

Thailand

1. Overall Condition of Labor Market

The population of Thailand was 64.01 million as of 2003, and people aged 15 or above comprised 48.31 million of the total population. The labor force population was 34.85 million, and the number of unemployed was 7.04 million with the unemployment rate being 2.03% in 2003. As for the young adult labor force, the number of people in the labor force aged between 15 and 19 was 1.64 million, and the number of people aged between 20 and 24 was 4.1 million. Hence, the total number of people in the labor force aged under 25 was 5.74 million, which was approximately 16.5% of the total labor force. The youth unemployment rate was 6.3%, 4% higher than the unemployment rate for the total population. This indicates that youth unemployment is also a serious issue in Thailand.

Thailand suffered a currency crisis in 1997. As a result, the unemployment rate rose to 4.36% in 1998 (see Chart 1). Youth unemployment reached 9.96% in the same year. Since then, the youth unemployment rate has shown some improvement, as the unemployment rate for the total population decreased. Presently, the unemployment rate for people aged 40 or above is less than 1%. This highlights the fact that there is a labor force supply-demand mismatch among the young adult labor force.

Chart 1 Unemployment Rate by Age in Thailand

	(%)					
	1998	1999	2000	2001	2002	2003
Total	4.36	4.19	3.59	3.23	2.24	2.02
15–19	10.05	11.30	9.40	8.82	7.13	7.00
20–24	9.93	8.98	8.61	7.49	6.73	5.98
25–29	5.47	5.29	4.48	3.74	2.99	2.83
30–34	3.65	3.41	2.99	2.83	1.47	1.50
35–39	2.67	2.75	2.17	1.98	1.11	0.99
40–44	2.29	2.23	1.79	1.82	0.87	0.71
45–49	2.12	1.93	1.61	1.53	0.73	0.67
50–54	1.66	1.98	1.56	1.46	0.74	0.58
55–59	1.73	1.71	1.35	1.15	0.51	0.53
60 and over	1.10	0.94	0.97	0.84	0.27	0.27

Source: “the Labor Force Survey” National Statistical Office Thailand

2. Vocational Training Policy Framework

Human resource development has always been an important issue in Thailand's National Social and Economic Development Plans. Following the currency crisis, Thailand strived to enhance its economic strength and managed to get the economy back on a growing path. This led to a shortage of a labor force with skills and technologies, which may stand in the way of industry and economic growth.

The low educational attainments of the labor force, particularly among the poor in urban areas and young people in rural areas hamper qualitative improvement of the labor force in general. The government has a pressing need to provide education and training opportunities to young people who lack education or skills. Another major issue is how to upgrade the vocational skills of university graduates. Traditionally, university graduates have joined public institutions that belong to the central or local governments. Amidst the remarkable economic recovery, there is a greater demand for university graduates in the private sector where computer-processing skills are highly appreciated. In addition to university graduates, there is a growing demand for non-university graduates in the manufacturing and service sectors, which makes it essential to provide vocational education and training opportunities for these people.

Under these circumstances, the Ministry of Education and the Ministry of Labor offer vocational training programs through the Office of the Vocational Education commission and the Department of Skill Development, respectively. The Ministry of Education provides vocational training in the framework of school education, and the Ministry of Labor is responsible for offering vocational training programs to incumbent workers and children of poor households. The division of labor has thus evolved between the two ministries. However, the two ministries have entered each other's fields by transcending the boundaries of the division of labor in recent years. Both of them are heading in the direction of vocational training programs with a focus on on-the-job training.

The next section provides a brief overview of major vocational training programs provided by the two ministries.

3. Vocational Training Program

1) Program Provided by the Office of the Vocational Education commission, the Ministry of Education

The Office of the Vocational Education commission, the Ministry of Education, provides vocational training through public vocational schools. The formal vocational education system is divided into two stages, three years at a secondary vocational school and two years at a tertiary college. Approximately 600,000 students are receiving vocational education. A breakdown of the trainees by sectors shows that approximately 50% of the trainees are in industry, 30% in commerce,

7% in agriculture, and a few percent of trainees in art, tourism and domestic science.

In 1995, vocational schools introduced the Dual System to improve the practical skills of students and to resolve the labor mismatch among the young labor force. In 2004, the Open System was introduced to provide opportunities for incumbent workers to earn credits at vocational schools. Today, vocational schools provide not only conventional academic training but also strive to develop education and training programs aimed at developing human resources with practical skills and knowledge by closely working with industry partners.

