Industrial Skills Development in Thailand

Phetcharee Rupavijetra
Department of Vocational Education and Wellness Promotion, Faculty of Education, Chiang Mai University, Thailand, *phetcharee.r@cmu.ac.th*

***Jira Jitsupa**
Teacher Professional Group, Faculty of Education, Suan Dusit University, Thailand, *jira_jit@dusit.ac.th*

Sakchai Chaiyarak
Teacher Professional Group, Faculty of Education, Suan Dusit University, Bangkok, Thailand, *sakchai_cha@dusit.ac.th*

*****Corresponding author E**-**mail**:** jira_jit@dusit**.**ac**.**th

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ABSTRACT: *Research on titled 'Industrial Skills Development in Thailand' aimed to examine historic background of Thai labor situation; skills formation and development in selected industries; relationship between differences of cultural management styles and skills development in workplace; the potential of skills development in Thailand. The tools used in this research were interview with employers, managers, employees in selected workplaces, and trainers and staff in the Chiang Mai and Lamphun Skills Development Centers and observation work process in 7 kinds selected factories which consisted of 10 factories – 2 car industries, 2 electronics, 1 engine part, 1 pottery, 1 textile, 1 jewelry and 2 food processing. The results of research indicated historic background of Thai labor situation that for primarily Thai labor had low education because of poverty and negative attitude toward education and training. Employment as wage labor of Thais was the consequent of economical changes and expanding of industrialization from both Thai and foreigner investment. 2. Thai labor form skills in workplace more than in educational institutions. For factories involved with technology, Thai labor had technical skills to work by operating task under supervision. Skills of labor depended on year or working and self-development. For jewelry and pottery, Thai labor indicated high skills on producing these crafts. The products could lead to added-up value and high price. 3. Cultural management styles affect how labor work and support to form and develop skills in workplace if employers paid much attention on employees. With teamwork like in Japanese styles, conducting training often like OJT and training often, good relation in firm, these practices support skills development. Finally, the potential of skills development in workplace in Thailand tended be more positive because mostly Thais in workplace contemporary had positive attitude to training, influence of educational reform and the Skill Development Act.*

Keywords: Industrial Skills, Skills Development, Thailand

1. Introduction

Many researches and discussions referred that Thailand was noted for its cheap and unskilled labors. Thailand was rarely featured on economic new pages, like those of many developing countries, as it was based on the export of primary products and import-substitution policies at home (Siam Commercial Bank, 2015) (Phananiramai, 1997) (Hussey, 1993) (Ngo, 1992) (Kim & Vorasopontaviporn, 1989). The Socio-economic situation of Thailand is mainly an agriculture-based economy, as the land was fertilized, the formal time, the national economy was controlled by royal and noble families. In general of society, it was subsistent economy on agricultural products (Nantawiwat, 2019).

Referring to King Rama IV, who signed the Browing Treaty in 1855 with the force from Britain, the country's economy was changed to be a trade system. Labor system in Thailand at that time was 'Plai' and a small number of 'Thad' - or slavery system'. Their duties were to work for the royal and rich/noble people. However, Thais in general could pay tribute of agricultural products/goods instead of working for the nation. With rice fields expanding for export resulting in the needs of more labor in rice producing, the regulation on this labor system was decreased and abolished later on (Dhitiphong et al., 2020).

After the 1950s, Thailand was ruled by Field Marshall Pibulsonggram and the growth of economy was promoted. The state played a vital role in fostering Industrialization through state-controlled enterprises. During 1945-1971, it was the Industrialization period (Chalamwong, 2011). The industrial Promotion Act of 1954 was enacted to induce foreign firms to invest in Thailand. At that time, the educational system in Thailand for compulsory education was 4 years, but most of the Thais still had no education and lived by local wisdom & natural ways. Hence, the history background regarding Thailand was noted for its cheap and unskilled labor from the beginning until now (OECD, 2021). Though the study, the researchers found that these criticisms were not all correct. As in some industries, Thai people showed skills and were professional even though they had low education. Thus, the research questions are as follows:

1. Therefore, the researcher raised research questions that:
2. Do Thai labors in general have low skills?
3. Where and how did they form their skills?
4. How cultural management styles affect skills development in workplaces?

