

Enhancing Employability in Challenging Times: The Case of Thailand

Nisada Wedchayanon*

Abstract

Unemployment was driven not just by economic factors such as corporate restructuring and downsizing, but also by largely hidden and suboptimal levels of employability within the Thai workforce. This case chronicles the nature of the concept of workforce employability. The experiences of two of Thailand's key trading partners in implementing employability enhancement programs are discussed, followed by a citation of the several factors, including employability, that influence a country's overall employment picture. Finally, the case enumerates Thai governmental policies and programs that have already been put in place to combat rising unemployment, including that portion of unemployment resulting from insufficient employability.

Keywords: Employability, Skill, Workforce, Unemployment, Human Resource Development

* This case study was written by Associate Prof. Dr. Nisada Wedchayanon of the Faculty of Graduate School of Public Administration at the National Institute of Development Administration (Thailand) and is based on a combination of field and archival research. NIDA cases are developed solely as the basis for class discussion, and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective administration or managerial practice. Copyright © 2010 by National Institute of Development Administration and Associate Prof. Nisada Wedchayanon.

To order copies or request permission to reproduce materials, call (662) 727-3916 or go to <http://www.nida.ac.th>. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means – electronic, mechanical, photocopying, recording, or otherwise – without the permission of the National Institute of Development Administration.

การส่งเสริมความสามารถในการมีงานทำ ท่ามกลางสภาวะท้าทายของประเทศไทย

นิสдар์ก์ เวชyanan พ.

บทคัดย่อ

ปัญหาการว่างงานไม่ได้เกิดจากปัจจัยทางด้านเศรษฐกิจ เช่น การปรับโรงสร้างและ การลดขนาดของหน่วยงาน แต่เพียงอย่างเดียว หากแต่ยังมีปัจจัยที่ซ่อนเร้นอยู่ นั่นคือ ระดับของ ความสามารถในการมีงานทำของแรงงานไทยที่ยังไม่มากเพียงพอตามที่ตลาดต้องการ ในกรณีศึกษา นี้จึงได้อธิบายถึงแนวคิด ยกตัวอย่างโครงการส่งเสริมความสามารถในการมีงานทำของประเทศไทย คุ้มค่าที่สำคัญของไทยสองประเทศ เพื่ออภิรายถึงปัจจัยต่าง ๆ ที่ส่งผลต่อภาพรวมของการจ้างงาน ในระดับประเทศ ปัญหาการว่างงานอันเกิดจากการขาดการส่งเสริมความสามารถในการมีงานทำ รวมทั้งนโยบาย ตลอดจนโครงการของรัฐบาลไทยในการแก้ไขปัญหาการว่างงานที่ผ่านมา

คำสำคัญ: ความสามารถในการมีงานทำ ทักษะ แรงงาน การว่างงาน การพัฒนาทรัพยากรมนุษย์

Taking office in December, 2008 as Thailand's 27th prime minister, Abhisit Vejjajiva was immediately confronted by a complex array of political and economic problems. Especially critical were the long-simmering political and social divisions in Thai society that had been festering since the era of ousted Prime Minister Thaksin Shinawatra. But, no less worrisome was the rapidly rising unemployment rate that had beset Thailand in the aftermath of the meltdown of the global economy – a downturn that began in late-2007, and that was triggered by the so-called “Hamburger Crisis” that had originated in the United States and then spread to the European Union, two of Thailand's most important trading partners. Not only was unemployment increasing at a brisk clip, with 200,000 workers having lost their jobs since January, 2008, all signs pointed toward a likely *acceleration* in the rate of joblessness as the year progressed.

Shortly after taking office, the young Eton- and Oxford-educated Prime Minister and his coalition partners lost little time in devising and setting in motion programs and policies with which to tackle these two growing concerns. On the political front, a number of speeches and actions aimed at effecting national reconciliation were placed in the arena of public discourse, while discussions continued regarding what additional actions might be indicated if virulent anti-government forces adhered to their vow to bring the government down. Prime Minister Abhisit was well aware that the success of these overtures toward reconciliation was anything but guaranteed and that in the event that they were negated, his government would have to be prepared to respond to new developments as they unfolded.

Similarly, on the economic front, an array of fiscal and monetary packages had been discussed and drafted, with some measures being readied for implementation, as the full magnitude and duration of the global economic contraction and Thailand's own downturn came into clear focus. These measures ranged from classic countercyclical programs such as government stimulus packages of various types (e.g., increased government spending on large infrastructural projects) to outright cash grants to low-income citizens to special financial assistance to exporters to price controls on consumer essentials such as rice and pork. A few interventions had already been implemented, while additional initiatives were placed on standby in the event that they should become needed later.