The Ministry of Education directs approximately 9,553 million baht of its annual budget to vocational training, of which 819 million baht is allocated to secondary vocational schools and tertiary colleges. The vocational training expenditure includes expenses concerning the operation of the Dual System and the Open System.

(1) Dual System

The Dual System was introduced in 1995 with the cooperation of Germany. Under this system, students are offered 3-year training at a secondary vocational school and 2-year training at a tertiary college, but spend more than half of the 5-year training period at a private company to gain practical experience. In other words, students spend one or two days a week or a few weeks a semester at a school and the rest of the time at a company that participates in the Dual System. During the training, students are paid below the minimum wage. There are about 40 officially recognized training occupations; commerce (e.g., accounting and secretarial work in the hotel and retail sectors), industry (e.g., car maintenance, machine operation, electric work, welding, sheet metal work, carpentry, painting), service, art and craft (e.g., hotel service, jewelry design, clothing design), and other sectors.

In 2003, about 43,000 students and about 9,000 companies participated in the Dual System. Many students are offered jobs through the Dual System. Even if students are not offered jobs during the training period, they are better equipped to seek employment. Taking advantage of their improved motivation and practical skills, nearly 100% of the students enter employment under the Dual System.

(2) Open System

Based on systems operating in the UK, France and Australia, the Open System was introduced in 2004 on a trial basis. The system provides a certification examination to offer credits at a vocational school for incumbent workers, who could not receive education due to poverty, despite having the ability to pursue further education. The Open System has three major characteristics: (i) Skills requirements are determined for each occupation based on an employer's needs; (ii) Vocational

training programs are developed to meet the skills requirements; and (iii) Qualification tests are administered and students who fulfilled certain requirements will receive credits at a vocational school. The system is being operated on a trial basis under the joint effort of three organizations, the Federation of Thai Industries, the Thai Chamber of Commerce, and the Department of Vocational Education of the Ministry of Education.

Skills requirement standards have been developed for five sectors, automobile, service, textiles, IT & software and jewelry, all of which are targets of the government's strategic human resource development. Presently, three organizations are conducting studies to investigate which credit should correspond to the passing of a certification examination and to determine certain requirements described in (iii).

Under the Open System, vocational schools and private training institutes provide education and training programs. Traditionally, only schools were allowed to provide vocational education. Upon the revision of laws related to vocational training, private institutes are now allowed to offer vocational education.

Nearly 30,000 people are participating in the vocational education programs offered under the Open System for the first year (2004). The first person to receive credits will be selected from this group, upon the formal introduction of the Open System.

2) Program Provided by the Department of Skill Development, the Ministry of Labor

The Department of Skill Development of the Ministry of Labor provides skills training programs to young people, with the aim of developing a skilled young labor force to meet the skill demands of the industrial sector. Under the leadership of the Central Institute for Skill Development, 12 Regional Institutes for Skill Development and 64 Provincial Centres for Skill Development offer pre-employment training programs and skills upgrade programs for incumbent workers.

An annual budget of approximately 700 million baht is allocated to these programs.

(1) Pre-Employment Vocational Training Programs

Pre-employment vocational training is designed for young people aged between 16 and 25 who do not go to school. There are 3 to 11-month training courses aimed at helping young people acquire skills that would lead to employment. About 32,000 people were participating in the pre-employment programs in 2003.

There are 3-month training courses, 6-month training courses and 10 to 11-month courses, with 1 to 2-month workshop practice. These courses cover the following fields.

- 3-Month Course: e.g., Wood Work, Coating
- 6-Month Course: e.g., Electricity, Wood Work, Gas Welding, Electric Welding,

Refrigeration and Air Conditioning, Construction, Plastering, Brick Work

- 10 to 11-Month Course: e.g., Electronics, Machining, Finishing, Printing, Location Survey, Furniture, Piping, Office Work, Car Maintenance, Architectural Drawing

(2) Skills Upgrade Programs for Incumbent Workers

Skills Upgrade Programs are aimed at helping incumbent workers improve their skills. These programs are offered to people who have rudimentary knowledge of a specific field. About 114,000 people are participating in the skills upgrade programs in 2003. The courses offer 42 to 60 hours of training and open from Monday to Friday from 6 p.m. to 8 p.m. They are free of charge and thus very popular among young people who are trying to catch up with technological changes.

There are more than 30 types of training programs, including Engine, Measurement Equipment, Gas Welding, Electric Welding, Car Maintenance, Car Engine Adjustment, Air-Conditioning Equipment, Electronic Components, Power Amplifier, Transistor Circuit, Color Television Repair, Digital Circuit, Video, Interior Decoration, Landscape Gardening, and Water Supply Work and Maintenance. The maximum enrollment limit for each course is about 20, and training programs can be tailored to meet the needs of industries.