2. Research Objectives

1. To study historic background of Thai labor situation
2. To examine skills formation and development in selected workplaces;
3. To examine the relationship between differences of cultural management styles and skills development in workplaces
4. To examine the potential of skills development in Thailand

3. Research Methodology

The researcher used document research for the first objective**.** Then used interview & observation at work process for the 2nd **-** 4th objectives by interviewing directors, managers, engineers, supervisors and operator level in each factory at least 50 persons**.** Total key informants were 400 people**.**

Research samplings:

Research samplings of Phrase I. Selected samplings consisted of 7 kinds of industry in which these industries could indicate priorities benefit to each firm and the country, there were 10 factories: 2 car industries; 2 electronics; 1 engine part; 1 pottery; 1 textile; 1 jewelry; 2 food processing

Details of samplings Phrase I

1**.** Car industry, one is invested by Japanese and the other is a joint venture between Thai and Japanese in the Eastern region which had more than three thousand employees**.** Other firms are located in Northern Industrial Estate**.**
2**.** Electronics; invested by USA and Japanese which had about one thousand employees**.**
3**.** Engine part; one factory invested by Japanese which had employees of about 700 people
4**.** Pottery; invested by Thai women which had 102 employees**.**
5**.** Textile; invested by Thai in which the factory had 800 employees**.**
6**.** Jewelry; invested by French which employed 200 employees**.**
8**.** Food processing; invested by Japanese which had 700 employees,
The other factory was invested by Chinese which employed 500 people for permanent labor and hired temporary workers, depending on the seasoning of raw materials**.**

Details of Sampling Phrase II

The researcher interviewed 15 staffs who were responsible for skill development with workplaces at Chiang Mai Center for Skills Development and Lamphun Center for Skill Development, including trainers.

4. Research limitation

The process of selecting/random key informants depended on the factory to cooperate with the research team and the available time of workforces. So, permission was given to interview each key informant for 20-30 minutes due to work flow in the assembly line, and research assistances were used. It was quite difficult to make the same understanding on the term of 'skill', as in Thailand, many Thai words can be used to regard to skills - 'Taksa' / 'Khomsamard' / 'Khomchiewchan'.

5. Definitions of this research

Skills = abilities of labor to operate their work/task with no mistake, can create and improve their work to more added-value.

Skills = composed of 3 dimensions; cognitive skills, technical skills and behavior skills.

Level of skills (technical skills) in Thai workplace = classified into 3 levels following technical vocational Education in Thailand: level 1 for beginning and can work, level 2 referred to fair level, level 3 referred to good - very good levels.

6. Background of key informant

Directors, managers, engineers graduated bachelor degree, though some directors and managers developed themselves from technical vocational ed. Supervisor developed themselves from operator level, or graduated with Vocational education or bachelor's degree while operator level were classified as: In car industry, mostly 70% factor hired technical vocational education & some secondary/upper level. Electronics factory hired 80% on secondary level (M.3), upper secondary (M.6) and technical education on working with the engine. Engine product factory hired 80 % on M.3, vocational education. Textile and Jewelry factories hired most labor with less than M.3, primary school. Pottery labor worked there with primary school level, M. 3 and vocational education in sale and QC positions. Food processing factories hired no education, primary school level, M. 3 and vocational education / bachelor on office positions.

Mostly key informants who were directors, managers, engineer positions worked for more than 5-18 years in any factories around Industrial Estate. These positions tend to move from one factory to another factory and this move led to receiving higher wages. These positions had worked in current factories for an average of 1-18 years. Supervisors worked in current factory for 3-15 years. Operators worked in current factory for 1-15 years.

