policy cannot dictate what level of English ASEAN workers will have, targets can be set. Already the number of scientific and business school programs in English have increased and further acceleration can be supported by AEC countries.

Learning the languages spoken in the AEC is a different question. In the early days of the European policy of open enrolments, the UK benefited from applications by students who wanted to achieve fluency in English. But students also wanted to explore the culture of other countries. The Erasmus program significantly boosted this desire with the result that one million babies were born from cross-cultural marriages of Erasmus students. While students will continue to want to study outside the region, we believe that open enrolments and massive exchange programs can make ASEAN education an attractive alternative with the goal of making the region more competitive globally in the quality of education.
The objective of this White Paper is to highlight the opportunities and suggest priorities for the development of human capital in light of the creation of an integrated ASEAN Economic Community.

Our analysis of the evolution of European management concludes that ASEAN should create its own models of management, which will certainly differ from the European model. Yet, as the EU is the only structured region with deep experience of integration over the past 40 years, our experience provides lessons on which approaches and methods have worked and may be transferable to the ASEAN context.

We hope that our description of Europe’s own development in creating the EU with a specific management culture for business and business education will be valuable and helpful for ASEAN leaders in meeting the challenges that lie ahead. Despite the challenges which the EU is facing, this White Paper highlights the path Europe has taken in creating a regional model for human capital development.

We believe that the experience of business leaders, business educators and HR professionals drawing on the European experience can be of value to leaders of ASEAN, as they have been in Europe.

European companies and institutions of higher education have significantly increased their presence in ASEAN and wish to continue investing in the region. Our goal is to be partners in the human development of the region.
PART 4

ANNEXES
LAYERS OF ASEAN INTEGRATION

I see the effort to integrate management across ASEAN countries as a 3 layer map, analogous to how the earth core is structured.

- At the outer layer are the differences in how people do things, different norms and manifest behaviors. In Europe as well as Asia there will always be these differences so we have to learn how to work with them.

- The middle layer is capabilities. If I want to set up a retail center, for example, I will find different capabilities from one country to the next. And if I am trying to have a consistent management system I need to develop key capabilities across the region. That is where most L&D systems concentrate their investment.

- At the core is mindset and mental maps. The fundamental thing is to change the cognitive mindset. I look at it as driving efforts based on aspirations. It’s also about how we treat people, ethics. There are ‘core’ differences across the ASEAN region and that is probably where an ASEAN identity needs to be developed.

In ASEAN we will need fluidity across borders at these three layers.

HOW ASEAN INTEGRATION DIFFERS FROM THE EUROPEAN EXPERIENCE

Europe has the longest cultural history of any region in building what we call management today. The European management style is more reflective and requires a more thinking type of leader because of this deep foundation of history. Therefore, European management is more driven by consensus as well as the other traits mentioned in the White Paper.

In ASEAN management is more about doing, getting things done while growing and facing uncertainty of actions and outcomes.
There are several studies that say that decision-making needs to change according to your situation. In a more stable environment, like the Europe of today, you have time to gather information and make plans; in a growth environment like the ASEAN of today, you have to be more directive because there is much uncertainty and the pace with which opportunity shifts is fast. Business leaders in ASEAN will typically focus on decisions to show direction of where we are going, knowing that things will change. This is not necessarily short-term thinking, it reflects the reality that change is swift and we need to be agile and flexible if we want to be innovative. The large number of family owned conglomerates as well as state owned businesses make for long term thinking.

Between Europe and ASEAN, the resource and capability bases are hugely different. You have less social layering in Europe, typically 3-4 organizational levels of talent while in Asia you have probably around 7-8 layers of talent going with large numbers of people who have not worked in a mature organization before. This means that as a leader, you have to match your communication to the levels of experience and mindset of people. In Europe you can have a more consistent communication style; in ASEAN you need to adapt your communication style more.