While the Prime Minister and his government were optimistic – at least, publicly – that these measures, taken as a whole, would enable the country to survive the gathering economic storm blowing into the region from the West, he was nonetheless still concerned. From all indications, the cascading waves of the 2008 global downturn could conceivably hit the country harder than the financial crisis of 1997 – a crisis from which the nation did not fully recover for more than five years. As Thai industrial concerns and business enterprises downsized in the face of the current economic contraction, the resulting layoffs of tens of thousands of workers and employees clearly had the potential to exacerbate greatly the country's already acute social problems.

As if these challenges were not monumental enough, the Prime Minister had recently become aware of another troubling aspect of the unemployment situation – a facet of the problem that was rarely given much thought during economic boom times, but which had the potential to exacerbate employment problems during a deep and prolonged economic recession. This was the issue of *employability*, in contradistinction to the status designation of either “employed” or “unemployed.” Heretofore, the issue had not received much governmental or nongovernmental attention to date. But, voices, particularly among human resource scholars in the Thai academic community, had been insisting for a number of years that Thai institutions – including the government, the business community, and the educational establishments – needed to begin to take urgent steps to enhance the employability of all participants in the workforce – new entrants, as well as current workforce participants. Otherwise, they argued, the relentless forces of economic globalization would increasingly place in jeopardy the livelihood of those employees who failed to keep pace with the demands of a continuously transformed workplace – even when the current economic storm subsided.

“Employability”: Catchword for the 21st Century Global Economy

While definitions of the term varied from setting to setting, in its most basic meaning, *employability* referred to “the power or capacity to meet the minimum requirements for a specified kind of work or position of employment.” The adjective form of the word, “employable,” was descriptive of a perceived attribute of an individual or group – as it, for example, “This person is highly *employable* by virtue of the quality of his educational preparation and his previous experience in the field.”

“Employability,” the noun form of the concept merely elevated the personal attribute to denote a defining state or power or capacity – as in, “Given our in-depth review of this individual’s academic background, work experience, and personal attributes, her *employability* is no longer in question.”

Noteworthy was the fact that the concept of employability had not always enjoyed much prominence in the corridors of government, academe, and the business community. To a large extent, it was a direct byproduct of the emergence of the Information Age and the rapid globalization of industry and commerce in the closing decades of the 20th Century. Thus, understanding its genesis and the nature of the forces that propelled it was critical to the development of effective approaches to enhancing the employability of the Thai workforce.

Genesis of the Concept

An understanding of the emergence of the concept of *employability* could only be fully gained by examining the forces that helped sweep away the old “Industrial Era” and set in motion a new paradigm for organizing and managing economic activity. Principal among these factors and phenomena was the advent of increasingly sophisticated information technology that came on the heels of the invention of the microchip.

The Nature of Work and of Jobs in the Industrial Age. Work in the erstwhile Industrial Age had been made “scientific,” through application of principles of division of labor, specialization, standardized remuneration, and the like. Work during this era was largely compartmentalized, with bits and chunks of “tasks” sliced off the whole and packaged into discrete, standardized “jobs.” Employers assumed the burden of training relatively untrained (and largely under-educated) new workers in the mechanics of performing the standardized elements of their assigned jobs in a manner that would yield the highest ratio of output to input, i.e., *efficiency*.

The largely benevolent environment during this era was characterized by stability, albeit stability-with-complexity. Hence, management hierarchies could be relatively tall -- with planning, direction, and control emanating from the strategic apex of an enterprise and cascading down through the multitude of echelons to the lower ranks, who then routed reports on performance and problems-awaiting-solution back up the pyramid for resolution by the planners and controllers at the top.

Apart from the competent performance of their specific chunks of work, not much was required of non-managerial employees, particularly the lower levels, other than strict compliance with the policy directives, procedural manuals, and rulebooks. With a few exceptions (e.g., the sales force), their work took place almost exclusively within the boundaries of the organization. Their required interactions and communications were mostly vertical with their superiors and subordinates in the hierarchy.

Because of the relative stability of the competitive environments of organizations during this era, work – once mastered -- tended to change incrementally and then typically over sufficiently long periods of time to permit gradual adjustments. For the most part, tomorrow's work could be counted on to be not too dissimilar from today's. Those relatively rare *swift* changes were managed from the strategic apex, which took care of organizing any new forms of work into new jobs.. The average employee was thus spared the necessity of having to do any *real* thinking. In the poignant words of one company wag, “My boss does the thinking. I do the *doing*.”

While the latter years of the Industrial Age saw firms increasingly engaged in international trade, much of the workforce in the Industrial Age had very little direct involvement with their employers' international operations. Further, all manner of restrictions on the flow of goods and services across national borders (e.g., tariffs and custom duties, outright import bans, currency uncertainties, etc.) made the notion of concepts such as global sourcing, production, marketing, and distribution altogether unthinkable. Firms that ventured into the international arena tended to do so, first, via exporting directly from their national hubs and only later, as a final step, setting up country subsidiaries (with some or all of the full array of economic functions) to serve the needs of discrete national markets.

