

National Productivity Enhancement in ASEAN Developing Countries

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Abstract

Improving national wealth and enhancing the standard of living are goals of developing countries in ASEAN. Research and development (R&D) is one factor in delivering wealth to the nation. The aim of the research is to explore the suitable number for budgeting on R&D in the developing countries of ASEAN and introduce the key performance index to monitor the performance of utilizing the budget. Research results indicated that national productivity is a suitable tool to measure national wealth, and the new finding from the research mentioned that human capital and R&D budgeting per GDP (% R&D) are the keys to driving national productivity. The regression model was constructed, and the key finding is that ASEAN countries need to be segregated into two groups. The regression model of group one, which consists of Indonesia, Cambodia, Laos, Myanmar, the Philippines, and Vietnam, has a low prediction performance (R-Square Adj. 30.80%) and a very low correlation between human capital and R&D. On the other hand, country group 2, which consists of Thailand and Malaysia, has a suitable prediction of national productivity (R-Square Adj. 79.42%) and a very high positive relationship between human capital and R&D. Thailand and Malaysia need to issue policies to have at least 2% R&D budgeting per GDP to come across the border of middle-income countries. Moreover, tracking the effectiveness of budgeting must be done by monitoring the growth of national productivity each year.

Keywords: national productivity, ASEAN, developing countries, research & development