### ASEAN Management Style

Whether we call it ASEAN management or simply Asian management, it is clear that we need a different management style from what is taught in European and American business schools. We need to educate ASEAN leaders to handle uncertainty, risk-taking and an opportunity mindset. ASEAN leaders need to be tolerant of differences (in that sense the European experience is an example). Given that ASEAN has less resources and more constraints, we need to educate leaders to be entrepreneurs and to create business models that are adapted to development. For us at SMU, Singapore as an advanced economy is less relevant in some aspects than other ASEAN countries, which is why cross exposure in ASEAN is so important for our students at all levels.

Where are we now? Not quite ground zero as we do have a willingness to think about ASEAN management. Of the ten countries making up ASEAN, there are strong national identities not to mention economic, educational, religious and political differences. For me, the next stage is to engage in thinking how the integration of ASEAN economic and human development imperatives trump nationalistic models.

### The Essential Role of Business Education for ASEAN Integration

1. Our curriculum and content has to recognize that managers’ context when operating in these countries is different. Though there are similarities, the sociopolitical and economic contexts differ between, say, Vietnam and Indonesia.

2. We also need to think of talent and resource flows. If you think of Singapore, there is an openness to flows of capital, ideas and talent. Operating a business across these countries requires you to be adaptable and innovative in how you manage constraints and opportunities.

To manage these two issues, we need to train students to see and appreciate the differences. To be successful either as an entrepreneur or as a MNC, you need to be able to harness the differences. We need to tap into the underlying aspiration for a better and more united ASEAN.
**HOW SMU IS BUILDING THE FOUNDATIONS FOR ASEAN MANAGEMENT**

The first thing I said when taking over as Dean at SMU is that we are not trying to be the Wharton of the East. We want to be the best Asian business school. We have a different education model from, say, an INSEAD which is a global model and takes global mobility and rankings seriously.

For SMU there are a number elements that make us different:

- We embrace our Asian identity and this makes us very focused on how management in ASEAN needs to develop. Today, our faculty is well balanced with about an equal balance of foreign and Asian.

- We embed ourselves in the community and serve the needs of the community. So rankings are less important than delivering value to the community and region. The discussion shifts to a university with impact and can be part of the ecosystem that caters to the skill and talent needs of the region.

- We are committed to making the boundaries of the university porous. People from business come in and academics go out into business. An example of this is our “bring one, take one” policy. If you are in business we want you to come into SMU to work with us on research and education, but we also want you to take one of our faculty into your business to work with you.

What we are doing with our students reflects our philosophy:

1. For undergrads, we are requiring every student to have a week of community service. We also require every student to have regional exposure with an internship, educational exchange or student project. Most of our students have more than 2 exposure experiences, one Asian and one global outside of Asia. Finally we have an Asian studies core – all students learn about doing business in Asia.

2. At the Master degree level, we are creating an Asian studies core for all students, because we know that the reason Master degree students come to Singapore from Asia our outside Asia is to understand Asian business. We are also introducing new programs to pair up with other schools globally to do double degree Master programs. The European MBA model is one year. We are designing 1 ½ year and 2 year double Master degree program. To take an example, a student doing a Master in applied finance in Singapore would do part of it here and a second global finance degree with our partner school. It allows a lot more exposure to students. We are looking Master programs that integrate a professional certification. For example our Wealth Management Master also provides certification by the Wealth Management Institute if the student is willing to do a few extra courses, and for our Human Capital Master we are working on a CIPD certification. Finally, we are focusing our Master degrees on entrepreneurship: we now link the degree program with startup companies and support students in creating companies.

3. At the Doctorate level: we are introducing a DBA (Doctor of Business Administration) and we are also encouraging experienced executives to do our Ph.D. which is based on management teaching and practice, while academic researchers have a different Ph.D. track. For the general management Ph.D. we typically take people who in their late thirties or early forties and already have a Master or MBA and who want to teach and
switch careers. For our Ph.D. we are partnering with ASEAN universities as well as in China to develop business educators with real world experience.