4. Certification System

Two types of certification systems are operating in Thailand. One of them is being operated by the Department of Vocational Education of the Ministry of Education. As already stated, the Dual System offers theoretical training at a vocational school and practical training at a company. Upon the completion of training, the trainees will be awarded an official certificate or diploma based on their performance. In the future, the Open System will likely be introduced to allow people to obtain credits at a vocational school by taking a certification examination. This will open a way for incumbent workers to obtain a certificate or diploma even if they left school at a very young age.

In the meantime, the Department of Skill Development of the Ministry of Labor established skill standards for 7 occupations and 157 fields. Its vocational training programs are closely linked to the skill standards. Skills are divided into three levels, Grade 1, Grade 2 and Grade 3. Young people are offered programs that are designed to meet the requirements of Grade 1. For this reason, trainees of Grade 1 will be certified based not only on skills but also on work attitude and other personal qualities, unlike programs in other grades. The skills required for each grade are listed below.

- Grade 1 (Basic Level): A person can perform a task under his/her own power by using basic skills and knowledge acquired through vocational training of the level of vocational technical school or tertiary college.
- Grade 2 (Independent Level): A person can understand and perform a task under his/her own

power.

- Grade 3 (Top Level): A person can complete a task and instruct a less experienced worker.

The Department of Skill Development allocates approximately 300 million baht to the certification system. About 30,000 people took certification examinations in 2003.

5. Job Matching after Training

1) Job Matching by the Department of Vocational Education of the Ministry of Education and by the Department of Skill Development of the Ministry of Labor

All of the above programs place emphasis on practical workability. They are proven effective in matching the worker to the job, as they include work experience and workshop practice. Under the Dual System, in particular, nearly 100% of the trainees who participated in the system enter employment after training. It seems that as the Dual System and other vocational training programs combine work experience and workshop practice, this has a positive impact on trainees. Many trainees are hired by the companies that took them on as on-the-job trainees. They often find employment without much difficulty, because of their improved motivation and practical skills built up through training.

Furthermore, trainees tend to consult with the employment bureau of the school where they received vocational training when they want to find or change jobs. This is mainly because vocational schools have job information and computer systems, which make it easier for them to retrieve job information.

The Department of Skill Development set up the Training Development Promotion Unit at each training center to help pre-employment program trainees find a place for workshop practice. These units strive to secure a place of employment and increase the placement rate.

To be more precise, they investigate on the skills required by companies, arrange on-the-job training, send trainees with skills that meet the needs of companies, and contact trainees and companies to follow up on the progress of on-the-job training. As a result of such efforts, about 74% of the trainees enter employment upon completion of pre-employment programs, of which about 90% of the trainees find jobs with the assistance of the Training Development Promotion Unit. The remaining 10% find jobs via the Department of Employment of the Ministry of Labor.

2) Other Job Matching

The Ministry of Labour and Social Welfare provides job placement and employment assistance through the Job Placement Service Section and the Job Development Section operating under the Department of Employment. The Job Placement Service Section provides information about job offers and applications through its network. It hosts a monthly event called a job basal or job fair at

85 Employment Security Offices around the country targeted at graduates of tertiary colleges, vocational technical schools and universities. The Job Placement Service Section asks schools to hold job fairs on their own premises. It encourages companies to participate in these fairs by providing students with related information such as area of specialization.

In the meantime, the Job Development Section provides information to part-time workers. The government has stepped up efforts to provide support to companies that have come to use more part-time workers in recent years. Together, the Job Development Section and the Department of Skill Development are developing information sharing procedures to improve the skills of students who wish to become part-time workers. For the purpose of job placement, the Department of Employment plans to develop and operate a system (Job Bank) that would enable employers to retrieve information about job seekers through the Internet. Job Bank is a job information database consisting of information about the youth population as a whole regardless of vocational training experience. It will be based on the existing job information system that covers trainees and graduates of public vocational training institutes. It will also feature information about young people who wish to become part-time workers.

Universities began introducing the internship program to encourage more students to work in the private sector. Internship programs are developed independently by the universities, thus different curriculums are operating at different universities. Teachers with expert knowledge find internship opportunities and send students to companies that take them on as trainees. Given a situation in which public sector employment such as civil servant positions are decreasing, it is expected that a growing number of university graduates will find jobs with private companies. The internship is expected to achieve a positive impact. However, it presents an issue that it may have a limited impact depending on the academic rank of the university.