All these factors and conditions tended to make for “kinder and more gentle” competition. In addition, the fact that large segments of, at least, the industrial segment of the workforce were unionized (with important employment protections built into their contracts and into public law), made it possible for many large firms to operate on the basis of “lifetime employment.” That is, employees who successfully passed a brief probationary period and who thereafter avoided foolish actions (e.g., theft of company property) were essentially guaranteed a job until they reached retirement age.

It was an “ideal” equilibrium. Corporate strategies and structures fit the stable environments of the time. Authoritarian management styles fit the structures and (many thought) the mindsets and interests of employees. Guarantees of lifetime employment kept workers more or less content, even docile. All seemed well. Employers got what they wanted from their workforces—and prospered; and, workers got much of what they expected from their employers—and prospered.

The Nature of Work and of Jobs in the Information Age. Into this happy equilibrium there eventually arose—slowly at first and then with relentless increasing momentum—a confluence of forces that conspired to all but obliterate the nature of work and of jobs and the ways of doing business that had held sway since the height of the Industrial Revolution in the late-1800s. First, an increasing proportion of national economic activity began shifting to the *services* sector – with important implications for both the organization of work and for types of persons required to perform it.

Second, with the lowering of the many erstwhile barriers to trade and the entry into the global arena of new, low-cost producers (e.g., Brazil, India, China, the ASEAN nations, etc.), it became increasingly possible—and, ultimately, imperative—for many labor intensive industries to shift major parts of their operations across national borders in search of lower per-unit costs and thus higher profits. As their domestic and international competitors followed suit, competitive rivalry intensified correspondingly. Lowest per-unit costs, most efficient international distribution system, speed in new product design, flexible manufacturing—these and other innovations became the new hallmarks of competitiveness. With the appetites of global consumers now whetted for all manner of products and services at the lowest possible price, firms of all sizes were obliged to scout the globe in search of venues promising larger markets, lower-cost production, and new prospects for burnishing their distinctive competences in one or more of these bases for competitive survival.

Third, a revolution of advances in information technology continued to introduce ever more sophisticated ways by which global competitors could achieve lower per-unit costs, gain speed advantages over their would-be competitors, segment and exploit new markets, and control their increasingly vast and far-flung enterprises. Without such advances, many of the new ways of doing business globally that emerged with increasing frequency during the final few decades of the 20th century would simply have been impossible. Thus the moniker that came

to integrate and epitomize the forces that converged to define this new era: The Information Age.

While there were other factors that propelled the shift from the Industrial to the Information Age (e.g., changing demographics and social mores in many countries, the triumphant of liberal democracy across much of the globe, and so on), the three aforementioned forces alone exerted an exceptionally profound influence on work and jobs in the post-industrial era. A few changes were particularly impactful.

Greater environmental uncertainty (caused by increased competition, among other factors), combined with the imperative of speed and flexibility led to the deconstruction of the tall hierarchies of the old Industrial Age. They were replaced by flatter organizational structures in which empowered lower-level employees were expected to assume more decision-making power and use it to enable the firm to respond quickly and appropriately to new developments and demands. To make this possible, reporting and communication patterns now added on a lateral dimension to the traditional vertical one, thus placing increased emphasis on employees' *teamwork* abilities. Direct supervision had to begin giving ground to greater *team* direction and *team* control, as increasingly interdependent employees performed work that by its very nature required the "doers" to also be the important sources of direction and control. With greater responsibility for problem-spotting, problem-solving, and decision-making thrust upon the lower levels, *team* norms, values, and leadership began playing a larger role in the organization and performance of work.

Particularly noteworthy as the Information Age began putting its own stamp on the organization and management of economic activity was the fact that the confluence of the aforementioned forces greatly reduced the ability and willingness of business enterprises to continue to guarantee lifetime employment. Above all else, the new realities of their competitive environments demanded of them *adaptability* and *flexibility*. In this new era, it was absolutely imperative that firms be in a position to respond quickly and appropriately to the emergence of new conditions and factors in their competitive environments. Lifetime employment worked against this capability. For example, if a new strategic opportunity required employees with a different array of skills and competencies than those possessed by a segment of their existing workforce, then guaranteed lifetime employment could conceivably constitute a serious impediment. Equally important, in the new world

of global competition, the new reality was that there were no guarantees for *anyone* – neither for management nor employees. In the “hyper-competitive global market of the early 21st century could be seen increasing numbers of formerly independent corporations being acquired, merged, restructured, or dissolved – with hundreds of *managers* themselves in search of alternative employment options. How little sense it made, then, for managers to continue to promise lifetime employment to their subordinates.