But we also have a vested interest in getting the practical issues of ASEAN integration sorted out, which are very similar to what companies are dealing with. For example we are working on bringing professors from Myanmar and Vietnam on a teaching program but it is difficult to get visas for short term paid visits. We also face challenges with students who want to do research projects with companies but who cannot be paid for their work, and when they come from the developing ASEAN countries they don’t have enough funds for living expenses in Singapore. These are practical issues that will get sorted out over time, but we need to work harder and with better coordination for a stronger ASEAN integration.
Named after the well-travelled Dutch philosopher Desiderius Erasmus of Rotterdam, ERASMUS is a backronym meaning EuRopean Community Action Scheme for the Mobility of University Students. It covers the 28 EU countries as well as Iceland, Liechtenstein, Norway, Switzerland and Turkey.

Erasmus has helped more than three million students study overseas (the 3 millionth student went abroad with Erasmus in 2012-1013). But it is not limited to university students: Erasmus also supports more than 350,000 academic and administrative professionals to teach and be trained abroad.

Erasmus is more than an academic measure; it has the goal of creating a European identity through the experience of student exchange.

An Erasmus stay abroad is portrayed as a time of exploration in the fun part of the biography: it is filled with joy, entertainment, parties, travelling and meeting people. At the same time, Erasmus students talk about living an “adult life” abroad: living independently from their parents, managing their own finances, solving problems and facing challenges on their own.  

Erasmus has a positive image for students based on the experience of living in another country for study but it is also seen as a plus for employability.

Beyond the life experience, studying abroad is seen as an investment in future employment and a way to gain valuable competencies – exploration into academic and professional opportunities is seen as an important professional investment. As a recent study shows, 97% of all international students consider having studying abroad an advantage on the job market – The Erasmus Generation

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21 The ERASMUS Phenomenon - Symbol of a New European Generation? - Feyen Benjamin, Krzaklewska Ewa Peter Lang, June 2013
ORIGINS AND FUTURE

At the beginning in 1987, students from 11 countries spent a study period abroad under the Erasmus Programme totalling 3,244. By 2012-13 nearly 270,000 students and more than 52,000 professionals from 33 European countries spent time abroad with an Erasmus grant.

THE SOCRATES PROGRAMME

The Erasmus Programme, together with a number of other independent programmes, was incorporated into the Socrates programme established by the European Commission in 1994. The Socrates programme ended on 31 December 1999 and was replaced with the Socrates II Programme on 24 January 2000, which in turn was replaced by the Lifelong Learning Programme 2007–2013 on 1 January 2007. Erasmus was part of the EU’s Lifelong Learning Programme, with a budget of €3.1 billion for the period 2007-13.

ERASMUS PLUS: THE NEXT SEVEN YEARS FOR 4 MILLION EUROPEAN STUDENTS

Erasmus Plus, branded ERASMUS+, brings together seven existing EU programmes in the fields of Education, Training, and Youth; it will for the first time provide support for Sport. As an integrated programme, Erasmus+ offers more opportunities for cooperation across the Education, Training, Youth, and Sport sectors and is easier to access than its predecessors, with simplified funding rules.

Past projects, now incorporated in Erasmus+ are:

- Lifelong Learning Programme: Grundtvig, Erasmus, Leonardo, Comenius
- International Higher education programmes: Erasmus Mundus, Tempus, Alfa, Edulink, bilateral programmes
- Youth in action

The Erasmus+ programme aims to boost skills and employability, as well as modernising Education, Training, and Youth work. The seven year programme has a budget of €14.7 billion, a 40% increase compared to current spending levels, reflecting the EU's commitment to investing in these areas. These activities involve existing Tempus countries, in addition to countries from Latin America, Asia and Africa, the Caribbean, and the Pacific.22

