

Practice Note

What Does ASEAN Economic Community Bring to Older Workers? Examining Inequality in Old Age in Thailand's Fast-Ageing Society

Wenqian Xu
Sikander Islam

Linköping University, Sweden

Linköping University, Sweden

Abstract

The ASEAN Economic Community is envisaged to promote economic integration initiatives to create a single market across Southeast Asian member countries. It is acknowledged that the intergovernmental initiatives need to be accommodative to national and regional contexts. Thailand, as a pivotal and active partnership, endeavors to facilitate economic transformation and regional integration within the ASEAN and cope with population ageing in Thai society. Since Thailand has been the third most rapidly ageing country in the world, demographic changes pose new challenges for how to achieve persistent economic growth, productive employment and decent work. This article is based on a qualitative approach to investigate the emergent inequality within and across age cohorts shaped by the AEC structural forces, as well as utilizes reliable secondary data to formulate argumentation, including academic publications, policy analysis, scientific reports. We are particularly concerned about the heterogeneity and poverty in old age from the perspective of cumulative advantages/disadvantages. In conclusion, this article suggests policy recommendations of mitigating inequality in old age and advocates a critical lens to examine how political economic structure shapes older individuals in the labor market.

Key words: *inequality, labor market, old age, regional integration*

Introduction

The ASEAN Economic Community (AEC) has been formally established in 2015 to provide an institutional framework for further promoting regional economic integration and corporation among ten member nations. As a bloc, the AEC is predicted to become the 4th largest economy by 2030

after the United States, China and the European Union. Likewise, the AEC has been featured by its populous facts, economic growth, trade and investment prospects. As shown in the AEC blueprint 2015, it has been envisaged to create a single market and production base, allowing for the free movement of goods, services, investment and skilled labor within ASEAN. It has previously been

observed that the ASEAN regional integration gave rise to a reduction in unemployment in most member states (Bano & Tabbada, 2017). Existing research has acknowledged the critical role played by regional economic integration in the ASEAN and investigated the trade-off between the free market and labor market using an equilibrium approach (Petri, Plummer & Zhai, 2012; Lai, 2016). Nevertheless, there has been little critical analysis of how the structural forces of AEC impact certain population in an integrative labor market.

It is acknowledged that ASEAN member countries have been experiencing a profound and influential demographic change with an increasingly growing number of older adults aged over 60, especially in Thailand and Singapore. Thailand is reported as the fastest ageing country in Asia (UNDP, 2013), and it is projected to become an aged society in 2021, with 19.8 percent of older adults aged over 60 to the overall population (NESDB, 2016). Extensive research has shown that population ageing can influence economic growth, employment rates, wages of certain age cohorts in the labor market to a different extent. In this regard, Dixon (2003) argues that it is crucial to maintaining the employability of older workers who would like to continue working in later life, the relevance of older workers' skills, as well as the potential for adjusting mobility levels. Practically, the AEC is expected to mitigate insufficiency of the agile workforce in ageing societies by fostering labor free flows.

A body of works focuses on the employability of college students within ASEAN and their preparations for the changes during the implementation of AEC measures (Vicheth, 2012; Barbin & Nicholls, 2013; Dudzik & Nguyen, 2015). Up to now, far too little attention has been paid to the implications of regional integration on the employment status of older adults concerning the fast-ageing context. Walker (1981) accentuates that poverty in old age is a function of low socioeconomic status prior to retirement due to the access restrictions of resources and opportunities. Hence, the current study critically examines the inequality of older workers rather than pensioners in Thailand in terms of AEC initiatives. The inquiry makes use of the secondary data produced by intergovernmental organizations to substantiate the arguments in this article. As such, it sheds light on the role of this political-economic institutional framework in challenging or reinforcing the poverty and inequality in old age. The inquiry is designed to answer the question as to what inequalities that ASEAN Economic Community brings to older workers in Thailand.

In the following sections, this article instantiates several features about old age in relation to the employability and then suggests a set of opportunities that population ageing have in the workforce. Then it introduces cumulative advantages/disadvantages (CA/D) perspective to address economic inequality across and within age groups/cohorts. In this study, we examine Thai older workers' employment situation

within the AEC structural context; further, we argue that the AEC might potentially increase the probability of inequality in old age by allocating resources differently to citizens at different ages. It concludes with some remarks on how to mitigate inequality in old age at the institutional level in the last section.

