

ICT Skills and a Competitive Workforce in Thailand

Maximising skills and building
capacity through education, training,
and skills transfer

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“...**a weak spot of Thailand’s economy: its worsening shortage of skilled labor**. A shrinking labor pool and inadequate training for workers are constraining business and industrial growth...” - The Wall Street Journal (November 2014)

“**There’s a lack of manpower, adequate skills**, teaching and training to prepare young people for the job market.” - Thavorn Chalassathien, Senior Vice President at the Thai unit of auto-parts maker Denso Corp. of Japan (November 2014)

“**The acute shortage of skilled labour** has emerged as the issue of greatest concern for CEOs of listed companies...”
- CEO Survey, Kasikorn Research Centre (April 2012)

In a recent English language assessment of 1,540,785 workers ranging from junior executives to senior managers in Singapore, the Philippines, Malaysia, Indonesia and Thailand, **Thailand ranked at the bottom of the list**.
- JobStreet.com (June 2013)

What is the ICT workforce? Some examples:

Software development

- Business Analysts, System Architects
- Coders (Programmers), System Analysts
- Database Designers, Database Administrators
- Q/A Managers, Testers

Infrastructure

- Network Architects (topology and design), Storage Architects
- System Administrators
- Security Specialists

Implementation

- Project Managers
- Trainers

User interface design

- Graphic Designers
- Usability Experts

Digital marketing

- Content Creators
- Social Media and SEO Consultants

And others...

A few examples of specific skills for which demand exceeds supply

- Application development (.NET, SharePoint, Rails, “big data”)
- Infrastructure (cloud architecture, virtualization, network security)
- Soft skills (analytical thinking, project management)

Why the shortage?

- Speed at which technology changes
- Fewer opportunities in Thailand to use and to apply the technology
- Too few R&D partnerships between academic and private sector
- Real, on-the-job responsibility develops slowly but promotion to management positions happens too quickly

Why it's important

- IT is global and not limited geographically - being competitive means having the same skills as might be found anywhere else
- Lack of depth in the workforce limits how much ICT activity can effectively be located here

Another specific skill that's lacking in the ICT workforce:

English language proficiency

Why the shortage?

- Lack of sufficient emphasis during primary education (although this is improving somewhat)

Why it's important

- Ability to communicate ideas in the language of the technology
- Ability to collaborate effectively

Important Criteria for Foreign Direct Investment

✓ Electrical Power

✓ Roads

✓ Ports

✓ Telecommunications



Availability of Skilled Resources

How does this affect Thailand?

Missed economic opportunities

- Transition to “digital economy”
- Different skills required in the workforce than are readily available

Lost opportunity to become regional hub and demonstrate regional leadership

- These challenges exist not only in Thailand - others in ASEAN have similar problems
- This is a regional competitiveness issue for Thailand

Regulatory issues also create barriers to locating technology infrastructure in Thailand

'Work' - very broad definition

- Very broad: anything requiring physical effort or knowledge.
If an activity is not 'work'- no work permit needed
- WP-10 allows for 'urgent and necessary' work, with 15 day limit
- If for more than 15 days, non-immigrant visa + full work permit required
- Council of State interpretation for Dept. Of Employment is only an interpretation based on principles:
 - Physical effort or knowledge required
 - Effect on labour market in Thailand

Continual re-interpretation will not achieve the support for economic and business objectives. Fundamental legislative change is necessary.

'Work' - needs redefinition not continual re-interpretation

Recent Council of State interpretation (March 2015) for Dept. of Employment provides guidelines on cases where no work permit is required.

But it still leaves many points unclear.

Recently "expanded" guidelines: activities not requiring a work permit

- Attending meetings or seminars, academic lectures, technical training
- Attending exhibitions, trade shows; purchasing goods
- Visiting business operations, attending business meetings
- Attending a board meeting
- Anything else is considered "work" and requires a WP-10 (or possibly even a full work permit)

But what about...?

- Presenting a paper, chairing a panel?
- Exhibiting or selling goods?
- Closing a transaction, arranging financing?
- Chairing a meeting, presenting a report?
- Carrying out technical work - e.g. in a data center context for a customer or employer.

Recommendation: A simple and practical Business Visa

- Redefine work (at the legislative level - not just adjusting the regulations or re-interpreting)
- Don't require a work permit for a wide range of business activities which do not involve local employment or payment

Support this with an easily obtainable (on arrival) business visa good for 30 days (and renewable at least once). End requirement for a WP-10.

Skills shortage: What can be done?