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22 EU countries: Belgium, Greece, Lithuania, Portugal, Bulgaria, Spain, Luxembourg, Romania, Czech Republic, France, Hungary, Slovenia, Denmark, Croatia, Malta, Slovakia, Germany, Italy, Netherlands, Finland, Estonia, Cyprus, Austria, Sweden, Ireland, Latvia, Poland, United Kingdom; Non-EU Programme countries: Former Yugoslav Republic of Macedonia, Iceland, Norway, Liechtenstein, Turkey; Partner countries: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Serbia, Armenia, Azerbaijan, Belarus, Georgia, Moldova, Territory of Ukraine as recognised by international law, Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia, Territory of Russia as recognised by international law. Some Actions of the Programme are open to any Partner Country of the world listed on page 25 of the Programme Guide http://ec.europa.eu/programmes/erasmus-plus/documents/erasmus-plus-programme-guide_en.pdf
Erasmus+ will provide opportunities for over 4 million Europeans to study, train, gain work experience and volunteer abroad, as well as grants for about 120,000 institutions. Erasmus+ will support transnational partnerships among Education, Training, and Youth institutions and organisations to foster cooperation and bridge the worlds of Education and work in order to tackle the skills gaps we are facing in Europe. It will also support national efforts to modernise Education, Training, and Youth systems. In the field of Sport, there will be support for grassroots projects and cross-border challenges such as combating match-fixing, doping, violence and racism.

Erasmus + targets three key actions
- Learning Mobility of individuals
- Cooperation for innovation and exchange of good practices
- Support for policy reform

It also includes two specific actions for EU studies and sports.

**ERASMUS PLUS BUDGET**

The breakdown of the budget is as follows:23

- Learning mobility of individuals: at least 63%
- Cooperation for innovation and exchange of good practices: at least 28%
- Support for policy reform: 4,2%

**Studying and learning abroad:**
- 2 million higher education students
- 500,000 young people will volunteer or participate in youth exchanges
- 650,000 vocational apprenticeships or traineeships abroad
- 200,000 Master’s degree loan scheme
- 25,000 joint master degree grants

**Staff mobility**
- 800,000 educators and youth workers will acquire new teaching and learning methods abroad

**Opportunities for innovation projects and exchange of good practices**
- 25 000 Strategic Partnerships, involving 125 000 institutions/organisations, to implement joint initiatives and promote exchange of experience and know-how and links with the world of work
- Nearly 300 Knowledge Alliances and Sector Skills Alliances, involving 3500 education institutions and enterprises working together
- More than 200 000 teachers collaborating on line and involving more than 100,000 schools through eTwinning

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Sport:
- 600 collaborative partnerships including non-profit sports events
- 3000 partner organisations will participate in cooperation projects
- An annual EU Sport Forum for dialogue with sport stakeholders

Jean Monnet
- 400 teaching posts (globally)
- 600 short courses (globally)
- Over 100 Centres of Excellence to be supported around the world

**MOBILITY FOR CROSS-BORDER STUDY AND WORK PLACEMENTS**

Erasmus students in 2011-12 accounted for 5%, compared to the total number of graduates of the 2011-2012.

Mobility supported by Erasmus has promoted the internationalisation of the European higher education system, contributed to its modernisation, and paved the way for the Bologna Process. It now supports the Bologna goal that by 2020 at least 20% of all graduates from the European Higher Education Area should have spent a period of time studying or training abroad.

**MOBILITY FOR STUDIES**

Erasmus mobility, with its core focus on skills development, is a central element of the European Commission’s strategy to combat youth unemployment, featuring prominently in the Europe 2020 strategy for growth and jobs.

In 1987-88, some 3,244 students went abroad to study with an Erasmus grant. Out of the 268,143 Erasmus students in 2012-13, 212,522 student exchanges for studying were supported.

The average monthly EU grant from student mobility grew from 140 Euro in 2000-2001 to 272 Euro in 2012-2013. During 2008-2012 the most popular destination among European students was Spain, which received 40,202 students, followed by Germany, France, the United Kingdom. The average duration of student exchanges was six months.

With 5% of total graduates enrolled in Erasmus mobility programs, the EU is on its way to meet the Bologna goal that by 2020 at least 20% of all graduates from the European Higher Education Area should have spent a period of time studying or training abroad.