Older workers in Thailand's fast-ageing society

Elderly people are often viewed as a burden to the society and the taxpayers. They are neglected in many countries around the world, even though that should not be the case. Older adults in Thailand are ageing, and they are ageing fast. People in later life experience all sorts of problems without any doubt. This can include body declines, health and fitness, lifestyles, education, work, as well as retirement. The body ages as one grows older, so it is possible for individuals to develop health problems. An individual's lifestyle plays an important role as well. A healthy lifestyle and diet can keep a person active and healthy throughout their later life. An unhealthy lifestyle on the other hand can cause enormous problems in later life. This can lead to financial problems since older people are likely to work less, therefore earn less money, and have to rely on other means of wealth they have accumulated to support themselves (HelpAge, n.d.). Healthcare is expensive because of how much science and technology is invested in it these days. Doctors and medical practitioners have to spend many years in advance education to get the appropriate

education to treat patients dealing with health-related issues. They spend a lot of money on their education so that one day their patients can benefit from the knowledge and practice they have gained. It is human nature to want to live a longer and healthier life. Longevity is influenced by inequality of living conditions. This is significant to study on inequality in old age. Poverty in later life is a function of low socioeconomic status prior to retirement (Walker, 1981). Usually people would have saved money from their pension, but certain circumstances to how one is brought up in certain countries does not leave them with that privilege.

Population ageing makes a difference the labor market. Studies have found that cohort difference and life trajectories matter. In the future there is a possibility for the situation for older people to look different. It is expected to be cohorts of exchange. For example, new lifestyles can make changes into the life of the elderly. Upcoming workers can have a better life if they have the means and freedom of mobility. Mobility and flexibility of working and living is of utmost importance in the 21st Century. Upcoming workers in Thailand can have access and availability to a better- and high-quality education. Workers in Thailand do have differences among the sector and branches. Older people have more work experience and therefore it sets a standard for employment and personal fulfilment. The capabilities of elderly people are also important. Age is also subjective. In the future, there are expected to be more old people. Hence,

the demands and resources will influence the economy. Thailand is a fast ageing society where rights of older workers should be taken into consideration. Ageing population in Thailand is a significantly high issue. There needs to be a vast increase in valuable resources to society. Older people in Thailand share their values and culture with young people. They volunteer in communities and are a thriving resource to the Thai society themselves (HelpAge, n.d.).

Thailand's demographics as a Southeast Asian country are bound to change. Studies have found that older Thai people are able to take care of themselves. Health problems are higher in older Thai men in comparison to women. This creates a gender perspective. Thailand was not taking much action during the past few decades on older people and how to cater their needs in Thai society. Recommendations by the United Nations have recently started to influence Thailand's government to start taking a stronger initiative in the working and quality of life of Thailand's elderly people. If elderly people are catered with their needs, their finances can increase and they can actively participate in the Thai society because they will have a high level of livelihood (Knodel & Chayovan, 2008).

Cumulative advantages/disadvantages perspective

Social gerontologists have investigated the inequality-generating process from the perspective of cumulative advantages/disadvantages

across the life course and across ages. Dannefer (2003) argues that CA/D perspective has been logically entangled with several paradigmatic theories in sociology, psychology and economics fields; hence it provides a fresh lens to examine poverty and inequality in old age and directs to in-depth analyses at multiple levels and disciplines. Furthermore, Dannefer delineates cumulative advantage/disadvantage in a formal manner as "the systemic tendency for inter-individual divergence in a given characteristic (e.g., money, health, or status) with the passage of time". It is still acknowledged that the common concern of using this perspective lies in analysis on the historical interplay among individual life, structural contexts and social change (O'Rand, 1996). Against this backdrop, this study is particularly concerned about how the AEC, as a political-economic structure, influences the resource allocation of ageing individuals in Thailand's labor market.