7. Research result

1. The historic background of Thai labor situation

The reasons why Thais in the former time, had low education level: One of the reasons is poverty. Working could bring money to the family; so, attitudes towards education, at that time was that education was rarely a mean of living as agricultural sector. The next reason is the culture of Thai society which had strong hierarchy & authority and patronage respect, along with the Centralization policy. Therefore, superiors took all commands. If inferiors became educated people, it would then lead to hard management and challenged the in-depth traditional culture. In addition, the number of schools opened was tended to be in urban areas (Chatrakul Na Ayudhya, 2010).

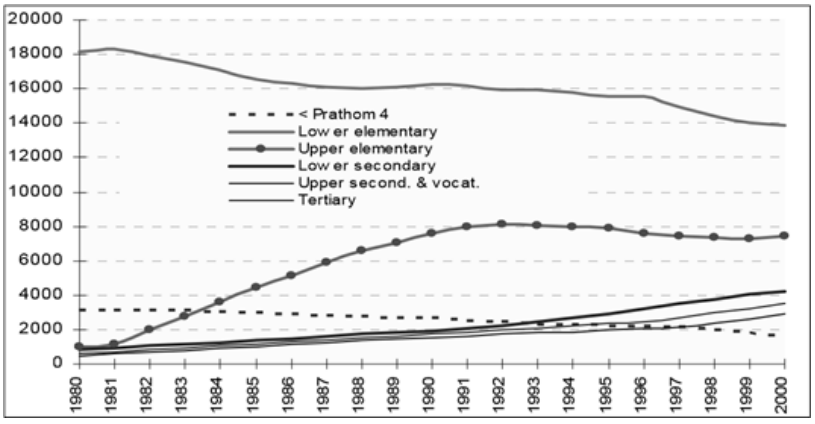

Figure 1. Labour force by level of education (thousand) (CELS database, 2007)

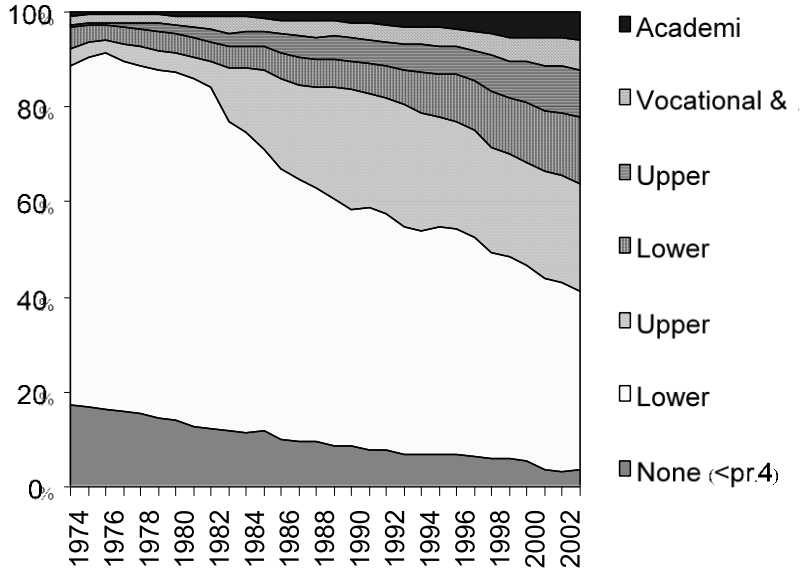

Figure 2. Labour force by level of education (percentage)