In brief, the new global market place in which work was performed at the outset of the 21st century placed new demands on employees. Many were expected to deal with customers and suppliers, as well as work in a “virtual” environment that centered around conference calls, emails, and travel. Success was predicated on employees’ ability to think globally (even while having to act locally), as well as on their understanding of the organization as a whole, as opposed to just the specialized subunits to which they might have reporting responsibilities.

As a direct consequence of these developments, the paradigm of employment underwent a pronounced and dramatic shift. The old expectation of lifetime *employment* gradually gave way to the new imperative of life *employability*. The focus changed from what employees had come to expect of the employer (i.e., employment) to what the employer now expected of the employee employability, i.e., the demonstrated capacity and willingness to remain an attractive participant in the labour market.

Skills Comprising Employability

Discussion of the concept of employability could rarely be separated from a discussion of the basic skills needed by an individual to attain and sustain his/her employability. That is, employability skills were defined as “those basic skills necessary for getting, keeping, and doing well on a job.” These were deemed the skills, attitudes, and actions that enabled workers to make decisions concerning the performance of their job tasks and to get along with their fellow workers and supervisors. Unlike “occupational” or “technical” skills, employability skills were best thought about as being *generic* in nature, rather than job-specific. As such, they cut across all types of industries, all sizes of business, and all levels of employment – from entry-level jobs to the senior-most positions.

Employability skills were often discussed in terms of three distinct skill sets: basic academic skills; high-order thinking or conceptual skills; and, skills emanating from an individual's personal qualities.

Basic Academic Skills. This skill set consisted of five skill components:

- Reading;
- Writing;
- Science;
- Mathematics; and,
- Oral Communication.

These were deemed "baseline" skills – competences that every participant in the workplace was expected to possess at some minimum level of proficiency just in order to be capable of understanding and performing the set of tasks comprising a given job.

Higher-Order Thinking or Conceptual Skills. The five components comprising this skill set were:

- Learning;
- Reasoning;
- Creative Thinking;
- Decision Making; and,
- Problem Solving.

Though the minimum condition for obtaining and keeping a job, basic academic skills alone were inadequate to achieve and sustain employability over time. Only those with a trained capacity for conceptual thinking could hope to keep abreast of new developments affecting their work and perform the genre of mental manipulations required to align their performance with the demands of such changes.

Personal Qualities. Essential though they were, the two preceding bundles of skill sets were necessary, but insufficient prerequisites for employability. Individuals also had to possess and exhibit an array of specific personal attributes:

- Team Spirit;
- Self-Confidence;
- Social Skills;
- Integrity;
- Punctuality and Efficiency
- Good Work Attitudes;

- Cooperative Inclinations;
- Responsibility;
- Self-Control;
- Honesty;
- Adaptability and Flexibility;
- Self-Directedness;
- Good Grooming;
- Self-Motivation; and,
- Self-Management.

Among other important consequences, these personal attributes enabled the performance of organizational work with a minimum of both interpersonal friction and external (i.e., supervisory) control.

Implementation of the Employability Concept in Other Nations

A number of other countries had already revamped parts of their educational and human resource development strategies and processes to place greater emphasis on employability skills. The experiences of two highly advanced societies were of especial interest.

Employability in the United States. In the United States, the commitment to address employability skills arose only after years of complaints by parents and businesses alike that school leavers were entering the workforce almost completely devoid of the skill sets required to perform nearly *any kind* of jobs adequately. Among the missing competencies, many employers averred, were basic academic skills (English and mathematics, in particular), personal management skills (e.g., proper attitudes toward work and supervision, punctuality, and self-control), and interpersonal skills (e.g., social skills and teamwork competencies).

After years of debate and experimentation within the largely decentralized educational establishment in the country, a consensus gradually emerged by the mid-1990s that employability skills should be taught at the high school level. Thus, many subsequent school reform efforts had as a major component the teaching of employability skills. Initially, at least, the teaching of employability skills tended to be shunted into stand-alone courses that were set apart from the main academic curriculum. In more recent years, however, there had been an increased thrust toward integrating the content of employability courses into the core curriculum.

By 1998, a set of curriculum standards and benchmarks for career and employability skills were codified by a number of states. While the specifics varied from the state to state, the standards tended to include *knowledge*, *skill*, and *behavioral* benchmarks and expectations. In other words, in their totality, the employability skills were quite similar to those listed above.

A key observation concerning the U.S. experience was the finding that improvements in students' employability ratings were directly associated with improvements in teaching techniques. That is, efforts to enhance student employability could not be pursued independent of a major updating and upgrading of faculty teaching skills. Hence, strong, and often explicit, expectations came into play concerning teacher competencies in the subject matters taught, a greater emphasis on contextual teaching, effective collaboration with their faculty peers, and a demonstrated ability to work with the business community on matters of common concern.