Education

- English taught more widely in primary school
- Encourage partnerships between universities and private sector
 - via tax policy (including for VCs)
 - government guarantees for project funding
 - performance targets for public universities to establish private sector partnerships
- Focus curriculum on 'real-world' needs
 - teach in-demand skills, including soft skills such as analytical thinking, project management, etc.

Certifications

- Avoid a “Thailand-specific” certification process
 - adopt global standards
 - greater credibility and avoids creating another non-tariff barrier to investment

Encourage (not discourage) economic participation by foreign ICT professionals

Foreign ICT professionals will not take away any Thai jobs

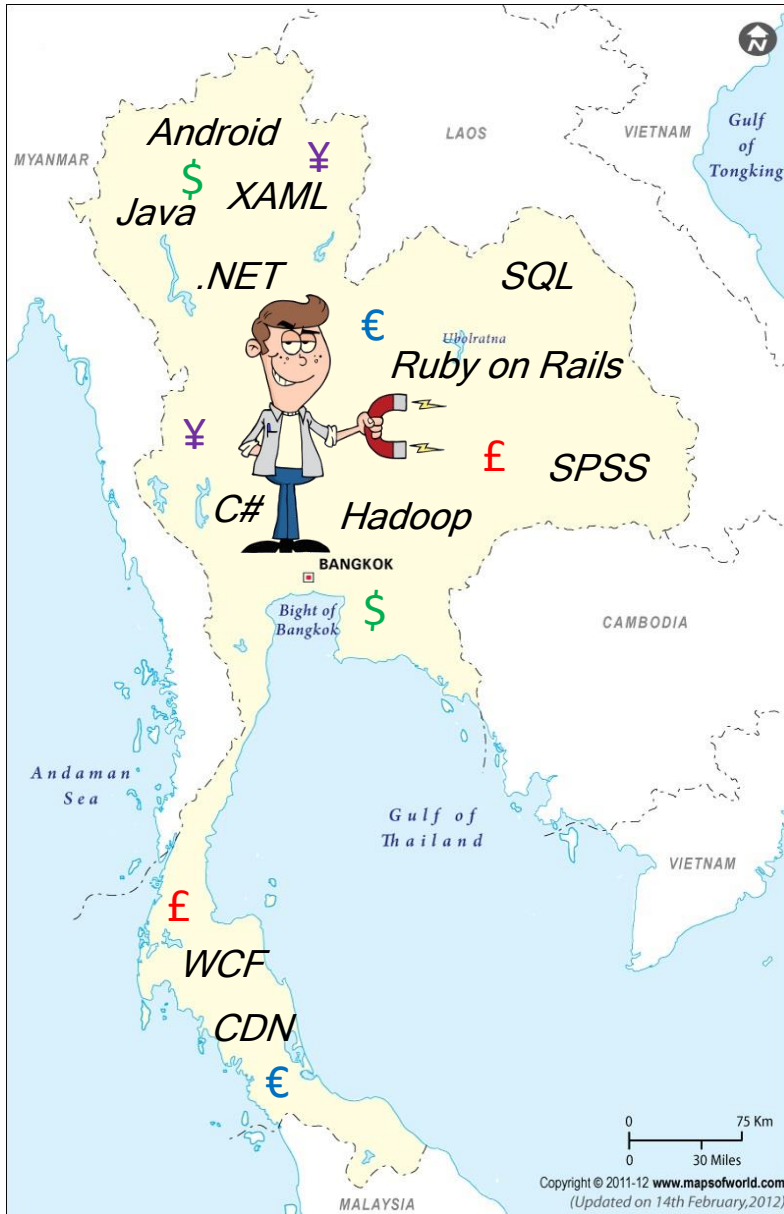
Foreign ICT professionals will train Thai staff in new technology

Foreign ICT professionals can help create the “Made In Thailand” brand

Foreign ICT professionals will contribute to Thai tax revenue

Foreign ICT professionals will spend money in Thailand

Foreign ICT professionals already want to come work here!



Encourage foreign ICT professionals to work here

Help make Thailand a magnet for other investment

If skilled people can readily be hired here (and they have permission to work, regardless of nationality), other investment will follow.

Roadblocks

- ➔ **Registered Capital**
2 million baht paid-up capital per work permit
- ➔ **Staff Ratios**
4 Thai employees per foreigner hired
- ➔ **Location limitations**
Each location must be documented in advance - not appropriate for consultants or other client-facing technical roles

Recommendations

Eliminate registered capital as a metric for work permits / visas, especially for skills which are in short local supply.

Eliminate staff ratios as a metric for work permits / visas, where skilled staff are involved. Encourage skills transfer (to business partners, customers, co-workers).

Change the job definition to rely only on scope of work, not on physical location.

Thank You!

Questions?

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