

IN-DEPTH LOOK AT THAILAND'S INDUSTRIAL LABOR FORCE AND DEMAND FOR THE NEXT FIVE YEARS

Mr. Udom Wongviwatchai, Director General of the Office of Industrial Economics (OIE), Ministry of Industry, mentioned that the number of laborers aged 15 years or over was 38.4 million, 59% of Thailand's total population in 2014. It has increased 7.64% over a decade. Furthermore, the employment rate and share to labor force have shown an escalation over the past 10 years. The share to labor force was 97.23% in 2004 and reached 98.35% in 2014.

Thailand's labor force remains resilient. The unemployment rate has decreased from 2.07% (in 2004) to 0.95% in 2014. However, the unemployment rate for 2014 soared 28.17%, while the number of employed people dropped 2.18% when compared with the recorded rate in 2013. When evaluating the state of the economy, the expectation today is that the Thai labor force will be ready to support further economic expansion.

Overall, the characterization exists that the Thai economy features labor shortages; nevertheless, the unemployment rate in the country has increased, stemming from the increased hiring of migrant laborers. This trend is a reflection that the structure and value of Thai education do not meet the demands of modern industry. When analyzing unemployment rates by education level over the past 10 years, the number of Thai workers who completed higher education (bachelor's degree) climbed but the unemployment figure for this group climbed. However, workers with either a vocational degree or a higher vocational certificate featured the lowest unemployment rate. Another factor causing a labor shortage in industry was wages as the services sector offered more attractive salaries. In 2013, the average salary in the services sector was 17,623 baht/month, while it was 10,968 baht/month in the manufacturing sector. Besides, Thailand now can be considered an ageing society and will be a full-blown aged society by 2030.

The number of workers in industry presently stands at approximately 6,184,926 people, comprised of 1,102,464 in professions and 5,082,462 as production labor. The highest number of employees worked in the manufacturing of food and beverages (957,998 people), followed by the manufacturing of rubber and plastic products (571,607 employees), and the manufacturing of automobiles, trailers, and semi-trailers (519,220 employees).

Even though the workforce mainly is concentrated in the labor production sector, Thailand's industry is facing a shortage of 34,717 laborers at the production line level, particularly for skilled workers. Industries that require more labor input were the manufacture of metal products, excluding machinery and equipment (6,482 positions), the manufacture of garments, decorating, and dyeing of animal furs (6,421 positions), and the manufacture of food and beverage products (4,538 positions).

Within the next five years, the forecast is for Thailand's industry to face a shortage of production labor of around 290,604 people. Reviewing the present labor force by age, skilled

workers were mostly elderly, indicating that the manufacturing sector will face an insufficiency of skilled laborers in the future as Thailand rapidly becomes an aged society.

Currently, there are labor problems in the manufacturing sector, such as frequent job-hopping within the same industry, rising wages that influence production costs, and a large number of unskilled laborers moving from the manufacturing sector to the services sector. Other relevant labor issues are job resignations for continuing one's education or self-employment, as well as the existence of impatient, disengaged or unenthusiastic employees. Some workers are not ready for the demands of their work or their performance did not justify their pay. Another concern is the difficulty in communicating with migrant laborers.

Business operators in the manufacturing sector could reduce their overtime hours in order to cope with higher wages, hire more migrant workers to decrease labor costs, and control expenses. Moreover, companies should recruit skilled employees to replace those who resigned to work at other factories or to find jobs in the services sector as well as provide insurance or welfare benefits. For unskilled employees, companies should provide training to enhance their skills and collaborate with educational institutes to prepare more vocational students to meet the demands of a modernizing Thai economy.

Long-term solutions to restructure the Thai labor market include enhancing worker productivity and the utilization of more automation systems in manufacturing to solve labor shortages, particularly in terms of numbers and quality, and the lack of qualified workers.

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