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MOBILITY FOR WORK PLACEMENTS (INTERNSHIPS AND TRAINEESHIPS)

Work placements in companies abroad have been supported through Erasmus since 2007 and have accounted for the largest increases in the number of students in recent years. By temporarily working in a company – or an organisation – abroad students gain a better understanding of other economies as well as the chance to develop specific skills. Grants enabled students to spend a period of 3 to 12 months, or 2 to 12 months in case of short cycle higher education, doing a work placement abroad. Grants were awarded to more than 210 000 students until 2012-2013 to undertake placements and over 30 % of them received a job offer from their hosting enterprise.

To support work placements abroad, higher education institutions can create consortia for placements. These consortia comprise higher education institutions and other organisations, such as companies or associations. A total of 114 Erasmus Placement Consortia organised 7 968 work placements in 15 countries during 2012-13. Work placements organised through consortia thus made up over 14 % of all work placements abroad under Erasmus.

ERASMUS FOR ACADEMICS

Mobility for teaching has become a very popular action since its introduction in 1997. With the creation of the Lifelong Learning Programme in 2007, mobility was extended to include staff training as well as the possibility for higher education institutions to invite staff from companies to come and teach at their institutions.

Since its launch to 2013, over 350 000 staff exchanges for teaching and training have been supported. Only in 2012-2013, 52 624 staff mobility were funded. Teachers from humanities and arts spent the highest number of periods abroad on teaching assignments. This was followed by teachers of social sciences, business and law and then teachers of engineering, manufacturing and construction.25 This share has been more or less constant in recent years.

Academic mobility aims to enrich the experience of participating staff, to contribute to the internationalisation and modernisation of higher education through cooperation among higher education institutions and staff, and to encourage student mobility. The staff mobility budget accounted for approximately 7 % of the overall Erasmus budget.

The five most popular destinations were Spain, Germany, Italy, France and the United Kingdom.

ERASMUS INTENSIVE PROGRAMS

Erasmus also had funded Intensive Programmes, which are short subject-related programmes of study (of between 10 days and 6 weeks in length), bringing together students and teaching staff from higher education institutions from at least three European countries. These short study programmes encourage multinational learning of specialist topics; they provide students with access to academic knowledge that is not available in one higher education institution alone; allowed teachers to exchange views on course content and new curricula approaches; and to test teaching methods in an international classroom environment.

Since 2007-08 Erasmus Intensive Programmes have been managed individually by the participating countries. They have also experienced strong growth during this time. A total of 538 Intensive Programmes were organised in 32 countries during the academic year 2012-13, which represents a 16% increase on the previous year. Altogether 18,241 students and 6,654 teachers participated in Intensive Programmes in 2012-13. The most popular subjects for Intensive Programmes were social sciences, business and law (22%), humanities and arts (18%), engineering, manufacturing and construction (17%), and science, mathematics and computing (16%).

**ERASMUS INTENSIVE LANGUAGE COURSES**

Since 1996, Erasmus had financed specialised courses in the less widely used and taught languages for students going abroad as part of the Programme. The aim was to prepare incoming students for their study exchange or work placement through a linguistic and cultural introduction to the host country. Language courses were not organised for the most widely taught languages, namely English, German, French and Spanish (Castilian). A total of nearly 55,000 Erasmus students have benefited from a language course prior to their study exchange or work placement since 1999.

**ERASMUS HIGHER EDUCATION COOPERATION PROJECTS**

These projects, which run from between one and three years, aimed to stimulate policy reforms through transnational cooperation among higher education institutions and other relevant stakeholders cross Europe. Applications were submitted once every calendar year. The available budget in 2013 was €28.6 million.