Employability in Singapore. Despite its contrast to the large and resource-rich United States, the tiny, resource-poor island city-state of Singapore reached similar conclusions concerning the imperative of accentuating the focus on the employability of its human resources – and at about the same point in time. Facing major labor-impactful challenges, such as increasingly fierce competition and an unstable domestic job market, the Singapore government resolved in 2001 that Singapore workers had to be readied for a paradigm shift from lifelong employment to lifelong *employability*, with logical implications for worker retraining and lifelong learning.

To begin implementing this upgraded human resource development policy, the government created the Economic Review Committee (December 2001), whose charge was to review the nation's development strategy with the ultimate goal of upgrading and transforming the economy. Concomitantly, the Economic Review Committee strove to identify those policies and processes that needed to be put in place to ensure that Singapore's workers were imbued with the skills and competencies required for lifelong learning.

As determined by the country's Workforce Development Agency, the skills required of Singaporean workers to enhance their employability were not dissimilar to those identified in the United States and elsewhere – i.e., literacy and numeracy, IT skills, problem solving and

decision making, and effective communication. In addition, the employable person would have to develop the personal attributions of self-motivation, self-confidence, commitment, and adaptability and flexibility.

With the full power and authority of the Singapore government, joined by private sector organizations, behind the push toward creating a workforce characterized by lifelong employability, Singapore quickly rose to a prominent position among countries committed to moving in the same direction (see Appendix 1). Indeed, in 2006, the nation was ranked *second* on the overall Lifelong Employability Index.

Although the United States, Singapore, and others had been in the vanguard of countries that set in motion a systematic set of policies and programs aimed at enhancing workforce employability, there was some evidence that Thailand had at least *begun* taking steps, albeit largely non-systematic ones. However, much remained to be done before Thailand would be able to boast of the successes reported by the early adopters. Meanwhile, the nation's unemployment situation continued to worsen, in consequence of several factors.

Factors Influencing the Overall Employment Picture in Early-2008

As the Prime Minister Abhisit was aware, there were several factors that were converging to add momentum to the rising unemployment rate in early-2008. The first set of factors – corporate restructuring and downsizing -- was largely propelled by the onset of globalization and, more recently, by the global downturn. The second set of factors was much less visible, but no less insidious in its potential long-term effect.

Globalization and Corporate Restructuring and Downsizing: The Visible Factors

Employment Effects of Restructuring and Downsizing. Corporate restructuring -- i.e., a major change in the composition of a firm's assets and often its corporate strategy -- had become one of the most visible consequences of globalization in free-market economies around the world. In conjunction with downsizing – the intentional reduction in the size of a firm's workforce that often accompanied restructuring initiatives – it was one of the most problematic issues facing employers and employees alike, in Thailand and elsewhere around the globe.

The environment of “hyper-competition” that had come to epitomize increased globalization placed a premium on a firm’s ability to attain scale and scope economies superior to their competitors. Not infrequently, the concomitant necessity of achieving ever-greater ratios of output to input on a global scale meant that, wherever possible, firms opted to substitute labor-saving technologies for people. The inevitable result had been – in Thailand and elsewhere – constant pressures on firms to reduce the sizes of their workforce in order to remain competitive, within both the local market and the outside markets where their products and services were part of the competitive arena. Strategies for workforce reduction in this particular form of restructuring ran the gamut – from hiring freezes to early-retirement programs to outright laying off or termination of workers. In the main, each of these tactics was aimed at sustaining a level of production with *fewer* workers, i.e., increasing the ratio of output to input. In a globalized market where “winning” was contingent on reaching lower per-unit costs, becoming and remaining “lean” (i.e., downsized and highly automated) had become the preeminent organizational goal.

With downsizing having become an imperative for surviving and thriving in the global economy, demanding fast and continual adjustments in strategies, and products and services, the stress placed on Thailand’s employment situation had recently grown increasingly acute, even before the onset of the current worldwide economic collapse. The cascading effects of the global economic recession that was now upon Thailand would only make the employment situation more grim.

Employment Effects of the Global Downturn. Like most other countries in the Southeast Asia region, Thailand was a major player in the international trade arena. Its major export industries were the Electrical and Electronics Industry with 27.5% of total exports, the Automotive and Autoparts Industry with 8.9% of total exports, and the Food Industry with 8.6% of total exports. Total employment in these largest of the export industries was approximately 2,283,962 people—with 73.71% in the Food Industry, and 21.03% in the Electrical and Electronics Industry, and 5.25% in the Automotive and Autoparts Industry. The three largest export markets for the country’s exports were Asian with 15.0% of total exports, the United States with 10.9% of total exports, and the European Union with 10.7% of total exports.