A body of works supports that the CA/D process could be considered as a mechanism of inequality. The model of cumulative exposure and status-resource interaction was adopted to further explain between-group inequality over time (DiPrete & Eirich, 2006). In the particular case of the workforce, the allocation of opportunities and resources in labor markets create intricate patterns of cumulative advantages/disadvantages, such as job mobility and rewards (O'Rand, 1996). Prior studies have empirically investigated how early-life advantages or disadvantages lead to

later outcomes in varying degrees, as well as underlined the increasing heterogeneity and inequality with age. For instance, Willson, Shuey & Elder (2007) suggest that socioeconomic status and economic history result in health disparities as people age in the United States. Moreover, Ponomarenko (2016) argues that the employment history of older Europeans is associated with subjective well-being in old age; particularly the labor market inactivity negatively impacts life satisfaction.

Inequality has been identified within and across age groups/cohorts concerning divergent trajectories of accumulation throughout the lifespan. Older adults have been accentuated as a heterogeneous population by gerontologists especially in the dimension of poverty and economic inequality. Crystal and Shea (1990) suggest that economic inequality is greatest among elderly people; further, a recent study found that inequality increased sharply within each cohort of older adults in the changing economic environment (Crystal, Shea & Reyes, 2017). On the other, CA/D perspective underscores unequal resource distribution and subsequent economic stratification across ages. Likewise, the unfairness of allocating opportunities across generations was addressed as Generation X and later generations are projected to receive gradual increases of median wages and retirement incomes (Hudson, 2016). Hence, this article explicates inequality in old age within and across age groups, when it comes to

implementing the AEC initiatives in Thailand's labor market.

Inequality within age cohorts

It is argued that certain social forces at different levels of social process contribute to increasing intra-cohort heterogeneity with the passage of time (Dannefer, 1987). Education is often seen as a vital predictor of employability and employment career and it presumably influences individuals due to the expansion of higher education during the second half of the twentieth century. Mincer (1991) suggests that well-educated workers at least enjoy three basic strengths in the labor market, including superior wages, higher employment stability, greater advancements in occupation and income. Individual trajectories of education and training lead to the differentials in job opportunities, employment careers and economic inequalities.

Given that the AEC takes incentives to promote labor mobility and integration in the ASEAN region, it has established a legal status for the mobility of skilled professionals, including Mutual Recognition Arrangements (MRAs). However, the existing MRAs only enable the mobility of adept workers in limited profession areas which takes up 1.5% of the total ASEAN workforce; still, several occupations are not covered and arranged by institutional agreements (Vineles, 2017).

Language proficiency and professional expertise are conceived as

significant qualifications of talent labors that needed to be addressed since the AEC has been facilitating the free flow of skilled labor within the ASEAN member states and across the Asia-Pacific area. Given that the ASEAN brings an English-mediate environment to Thailand, English proficiency has become a determinant of employability of the workforce and labor interactions within ASEAN nations. Kuosuwon (2016) found that tourist professionals in Bangkok are not well-prepared for entering the ASEAN Community due to their inferior English communication skills. Thai students have become concerned about their career future and eager to improve their English skills to acquire better jobs in the Thai labor market and even in the high-income ASEAN member states.

In the view of cumulative advantages/disadvantages perspective, inequality in education within cohorts have resulted from the unequal allocation of educational resources and structuring of opportunities in Thai society. Not all workforce in Thailand has chances of receiving high education, with regard to the financial status of families, living areas and public or private schools. Individuals with low socioeconomic status are distanced from high-quality education resources (Mayer, 1997). For example, graduates from superior universities or families tend to greatly benefit from the AEC initiatives and acquire employment due to their cumulative advantages of everyday networks in work and family contexts. As such, early disadvantages may increase the likelihood of persistent

disadvantages, such as poor educational attainment, unfavorable occupational position and lower wages.