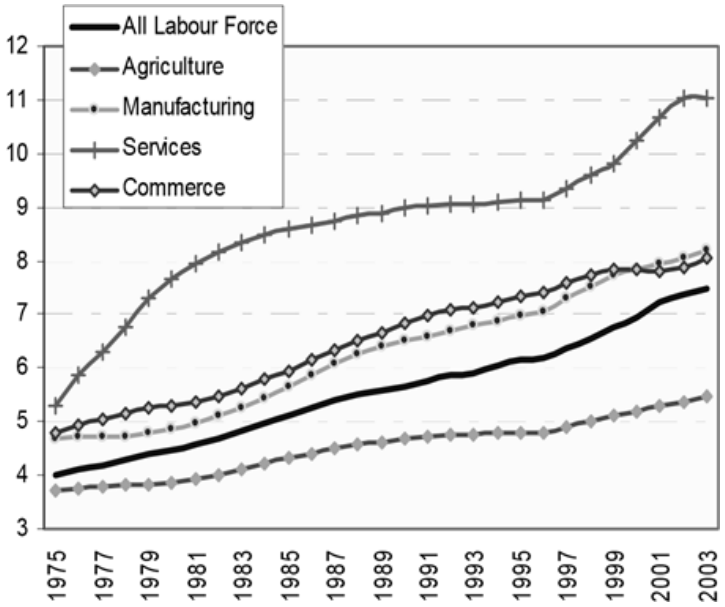

Figure 3. Average Number of Years of Education of the Labour Force by Industry

However, with the enactment of the National Education Act of 1999, the compulsory education was further raised to 9 years, so the Average Number of Years of Education of the Labour Force is raised too. For the whole labour force, the average number of years of education has risen from 4 years in 1975 to 7.1 years in 2003. The Thai Ministry of Education has just reported recently that the average no. of year in 2008 was raised up to 8.25 years (Ministry of Labour, 2021)

Employment and labor force situation in Thailand

Employment as wage labor was the consequent of economical change and the expanding of industrialization in Thailand. Although the output of non-agricultural sectors has exceeded that of agriculture since 1985, the majority of labor force is still employed in agricultural sector. Women, especially in rural areas, participate massively in the labour force such as textile, food processing and other products. In traditional farming or in small family enterprises, it is common to see young or old people working; working as family helpers. This high overall labour force participation rate, which has been recorded since the collection of statistics on the labour force began in Thailand, is linked to the rice economy, which is very labourintensive (Chatrakul Na Ayudhya, 2010).

The growth of the manufacturing sector was tied directly to large increasing in foreign investment and the growth of export-based manufacturing. Thai workforce immigrated to urban areas, moving from agricultural work to factory but with low education and low manufacturing skills, their income consequence was low. With poor education and limited skills, it was difficult for labors to adjust themselves quickly to manufacturing. This further aggravated the nation's income disparity. **(**International Labour Organization, 2020**)**

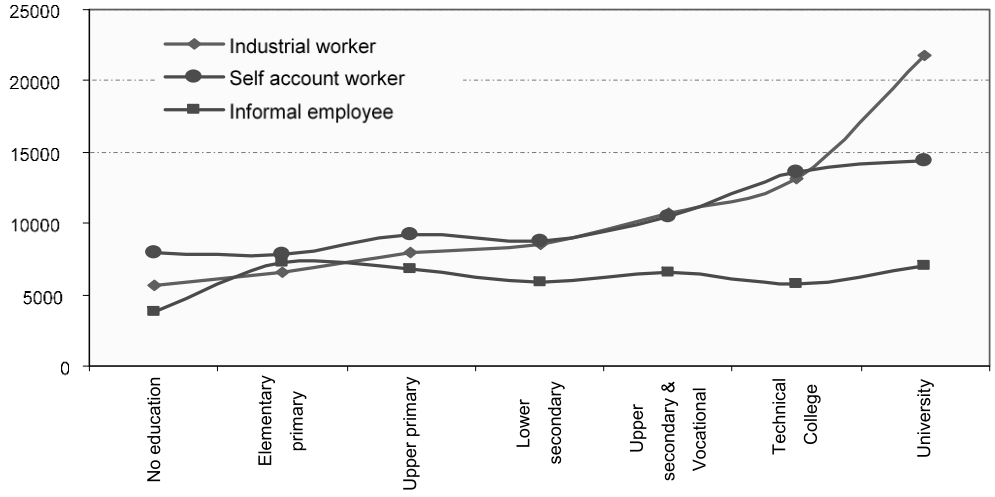

Figure 4. Labour incomes by sector and by position

The first Labor Relation Act BE. 1975 was set, and now we have Labor Relation Act 1998 which tend to more support labor force. Thailand' s Labor Protection laws had implemented slowly as the governments seemed to encourage and pleased investors rather than the labor force. The situation of Thai labor now composed of formal labor and informal labor. Formal labors are only partially covered by the various security schemes which the Social Security System had just implemented (Nantawiwat, 2019).