As the global economic contraction -- that began in late-2007 with a precipitous drop in demand in the United States – spread to Thailand’s

other main export markets, Thai firms in the impacted export-oriented industries began furloughing and terminating employees in a valiant struggle to remain solvent. By May 24th in 2009, the Thai Ministry of Labor reported that a total of 84,401 workers in these industries had lost their employment. The Ministry's forecast was that tens of thousands of additional workers would become jobless in the months ahead.

Employability: The Hidden Factor

As was true in other countries where the concept had gained visibility, those entities responsible for monitoring and tracking the employment situation in Thailand had yet to find adequate ways to measure and assess the *direct* impact of employability on unemployment rates. Notwithstanding this impediment, knowledgeable observers of the employment situation believed strongly that *some* level of unemployment was a direct consequence of an inadequate level of employability on part of those who found themselves jobless. Their arguments lacked the elegance of statistical demonstration. But, compelling anecdotal data did exist to suggest that their position had validity.

Recessions Do Not Impact All Workers Equally. Proponents of the view that inadequate employability drives some level of unemployment were quick to point out the fact that not all employees are furloughed or terminated during recessions. Some workers, they pointed out, manage to retain their employment. Assuming the absence of basic unfairness (e.g., nepotism, favoritism, and so on), the question, in their view, then became, "Are there differentiating factors between those who lose their jobs during a recession and those who retain their employment, and if so, what are they?"

Continuing with an example, these proponents argued that during a recession a firm, in the quest to shave costs, sometimes combined two erstwhile jobs into one and then retained one of the two job incumbents and let the other go. What, the proponents asked, informed the decision to select one employee over another? Answering their own hypothetical question, they pointed out that *adaptability*, *flexibility*, and the *capacity to take on a wider range of responsibilities* – these would logically be among the factors that rational decision makers would utilize in making the "go/let go" decision.

Further, they argued, even during recessions some job listings remain unfilled. This further underscored their belief that some unemployment represents a mismatch between the specific qualifications

specified in the job postings and the demonstrable skill sets of the pool of job applicants. In short, then, recessionary conditions alone are not completely determinative of unemployment, particularly when viewed at the *individual level of analysis*.

Corporate Restructuring and Downsizing Do Not Impact All Workers Equally. Similarly, proponents of the view that employability influences unemployment levels were disinclined to hold corporate restructuring and downsizing tactics as the only culprits in the resulting loss of employment. They readily acknowledged the problems of de-motivation, insecurity, and reduced organizational commitment that frequently arose in the aftermath of downsizing activities. However, of particular interest to them were (a) again, the attributes of those who lose their jobs in comparison to those who do not and (b) the extent to which surviving employees adjust to meet the dynamics of the organization, develop new skills and competencies, and take on new roles in the organization. Such realities again strongly suggested to the proponents that perceived employability played a major role in managerial decisions concerning which employees to terminate and which ones to keep. The same point was made by a high-level executive of one company, when he allowed that *“The successful employee will be the person with [the] ability to learn throughout [his/her] career and to adapt to changing circumstances.”* Post-downsizing observations of survivors busily adapting, acquiring new skills and assuming new roles further convinced the proponents of the absolute truth of this executive’s assertion.

Those who advanced the view that employability was a major factor in at least *individual* unemployment situations received strong support from an important stakeholder in the issue – i.e., corporate employers. As a group, employers in the private sector had been for some time voicing dissatisfaction with the quality of new labor market entrants whom their firms were hiring. Their complaints had centered on what they considered failures in the education and training of young people, including college and university graduates. Too many, they opined, lack personal, social and communication skills. Others, they averred, fell far short of meeting even the basic standards of literacy and numeracy.

But, with respect to the proposition that companies had a role to play in helping their employees develop the basic competencies required to perform their jobs, an executive of a major employer in the petrochemical put forth a seemingly contrary perspective:

I do not believe [that] it is [a] company's responsibility to ensure that the staffs . . . have the competence and skills to keep them employable. The company has a responsibility to maintain the competence of its staff to en-sure that the company maintains its competitiveness and [thereby] returns the profits expected by the shareholders.

These views concerning the hidden role that inadequate employability was playing in further increasing unemployment during the current recession would be worrisome under any prognosis of the depth and duration of the current global downturn. However, it was especially worrisome, given the composition of the growing cadres of the jobless when compared to the situation during the 1997 financial crisis.

During the 1997 crisis, most of those who lost their jobs were office personnel with a Bachelor or higher educational degrees. By contrast, as of late-2008, the overwhelming majority of those whose employment had disappeared possessed only secondary school educational backgrounds and worked for firms in the industrial sector, e.g., automobile and construction companies. This difference in educational backgrounds as between the 1997 unemployed and the 2008 unemployed suggested to government policymakers that arresting the trend of rising unemployment during the current recession would be a challenge of a much greater magnitude.