Apart from the education domain, social factors in the working life course may invoke intracohort differentiation significantly, such as working conditions and corresponding rewards (Kohn & Schooler, 1984). Labor participation of old cohorts and occupational segregation might operate to produce economic inequality in old age. A survey conducted in 2000 suggests that 80.8 percent of Thai older adults aged 50 to 59 years participated in the workforce while the rest was detached from the workforce (Fujioka & Thangphet, 2008). Certain older adults in public sector and favorable positions may continue to work in later life while other employees in the private sector are subject to have an earlier retirement age. Besides, the ASEAN selected eleven prominent sectors to accelerate economic integration, that took up above 50% of intra-ASEAN trade in 2003 (ASEAN Secretariat, 2004). However, 66.1 percent Thai older adults worked in agriculture, forestry, hunting and fishing industries (Fujioka & Thangphet, 2008). In this regard, older adults working in the prioritized sectors have encountered potential income increase and career prospects, which differentiates these workers from other cohort members. Therefore, we argue that the AEC's sectorial approach potentially shapes and reinforces income inequality in old age.

Inequality across age cohorts

In the domain of education, inequality is addressed as the result of the lack of education and lack of second-chance alternatives over the life course (Bar-Haim & Blank, 2019). Individuals are committed to education investments in early life stages with regard to compulsory education. Evidence suggests that inequality in educational attainment increase over the life course; besides, educational re-entry in midlife is correlated with individual resources, work pathway and early achievements in education (Elman & O'Rand, 1998). Consequently, older cohorts tend to be disadvantaged in receiving vocational education and training. Older people in Korea have been found as less communication competent and less adaptive to technologies (Lee, Park & Hwang, 2015). As compared to young employees, older adults in the labor market are inclined to be excluded from certain positions and industries, such as hi-tech sectors.

In the context of transformative economies in the ASEAN region, the AEC has endeavored to embrace innovative technologies and improve digital inclusion. Young generation is particularly spotlighted in ensuring digital dividends by Thailand's Minister of Digital Economy and Society (PATA, 2017); while old generation is often overlooked in accelerating speedy economic growth. Concerning the impacts of digital technologies in ASEAN's labor market, the low-skill jobs have been probably

replaced, especially in the labor-intensive manufacturing and services industries (ILO, 2016). In fact, 89 percent old Thais aged over 60 years work in such labor-intensive sectors, such as agriculture, commerce and manufacturing (ILO, 2008), hence they would be greatly affected and vulnerable by potential large-scale job replacements. It would give rise to high risks of job losses, long-term unemployment, income deduction of Thai older adults which impacts the living conditions considerably.

According to the MRAs, the AEC has been particularly facilitating labor mobility within the ASEAN region. Yet, older adults are impoverished in labor mobility since vital life events often happen at earlier stages from a life course perspective. Hence, their potential for mobility dividends could not be fully achieved within the AEC framework. A slightly growing number of studies investigates the determinants of labor mobility in Thai industries. For example, Suanmali & Saengsathien (2014) suggest that stable national political-economic situation and better work rewards motivate Thai engineers to work abroad; further, Nobnorb & Fongsuwan (2015) argue that greater skills and feasible labor policy promote labor mobility in Thai rubber industry. In terms of the determinants in old age, although little is known from the present literature, a few characteristic factors should be taken into consideration, such as health conditions and social insurance system.

Thailand is a net immigration country, and the relationship between migrant and native workers has been concerned in the labor market. Surprisingly, evidence reveals that migrant workers increase the paid employment rate and income per capital of native workers; besides, it does not intensify the competition between migrant and native workers (OECD/ILO, 2017). In addition, Thailand has been a popular recreation country for foreign pensioners to stay owing to low living and health costs. Yet, the increasing purchase and investments from foreigners lead to the rise of the local price level, which leads to unaffordable prices and supply deficits, particularly in housing and healthcare areas.

Conclusion

The ASEAN Economic Community is a political and economic framework for fostering regional economic integration and adopting a set of strategies to implement the 2025 Blueprint. This structure has been argued as a function of differentiating resources and opportunities on the basis of age. Individuals turn out to be structured by the AEC framework and influenced by social change. Older adults are vulnerable to deal with social change and fail to harness career opportunities in the Thai labor market. Cumulative advantage/disadvantage perspective spotlights individual life trajectories and emphasizes heterogeneity within and across age cohorts; further, it operates to produce emergent inequality in old age in

the context of Thailand's population ageing. This article elaborated emergent inequality in old age within the AEC framework; it suggests following policy recommendations to mitigate the abovementioned inequality in the Thai labor market.