The total of Thai population is 63,038,247 persons registered in Dec. 2007, consisting male 31,095,942 persons and female 31,942,305 persons. Employment rate: 37.36 million persons gender sector of working 15.12 million persons in agriculture (Rupavijetra, 2010).

2. Skills formation and development in selected workplaces
For Jewelry and pottery

Thai labors indicated high skills on producing these crafts. The products could lead to added-up value – the factories could sell with high price and new styles. With teamwork and provided opportunity to develop, like in car, engine part, and electronics industry, some labors could form cognitive skills and technical skills rapidly. For engineering positions, most of them had technical skills and cognitive skills to work with technology which was set from overseas, but they needed to be trained in the workplace for a period of time, including formal training in and outside. Japanese companies provided opportunity to all positions, supervisors, engineers, and managers to develop skills by obtaining formal training, while USA focused on only outstanding labor. Employees said on how to work and develop skills from the interview (Rupavijetra, 2010);

1. Most of the labor indicated that they formed their skills in the workplace, particularly in modern enterprises which had good management
2. By learning by doing
3. Repeat work for many years
4. Self-developing
5. On the job training and formal training

Training programs in workplaces

Most of the selected factories used training like on the job training, formal training, work under supervision, and teamwork to form and develop skills of labors. Out-door training tended to be for soft skills, for instance- behavior skills - attitude to work, passion, motive, spirit, trait, positive thinking, leadership, trustfully, personality improvement, and time management (Hess et al., 2016).

From interviewing director, managers, the researcher found that employers needed their employees to train on: Teamwork and developed management such as QC, TQM, QA, ISO, balance scorecard; Skills for making decisions; work collaborate with colleagues; problem-solving, good communication; language, reporting & cultural understanding; Skills for using Information Technology – access and interpret information; Skills for better work

performance. Training programs in workplaces by outside trainers, group activities, role play, games and so on (Rupavijetra, 2010).

Interviewed personnel managers on training

Most of them indicated that they understood the importance of training, in particular technical skills, but mostly trainings programs which were conducted formally were behavior skills as they were easy to conduct because of the use of less time (1-2 days) and low budget (Stupak, 2020). For technical training, it takes time and affects to work process. Electronics, car industrial, food processing, said that it was not easy to conduct formal training because they had to organize each shift carefully (Poliakova et al., 2021).

3. Relationship between differences of cultural management styles and skills development in workplaces

In Japanese company the research found that

Japanese companies use team work with leadership efficiently. They focus on human and skills development by on the job training and training programs all levels and all year. There is rotation for some positions that need to get promotion. They also focus on quality and good working condition, safe and tidy. Moreover, seniority based and merit based system are used for getting promoted (Meyer, 2020)(Agnieszka & Peraset, 2015).

In USA company

The workplace is autonomous, for example, there is no time record for 300 office staff and higher level. Time for break off on operator level was calculated and it was thought as wasted time. The company focuses on important positions like engineers, directors, and managers rather than supervisors or operator level. There is less formal training as coaching at work and self-improvements are more used. Furthermore, Merit based system and individual presentation is considered for giving promotion (Sultanova, 2016).

In Thai factory on produced pottery

As the factory facilitated some Thai cultural management and Japanese or western management together in the appropriate ratio, the factory could gain success and benefits. It conducted Thai cultural management: patronage-based system - like family member to get factory welfare. Staff recruitment and labor management is based on personal relationships. In terms of western management, there are training and coaching for quality of product. In addition, the factory works closely with educational institutions, entrepreneur club and industrial association (National Museums Scotland, 2021) (Rupavijetra, 2010).

For Textile factory invested by Thai.

The factory facilitated some Thai cultural management and Japanese or western management styles together in the appropriate ratio. Although the factory hired many managers, the owner of the factory still did all decision making due to Authority respect. The factory was in good condition, well-kept and tidy. Investment on engine with technology was made and USA expert for marketing were hired. This factory also focused on training and coaching, and the quality of product (Agnieszka & Peraset, 2015).

