

GRADUATING INTO UNCERTAINTY

Harry Jacques

A record youth cohort enters developing economy job markets amid daunting technological change

On a quiet overcast May afternoon in the student council office, Saharat Chuaikaew is troubleshooting the database for King Mongkut University of Technology Thonburi's societies and sports teams.

When not studying for his engineering degree here at one of Thailand's leading technology universities, Chuaikaew works as an intern at an energy drink factory—producing the burst of sugar and caffeine that can help sustain a full-time science, technology, engineering, and mathematics (STEM) degree, manufacturing internship, and 15-hour-a-week volunteer IT commitment.

A decade ago, the 21-year-old might have expected to begin his career at the drinks producer, working under the wing of an experienced engineer, learning the trade through the kinds of responsibilities traditionally delegated to recent graduates. Today, Chuaikaew is not so sure.

Increasingly, he says, complex tasks can be farmed out to artificial intelligence models for free, reducing the need for many entry-level technical roles on company payrolls.

"I think it's more difficult than before because you have AI together with a senior engineer—and you don't need the junior engineer to do the work," he told *Finance & Development*. "It's hard to find a job."

Thailand's Technology Act of 1971 merged a clutch of colleges into King Mongkut University of Technology Thonburi, better known as KMUTT, to produce highly skilled graduates amid a technological shift. At the time of the merger, more than half a century ago, there were about 500 million young adults set to enter the workforce across the world's emerging market and developing economies.

In May this year, Chuaikaew was just weeks away from graduating into the most crowded job hunt ever recorded. About 1.2 billion people will join



the labor market in developing economies over the next decade.

“These young women and men will likely represent the largest youth cohort ever: more than over any previous decade, and more than projected for any decade over the rest of this century,” the World Bank notes in *The Global Jobs Challenge*, a report published in June.

But Gen Z graduates in Southeast Asia, like Chuaikaew, are entering a weaker economy than their parents encountered around the turn of the century, with global growth roughly a third lower and governments able to pull fewer policy levers amid far greater uncertainty.

A succession of global shocks—from pandemic-era inflation and Russia’s invasion of Ukraine to more recent volatility in energy markets—have squeezed spending and contributed to exorbitant living costs.

The pressure is especially acute in Asia, where many economies depend heavily on imported energy shipped through the Strait of Hormuz. About 60 percent of Thailand’s oil imports, for example, come from the Persian Gulf.

As Chuaikaew prepared to graduate earlier this year, many other young people—in Sri Lanka, for example—worked four-day weeks and lined up for fuel under emergency restrictions. In Indonesia students protested rising fuel prices and falling purchasing power.

In India, the chief justice of the country’s Supreme Court likened unemployed graduates to “cockroaches.” This crystallized frustration over youth unemployment and helped fuel a protest movement that culminated two months later in the education minister’s resignation.

At a presentation last year, the chair of the Philippines Commission on Higher Education, Shir-

Young people gather in a shopping district of Bangkok.

ley Castañeda Agrupis, noted that the percentage of college graduates among the country's unemployed was growing.

"The problem goes beyond unemployment numbers," Agrupis said. "Even when job opportunities exist, there is a persistent mismatch between available and graduate skills."

Record youth cohort

Youth unemployment is elevated across Asia but is often highest among those with the most advanced education, according to IMF research.

"Highly educated young workers are struggling to find positions that match their qualifications," Krishna Srinivasan, the director of the IMF's Asia and Pacific Department, said at a press conference in April.

In Thailand, for example, 3.9 percent of people ages 15–24 were unemployed last year. But the rate among Thais of the same age with postsecondary education was three times higher, at 13.2 percent.

There's a similar pattern across most Southeast Asian economies, but the situation is worse in South Asia, with joblessness among the most educated young people ranging from about 36 percent in Bangladesh to 43 percent in Sri Lanka (see Chart 1).

AI has the potential to deliver gains in growth and

productivity, but the technology could also intensify labor market pressures for young workers if adoption moves faster than skills develop, Srinivasan said.

"This strengthens the case for rethinking education and reskilling more broadly, making universities and technical programs more responsive to employer demand and equipping graduates with skills that firms actually need."

Concern about technological change and what it will mean for young people's place in society runs through conversations with students across the KMUTT campus.

"I don't know about my future yet," says one animation student currently relying on a part-time job. "I think that I'm not going to be an animator."

Many here worry that the growing integration of AI into labor markets across Southeast Asia could reduce job opportunities for highly skilled workers in the years ahead, from studios in Bangkok's creative economy to the factory production lines where Chuaikaew works.

