

Labour As A Source of Competitiveness in Selected Southeast Asian Countries

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Abstract

This paper attempts to examine whether the management of labour resources promotes the external competitiveness of selected Southeast Asian countries. Two approaches, the labour market approach and the industrial relations approach, are used in the analysis. The labour market flexibility index is employed in the analysis using the labour market approach. However, the main thrust of the paper examines how trade unions can be developed to become a strategic partner in the quest for foreign investment.

There are two types of trade unions, micro-focused and macro-focused. Micro-focused trade unions aim to protect the interests of their union members, and are thus pre-occupied with wages and other benefits for their union members. Such unions tend to use collective bargaining power to seek significant benefits and ignore unemployment in the economy.

Macro-focused trade unions aim to achieve full employment. They are prepared to allow wages to fluctuate to protect employment. Such unions accept competition as a reality and consequently place significant emphasis on training and retraining. As international competition becomes increasingly keen, the need for the labour movement to be macro-orientated becomes more urgent. However, macro-focused unions face a free rider-ship problem, which does not affect micro-focused trade unions.

This paper argues that macro-focused unions can help an economy compete in this era of globalization, which is especially important for the East Asian countries as they are export-driven.. It shows that trade unions in Singapore are macro-focused and therefore are a strategic partner to the government in enhancing the competitiveness of Singapore. Trade unions in Malaysia and Thailand, on the other hand, are not macro-focused and have not been a factor in attracting foreign investment to the respective countries, while the labour movements in Indonesia and the Philippines have been a liability in the attempts to enhance labour competitiveness in these countries.

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Key words: labour market approach, industrial relations approach, micro-focused, macro-focused, international competitiveness, labour market flexibility index, foreign investment, strategic partner, free ridership.