For Chinese factory invested in food processing

Due to hierarchy and authority respect, the owner or the general managers controlled and made decision in the factory, while workforces followed the orders. There is less good working condition being quite messy and unsafe. Manpower is more utilized than technology and there is no training for workforces (Zhu et al., 2021).

8. Research discussion

Cultural Management styles affect how labors work and support to form and develop skills in the workplace if the employers paid much attention on their employees **(**Pham, 2021**).** With teamwork like in Japanese style, conducting training like on the job training and formal training often or all year round, good relationship between owners, employers, supervisors and employees **(**Yasuda, 2019**).** These practices support the workforce to develop skills and work happily **(**Mutwarasibo, 2013**).**

The potential of skills development in workplace in Thailand

The research found that the potential of skill development in workplace in Thailand tended to be positive and obtained good responsibility. The attitudes of Thai people on training were changed to be more positive by realizing that training was important for working. Trainers improved and used many training methods to stimulate the training programs. There are about 414 vocational education colleges in Thailand to provide technicians into the labor market, particularly, technical vocational colleges that teach electronics, electricity, mechanical and automobiles and so on (Rujira et al., 2020). Vocational education still has some obstacles of producing qualified students and the attitude of students in this stream. However, the Thai Education Ministry has attempted to reform this stream as well as general education. With attempts and stimulus of the Skills Development and Promotion Act, 2004, workplaces (especially with number of employees at least 100 or more) had to conduct formal training and report the labor ministry via the Skills Development Center in each province each year. Otherwise the workplace had to pay to the Skills Development Fund (Ministry of Labour, 2021).

The important key factors to support sustainable skills development in Thai workplace

1. Changing attitude of people in all levels/Thai society toward training and learning in workplace or lifelong learning – necessary for living and working (Cronholm, 2021).
2. Changing attitude of Thai youth and society to realize the importance of vocational education as well as improving the educational management including the wage payment (Wannapiroon et al., 2021).
3. Thai Cultural management style should use the strength of characteristics: Hierarchy, Authority, senior respect mixed with Patronage; Personal relationship to encourage subordinates/junior to learn more and develop their skills continuously and seriously (OECD, 2021).
4. The personality – leadership, ability to motivate people, full of service mind, learned person is very important characteristics for people who are: supervisor, manager, director, personnel staff, trainer, staff who work at the Skills Development Center (DeAngelis et al., 2014).
5. Human resource sector in the company should provide career and life guidance and consulting unit (McCauley, 2019).
6. For policy level, it is very important to tie cooperate among; Education Ministry, Labor Ministry, Industry Ministry, Commercial Ministry, on employment, skills development, wage of workforce in all level with clear and relevant concepts (Nilsook et al., 2021).

Suggestion for the further research:

1. To continue research on car industry and electronic industry as the global recession.
2. To continue research on labor situations during and after this global economic recession.
3. To continue research focusing on the implementing of – success and obstacles of the Skills Development and Promotion Act 2004.
4. To research on education part ex.- vocational education and its roles to contribute skilled labor.

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10. Authors' information

Phetcharee Rupavijetra is an Associate Professor at the Business Administration Program, the Department of Vocational Education and Wellness Promotion, the Faculty of Education, Chiang Mai University Thailand**.** She currently works in the field of Older Adults Education, Training, Project**-**based Learning, TVET and Education**.** She is a member of East Asia Federation for Adult Education **(**EAFAE**)** and Association of Professional Development of Education Administration of Thailand **(**APDEAT**).**

Jira Jisupa is the assistant professor in the Teacher Professional Group, Faculty of Education, Suan Dusit University, Bangkok, Thailand**.** His primary interest has been in the area of Information and Communications

Technology for Education focusing on early childhood and primary education**.** He has been a member of Professional Societies in the Thai Association for Educational Communications and Technology **(**Thai AECT**).**

Sakchai Chaiyarak is a lecturer in the Teacher Professional Group, Faculty of Education, Suan Dusit University, Thailand**.** He currently works in the field of Education and Teacher Professional**.**

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