"For me, I'm so anxious about my career path because AI can replace me for sure if I don't have some soft skills—and hard skills, like another language," he says.

Chuaikaew feels that his situation reflects tension that has accompanied past technological leaps, from printing to the internal combustion engine: whether societies can harness productivity gains while continuing to create well-paid jobs for the next generation. But for many young people this moment feels particularly urgent.

A university representative said students at KMUTT expressed concern in surveys about the impact of technology on their future employment prospects. In response, the university acquired licenses for 1,000 students to be trained in how to use AI to further their careers.

"I think some students are worried about it," said one university officer, adding that the prospect of AI reshaping the labor market felt remote when she graduated from this same university a decade ago.

Changing economic landscape

The university stands on the Thonburi side of the Chao Phraya River, an area that was once the capital of Siam—a patchwork of canals and orchards growing tropical fruits such as mangosteens and rambutans.

Named for King Mongkut, also known as Rama IV, a 19th century monarch who championed science and modern education, the university embodies a commitment to scientific advancement and technological change dating back more than 150 years. Mongkut, a former monk, famously calculated the timing of a solar eclipse in 1868.

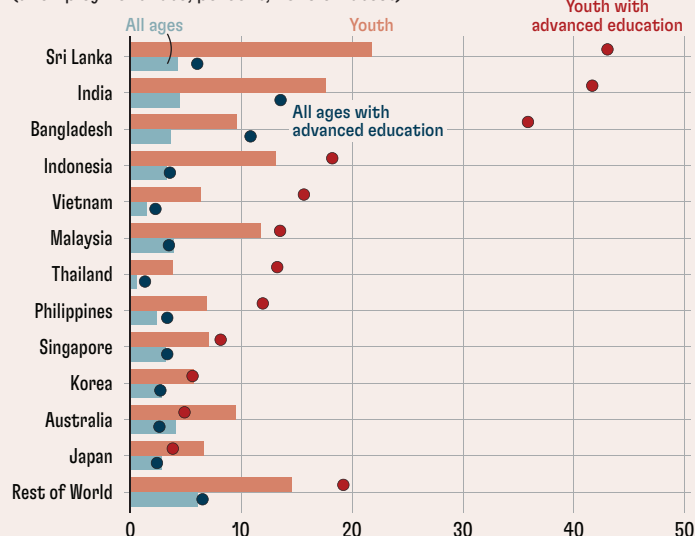
Mongkut ruled as printing reshaped administra-

CHART 1

Graduate glut

Asia's most educated young people often face the highest unemployment.

(unemployment rate, percent, 2025 or latest)



SOURCE: IMF, 2026, press briefing on the *Regional Outlook for Asia and the Pacific* (April).

NOTE: Advanced education = postsecondary education; Youth = people ages 15–24.



Student chefs at Chulalongkorn University prepare food for an entrepreneurship celebration.

tion in Siam, steamships plied the Chao Phraya River, and the economy was gradually opening to free trade.

These shifts formed part of a broader transition at the time as adoption of new technologies and shifts in the global economy began to transform systems of commerce and government.

Photographs of the university's construction in 1974, preserved by archivists, show the first buildings rising from muddy fields lined with palm trees.

Today, Bangkok's expansion has paved over those fields. The roads leading from the university increasingly pass logistics parks and industrial clusters where global technology firms are building data centers to support Thailand's ambition to be a regional hub.

For the first quarter of this year Thailand's investment board says it recorded applications worth 873,741 million Thai baht (\$27.3 billion) across 48 digital projects, mostly in data centers and cloud services, in Bangkok and nearby provinces.

At conferences this year on Thailand's emergence as a regional data hub, industry executives warned that the more immediate challenge was not a coming dearth of jobs, but a pressing shortage of workers with the skills necessary to support the industry's rapid expansion.

Studies of emerging market economies sug-

gest that productivity-enhancing technologies have mixed effects on employment. Although automation can depress the demand for labor in some tasks, productivity gains may also stimulate investment, expand businesses, and create new forms of work.

An International Labour Organization study published in July found that generative AI could affect the work of nearly 80 million people across Southeast Asia, but the Geneva-based organization sees little evidence yet of widespread job losses.

When Chuaikaew goes home to Chonburi, where his father manages a logistics company, they sometimes talk about the future. His father urges him to keep an open mind about where to work and where he can use his engineering skills, even suggesting the public sector.

Chuaikaew occupies an unusual place in this transition. By day, he helps build automated systems for one of Thailand's largest beverage companies. But at other times, he worries that those same technologies could mean less need for young engineers—and that this is the only the beginning.

"I am very sure of it," he said. **F&D**

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