**ERASMUS MUNDUS: MOBILITY OUTSIDE EUROPE**

The Erasmus Mundus Programme was launched in 2004 with the purpose of supporting academic cooperation and mobility between the European Union and its partner countries. Between 2004 and 2013, 2076 higher education organisations were part of Erasmus Mundus 3 actions, out of which 1288 from countries outside the EU and 788 from the EU. The Programme had three actions:

**ERASMUS MUNDUS JOINT PROGRAMMES (MASTERS COURSES AND JOINT DOCTORATES)**

Joint Programmes are operated by consortia of higher education institutions from the EU and elsewhere in the world. They provide an integrated course and joint or multiple diplomas following study or research at two or more HEIs. Between 2004 and 2013, 285 joint programmes were funded.
During the academic year 2014/2015 only, there are 138 Masters and 42 Doctorates offering EU grants for studies.\(^{26}\)

**ERASMUS MUNDUS PARTNERSHIPS**

Erasmus Mundus Partnerships brought together higher education institutions from Europe on the one hand and from a particular region in the world on the other hand. The partnerships managed student and staff exchanges between the two regions with EU-funded scholarships at undergraduate, master, doctorate and post-doctorate levels. 277 partnerships were funded between 2004-2013.

Action 1 Joint Programme scholarships were open to students from all over the world, while Action 2 Partnerships focused their scholarships on specific countries covered by the EU’s external cooperation instruments.

**EU-Nationals vs. Non-EU-Nationals in mobility in Action 1 and 2 between 2004-2013 is 16.88% vs 83.12%**.

**PROMOTION OF EUROPEAN HIGHER EDUCATION**

The purpose of promotion projects is to enhance the attractiveness of European higher education worldwide. Projects aimed to promote higher education or improve accessibility and quality assurance. They also served to improve the recognition of credits and qualifications, to develop curricula or to improve mobility opportunities. 95 projects were supported between 2004-2013.

**JEAN MONNET STUDIES ON THE EU**

The aim of the Jean Monnet programme is to develop EU studies in the Member States and worldwide. It promotes excellence in teaching and research on the European integration process at higher education level – in various disciplines, and for a range of audiences (including those usually unfamiliar with this subject). Jean Monnet constitutes a network of high-level expertise and provides funding for different types of activities.

Over the period 2007-2013, higher education institutions could apply for support for:

- Teaching and research (Jean Monnet Chairs, Modules and Centres of Excellence);
- Information and research projects including those for developing courses or experimental new methodologies for bringing EU content in primary and secondary education (Learning EU @ School);
- The statutory activities of associations of professors and researchers; and
- Transnational research partnerships.

During the programme’s life span geographical coverage has grown consistently, and 78 countries from five continents are involved in Jean Monnet activities.

**TEMPUS SCHOLARSHIPS FOR ADVANCED STUDIES OUTSIDE EUROPE**

The Tempus programme was implemented in close coordination with the Erasmus Mundus programme provides scholarships to third country students allowing them to participate in top-level Master courses and Doctorate programmes outside the EU.

Tempus stands for “trans-European mobility scheme for university studies”. It is the EU’s external cooperation programme. Tempus has been supporting the modernisation of higher education systems in the European Union’s neighbouring countries for over 20 years. Launched in 1990, shortly after the fall of the Berlin Wall, Tempus has responded to the modernisation needs of higher education in Central and Eastern European countries. In 2013 Tempus covered 27 countries in the Western Balkans, Central Asia, Eastern Europe, Northern Africa and the Middle East27. In the fourth phase of Tempus (2007-2013) a total of 550 projects were funded, of which 408 were coordinated by a higher education institution from an EU-country and 142 from a partner country. The total budget committed under Tempus IV has been € 482 million, distributed among the Regions participating in the Programme as follows: Central Asia 10%, Western Balkans 23%, Northern Africa and Middle East 29%, Eastern Europe and Russia 38%. Under Tempus IV, a total number of 600 projects involved HEIs from the region, out of which 74 in Central Asia.

As of 1 January 2014, Tempus-like activities, namely capacity building activities, have become part of Erasmus+.

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27 Tempus partners (2013): Albania, Algeria, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Egypt, Georgia, Israel, Jordan, Kazakhstan, Kyrgyzstan, Lebanon, Libya, Moldova, Montenegro, Morocco, the occupied Palestinian territory, Russia, Serbia, Syria, Tajikistan, Tunisia, Turkmenistan, Ukraine, Uzbekistan and Kosovo