Combating Rising Unemployment: The Role of Enhanced Employability

As Prime Minister Abhisit pondered the range of potential government responses to the growing cadre of workers who had lost their sources of livelihood, he took stock of the existing policies and structural mechanisms that might be brought to bear on the problem. These included certain educational policy provisions as set forth in the Constitution and the Education Act of 1999, as well as the certain administrative activities pursuant to the mission of the Ministry of Labour and Social Welfare (MOL).

Educational Policy and Human Resource Development

As specified in the 2007 Constitution, the government had the primary responsibility for education, reemployment training, and training the unemployed and those with special needs. Further, the rights and duties of all citizens to receive education and training were

enshrined in Sections 30 and 42 of Thai Constitution. Additionally, the role of the private sector in the provision of education at all levels was also enunciated (section 43).

Responsibility for Human Resource Development was divided between two main ministries, the Ministry of Education and the Ministry of Labour and Social Welfare. The former was responsible for basic and higher education, while the latter responsible for the ongoing development of the labor-market workforce.

Educational Policy: The Move toward Lifelong Learning. The Education Act of 1999 -- promulgated in response to specific provisions of the 1997 Constitution – had mandated a series of educational reforms, the sum total of which were aimed at developing Thailand into a “knowledge-based society.” The intent was to provide Thai citizens with equal access to opportunities for lifelong education and training, thereby enabling them to acquire the knowledge and capital necessary to generate income and help pull the country out of the economic and social crises that struck in 1997. While, as stated, the Act made specific reference to the 1997 crisis, in a more general sense it was intended to articulate educational policies that would be applicable well beyond the specific crisis that precipitated its promulgation. Thus, it remained a potential lever by which the unemployment effects of the current recession might be ameliorated.

An integral aspect of the announced intention to move toward a lifelong learning society was the intention to raise the quality of basic education throughout the nation. Among other prerequisites, this was to include new teaching processes and strategies that would encourage systematic thinking and creativity with an emphasis on practice, as opposed to rote learning.

Human Resource Development: The Goal of Enhanced Employability. Addressing the problem of unemployment was a direct and major responsibility of the Ministry of Labour and Social Welfare (MOL). Within the Ministry, it was the Department of Skill Development (DSD) that had the specific responsibility for ensuring that the workforce in the labor market was acquiring the skills and knowledge needed to maintain and enhance their employability. To this end, the DSD undertook a variety of projects on an annual basis –including, but not limited to, practical training workshops for the unemployed (especially those from rural areas) aimed at imparting specific skills relevant to the labor market, vocational training

and careers counseling, careers counseling and information events, job fairs, and so on. Its practical course offerings contained a judicious mixture of practical content (80 percent) and theory (20 percent).

Additionally, the DSD proffered its expertise in the form of consulting services to various organizations seeking to devise skill training for special target groups. Among the target groups with whose training needs they had assisted were youth, disabled persons, the homeless, recovering drug addicts, and HIV-AIDS sufferers and their families.

Importantly, the DSD had devised a skill standard and testing system with which to classify the levels of specified knowledge, competency and practical proficiency required in various occupations and trades in order to promote an opportunity for the workers who pass this standard testing to be employed. The skill standards were set by the Skill Development Promotion Committee, appointed by the Minister of Labor, and consisted of three levels, with Level 3 being the highest.

As provided in the underlying enabling legislation, the Skill Development Promotion Act, B.E. 2545 (see summary in Appendix 3), employers and business operators were encouraged to participate in the development of workforce skills. Further, the Act made it compulsory for establishments with at least 100 employees to provide training for at least 50 percent of the total number of employees. Those who failed to do so were required to contribute to the MOL's Skill Development Fund a sum equivalent to Baht 480 for each untrained employee.

Government incentives were also offered to establishments that chose to participate in workforce skill development initiatives. Among these incentives was the provision for the deduction from tax liability a sum equivalent to 200 percent of the actual training costs. Other incentives included exemption from import taxes on training equipment and tax exemptions on the temporary engagement of overseas experts for workforce training purposes, and cost-free usage of water and electric expenses during training sessions.

As was evident in an assertion by one of the senior experts on skill development in the DSD, the organization was not without optimism concerning its potential to have a decisive impact on both unemployment and an insufficiently skilled workforce. He stated:

“We could solve the unemployment problem and the shortage of skill workforce in various industries and establishments [at] the same time. Since then, the development of the competency and skills of the workforce in the labour market is the responsibility of the DSD.”