First, older cohorts in the working life course need to be taken into consideration in the rapid ageing society as Thai old workers are subject to labor-intensive occupations. From the cumulative advantages/disadvantages perspective, this article suggests that citizens at different life stages ought to be provided with lifelong learning chances to move further up in knowledge-intensive sectors and managerial positions. Advanced experience and knowledge in entire lives can be used as a sign of value to situate them into a favorable category. Second, less-skilled workforce and labor-intensive positions are associated with Thai older workers. The mobility of older workers is isolated from skilled labor and sectoral priorities in terms of the AEC's institutional framework of economic integration. Hence, this paper argues that it is vital to extend the coverage of MRAs and promote the free flow of workers in manufacturing, tourism and other sectors. Third, the socioeconomic status of new old people should be received much attention in the Thai fast-ageing society, given that individual background contributes to accumulating advantages/disadvantages and producing inequality in old age. Hence, it is suggested to take a critical lens to examine

the inclusiveness of resources allocation by Thai governments.

About the Author

Wenqian Xu is a Marie Skłodowska-Curie PhD fellow in Ageing and Social Change at Linköping University. He is seconded to Social Development Division at United Nations ESCAP (from November 2019 to February 2020). His research focuses on examining macro-level determinants on older adults, such as mass media, political and corporate structural forces. Currently he conducts scientific research at EU funded Innovative Training Network Euro Ageism.

Sikander Islam is a MSc student in International and European Relations at Linköping University. His primary research interests include politics, geopolitics, and ageing research.

References

- ASEAN Secretariat. (2004). *ASEAN Accelerates Integration of Priority Sectors*. Retrieved from https://asean.org/?static_post=media-release-asean-accelerates-integration-of-priority-sectors
- Bano, S., & Tabbada, J. (2017). *The employment effects of regional integration: A case study of the Association of Southeast Asian Nations (ASEAN)*. Paper presented at the New Zealand Agricultural and Resource Economics Society (NZARES) Conference, Rotorua, New Zealand. NZARES.
- Barbin, R. R., & Nicholls, P. (2013). Embracing an ASEAN economic community: Are Thai students ready for the transition?. *AU-GSB e-journal*, 6(2), 3-10.
- Bar-Haim, E., & Blank, C. (2019). Second-chance alternatives and maintained inequality in access to higher education in Israel. *Social Inclusion*, 7(1), 28-37.
- Crystal, S., & Shea, D. (1990). Cumulative advantage, cumulative disadvantage, and inequality among elderly people. *The Gerontologist*, 30(4), 437-443.
- Crystal, S., Shea, D. G., & Reyes, A. M. (2017). Cumulative advantage, cumulative disadvantage, and evolving patterns of late-life inequality. *The Gerontologist*, 57(5), 910-920.
- Dannefer, D. (1987). Aging as intracohort differentiation: Accentuation, the Matthew effect, and the life course. *Sociological Forum*, 2(2), 211-236.
- Dannefer, D. (2003). Cumulative advantage/disadvantage and the life course: Cross-fertilizing age and social science theory. *The Journals of Gerontology Series B: Psychological Sciences and Social Sciences*, 58(6), 327-337.
- DiPrete, T. A., & Eirich, G. M. (2006). Cumulative advantage as a mechanism for inequality: A review of theoretical and empirical