Reflecting on all this, and against the backdrop of the rising wave of unemployment sweeping the country, Prime Minister Abhisit knew that he faced a challenge of virtually unprecedented proportions. The number of graduates entering the job market was increasing every year, while for the first time in decades Thailand’s economic growth rate was in decline, due largely to the economic recession that had gripped nearly the entire world. The country’s consumption rate was declining, as was the value of exports—which was expected to drop by 40% from its 2008 level. With the credit markets becoming more cautious, medium- and small-scale enterprises were in increasingly dire straits, with a high likelihood that many would be forced to go out of business. The inevitable result would be even *more* unemployment, and a corresponding heightening of the potential for massive social problems.

The Prime Minister and his Cabinet realized that the initiation of a focused program to enhance the employability of the workforce, current and future, would not be anything close to a complete solution to the *current* unemployment situation. But, they were nonetheless convinced that such an effort should be set in motion, both for its potential value in protecting some individual employment during the current downturn and, more importantly, for its long-term value in preparing the country to weather the inevitable *future* economic contractions in an increasingly interdependent global economy. Clearly, he reasoned, global competition alone would prove relentless in its demand for new types of worker skills. People would increasingly need to possess these employability skills in order to be in a position to adapt to changing economic conditions and to be positioned to seize employment opportunities over the course of their lifetimes.

But, there was a myriad of issues that had to be resolved in order launch a national thrust toward greater workforce employability. To wit, who should be expected to bear the main responsibility – e.g., the government itself, educational institutions (if so, which level{s}?), employer organizations, and/or the employees themselves? If the responsibilities were to be shared among all “stakeholders,” then in its capacity as formulator of public policy, what kind of policies should the

government formulate to lessen the unemployment impacts of corporate downsizing? And, in their capacity as a major conduit for the inflow of new entrants into the workforce, what kinds of training should universities and secondary schools be encouraged, perhaps even directed, to add to their curricula to improve student employability *before* they arrive at the workplace? And, what, if anything, should be expected of students and workers themselves by way of ongoing surveillance to ascertain, and acquire, the kind of skills and competencies needed for an ever-changing job market? These were among the key issues that had to be resolved in order for the government to begin moving forward in a concerted way to enhance the employability levels of all participants in the workforce.

For sure, the Prime Minister and his government understood that these were not mere academic questions. They knew that unless Thailand found the right way forward in enhancing the employability of its workforce, the country would not only be whiplashed by the current economic recession but by future downturns that were an inevitable part of economic life, particularly in free-market economies. Longer-term, absent major progress on the employability challenge, there loomed the distinct prospect of the loss of competitive advantage relative to other countries in the Southeast Asia region – e.g., Singapore. Clearly, thought the Prime Minister, inaction was *not* an option.

Appendices

Appendix 1

Comparative Country Performance on Several Indicators of Employability

Indicator	United States	United Kingdom	Sweden	Hong Kong	Singapore
1. Education & literacy (15%)	2.86	2.83	3.58	2.27	2.58
2. Long Term Unemployment (25%)	4.90	1.00	1.50	1.30	5.00
3. Lifelong Learning (30%)	5.00	1.80	3.50	1.00	3.40
4. Labour Force Attributes (30%)	4.73	1.90	3.83	3.43	2.93

Source: Tin, K.L. (2006). Employability and Traits of Singaporean Workers, Research and Practice in Human Resource Management, 14(1): 1-28.

Appendix 2

Ranking of the Top Five Countries on the Lifelong Employability Composite Index

Country	Lifelong Employability Index
United States	4.573
Singapore	3.536
Sweden	3.111
Hong Kong	1.995
United Kingdom	1.785

Source: Tin, K.L. (2006). Employability and Traits of Singaporean Workers, Research and Practice in Human Resource Management, 14(1): 1-28.

Appendix 3

Skill Development Promotion Act B.E. 2545 (A.D. 2002)

A various policies on education and training for employability have been issued in the Skill Development Promotion Act B.E. 2545 (A.D. 2002) in which has defined the meaning of skill development and skill training as following matters:

- “Skill Development” means a process which enables trainee and the working age people to gain access to dexterity, knowledge, ability, career ethics, and good working attitude by skill training, establishing skill standard and other related activities.” (Section 5)
- “Skill Training means the pre-employment training and training for the job change” (Section 5)

Moreover, the amended Act further encourages business operators or employers to play a vital role in upgrading the skills and knowledge of the workforce by providing a tax deduction of up to 200 percent of the cost of training. It encourages private companies or establishments to set up and register with DSD, Ministry of Labour. The motivation is provided to both employers and employees as the following declarations:

- “For benefit of the skill development, the training provider may permit student from schools or universities to receive training with the curriculum of the institutes, of the training provider or of which is jointly prepared by the institute and the provider.....” (Section 18)
- “.....In case the training activity is held with the request of the employee and the writing agreement, the employer may arrange training after the employee’s regular working hours or on holidays with wages paid not less than the regular wage according to the actual number of hours spent in such training.” (Section 21)