- developments. *Annual Review of Sociology*, 32, 271-297.
- Dixon, S. (2003). Implications of population ageing for the labour market. *Labour Market Trends*, 111(2), 67-76.
- Dudzik, D. L., & Nguyen, Q. T. N. (2015). *Vietnam: Building English competency in preparation for ASEAN 2015*. ASEAN Integration and the Role of English Language Teaching. Phnom Penh: IDP, 41-70.
- Elman, C., & O'Rand, A. (1998). Midlife work pathways and educational entry. *Research on aging*, 20(4), 475-505.
- Fujioka, R., & Thangphet, S. (2008). *Decent work for older persons in Thailand*. Retrieved from International Labour Organization website: https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_103920.pdf
- HelpAge (n.d.). *Ageing population in Thailand*. Retrieved from <http://ageingasia.org/ageing-population-thailand/>
- Hudson, R. B. (2016). Cumulative advantage and disadvantage: Across the life course, across generations. *Public Policy & Aging Report*, 26(2), 39-41.
- Knodel, J., & Chayovan, N. (2008, December). *Population ageing and the well-being of older persons in Thailand: Past trends, current situation and future challenges*. Retrieved from UNFPA Thailand website: https://deepblue.lib.umich.edu/bitstream/handle/2027.42/83331/Paper_No_5.pdf?sequence=1&isAllowed=y
- Kohn, M. L., & Schooler, C. (1984). Work and personality: An inquiry into the impact of social stratification. *Contemporary Sociology*, 13(3), 356-358.
- Kuosuwan, B. (2016). The readiness of English communication skills of tourism employees in Bangkok for entering the ASEAN community. *International Journal of Environmental and Science Education*, 11(18), 12903-12907.
- Lai, H. C. (2016). Free trade and employment in the ASEAN: From theory to empirical. *International Relations*, 4(7), 465-472.
- Lee, H., Park, N., & Hwang, Y. (2015). A new dimension of the digital divide: Exploring the relationship between broadband connection, smartphone use and communication competence. *Telematics and Informatics*, 32(1), 45-56.
- Mayer, S. E. (1997). *What money can't buy: Family income and children's life chances*. Harvard University Press.
- Mincer, J. (1991). *Education and unemployment (NBER No. 3838)*.

- US: National Bureau of Economic Research.
- NESDB (2016). *The twelfth national economic and social development plan (2017-2021)*. Retrieved from https://www.nesdb.go.th/nesdb_en/ewt_w3c/ewt_dl_link.php?nid=4345
- Nobnorb, P., & Fongsuwan, W. (2015). Asean and thai rubber industry labor mobility determinants: A structural equation model. *Research Journal of Business Management*, 9(2), 404-421.
- OECD/ILO (2017), *How immigrants contribute to Thailand's economy*. ILO, Geneva/OECD Publishing, Paris. Retrieved from <http://dx.doi.org/10.1787/9789264287747-en>
- O'Rand, A. M. (1996). The precious and the precocious: Understanding cumulative disadvantage and cumulative advantage over the life course. *The Gerontologist*, 36(2), 230-238.
- PATA (2017, May 12). *World Economic Forum: ASEAN is harnessing the transformative technologies of the Fourth Industrial Revolution*. Retrieved from <https://www.pata.org/world-economic-forum-asean-is-harnessing-the-transformative-technologies-of-the-fourth-industrial-revolution/#sthash.IQ1uGQog.dpu>
- Petri, P. A., Plummer, M. G., & Zhai, F. (2012). ASEAN economic community: A general equilibrium analysis. *Asian Economic Journal*, 26(2), 93-118.
- Ponomarenko, V. (2016). Cumulative disadvantages of non-employment and non-standard work for career patterns and subjective well-being in retirement. *Advances in Life Course Research*, 30, 133-148.
- Suanmali, S., & Saengsathien, A. (2014). *Factors affecting labor mobility within ASEAN: An empirical study on Thai engineers*. In Proceedings of the International Conference on Information and Communication Technology for Embedded Systems (pp. 1-6). Ayutthaya, Thailand.
- UNDP (2013, March 15). *UNDP Report lists Thailand among Asia's fastest growing*. Retrieved from <http://www.th.undp.org/content/thailand/en/home/presscenter/pressreleases/2013/03/15/undp-report-lists-thailand-among-asia-s-fastest-growing.html>
- Vicheth, S. E. N. (2012). Cambodia's higher education structure and the implications of the 2015 ASEAN economic community. *CDRI's Cambodia Annual Development Review*, 24-32.
- Vinales, P. (2017). *ASEAN connectivity: Challenge for an integrated ASEAN community*. (RSIS Commentaries, No. 010). RSIS Commentaries.

Singapore: Nanyang Technological University.

Walker, A. (1981). Towards a political economy of old age. *Ageing & Society*, 1(1), 73-94.

Willson, A. E., Shuey, K. M., & Elder, Jr, G. H. (2007). Cumulative advantage processes as mechanisms of inequality in life course health. *American Journal of Sociology*, 112(6), 1886-1924.