

Human Capital Investment for Labor Free Flow: Lao Skill Workers Development for Thailand and Lao PDR Labor Market

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Abstract: *This study applied a qualitative research design by using multiple case studies as a research strategy to investigate the process of how to develop unskilled Lao workers in Lao PDR and to explore the benefits on the human capital investment on Laotian workers of Thailand and Lao PDR. There were five originations, two private sector TACDO Consulting Center and Lao Labor Promotion Limited and three organizations in government sector: (1) Lao-German Technical College (LGTC), Lao-Korea Skills Development Institute (LK) and Lao-Japan Human Resource Development Institute (LJ). The setting involved purposive sampling that was used to identify 37 participants who had experience involved with training program of Lao skills workers. Data were collected from in-depth interviews, focus groups, photos, video clips, and, telephone interviewing. All data methods were integrated to answer research questions. Classified and grouping over 400 photos and 20 clips VDOs to link with manual coding for data analysis. It is very useful to deep understanding. It can be one of triangulation from the difference sources of data. Finally, there were 5 main categories with about 70 sub categories. Base on the manual coding the findings were explained at this state of the research. The components of the main categories include: (1) General Process Way (2) Cooperative Way (3) Obstacles/ Problems Way (4) Development Way (5) Other Way. The researcher reported in this dissertation made a significant contribution to our knowledge of the important human capital investment for Lao skills development in Lao and Thai labor markets.*

Keywords: Lao Skill Workers, Human Capital, Human Capital Investment, Multiple Cases Studies

Introduction

Thailand and Laos had agreed to the workers free flow of the two countries that Lao authorities to check and proof of citizenship to the Laotians by the mobile establishment of a comprehensive registration services for migrant workers (One Stop Service) at Bangkok and Laos will be issued temporary passports while Thailand will issue a license to work. The registered migrants amount 158,125 peoples, the total of 151,521 were labor and 7,004 were their family members. The two countries will jointly provide Laos workers benefits under Thailand law and agreed that workers can go to work in Thailand and go back home in bordering provinces (Nation news, 2014) The main reason for getting migrant workers to work in Thailand because the shortage of labor and the mostly of migrant workers who work in Employment in Micro and Small Enterprises in the north east in Thailand. Currently, migrants working in Thailand have increased to around 4 million (Sakulkoo, Dullayaphut and Poonna, 2014). The Thai government policy change towards migrant workers by the National Peace Keeping Council under martial law in June 2014 and the rumor about the clearance of foreign workers had made workers fled Thailand nearly 200,000 people. (<http://www.manager.co.th>). So it has a serious impact on the manufacturing sector of Thailand. The National Peace Keeping Council (announced no. 117/2014) established a comprehensive registration services for migrant workers (One Stop Service) and extend the registration period as a temporary measure to solve migrant workers and human trafficking.

While Lao have a limited human resources, weak capacity, and skill shortages represent critical binding constraints for the country. The Technical and Vocational Education and Training (TVET) sector is still not adequate but become important role in training skilled workers for industry and in meeting labor market needs (Asian Development Bank, 2010). However, the skills problem in Lao PDR is even deeper and more severe than is generally recognized, being a problem not simply of vocational skills but of even basic reading and numeracy skills (World Bank Group, 2014). It is

limited by the lack of alignment between the required skills in the labor market and those produced by the TVET sector, the poor quality of training, shortages trainer teachers, the absence of teaching aids, and limited practical skills among teaching staff. Many TVET institutions lack modern facilities and equipment. Much of the trainings offered in the TVET sector are not relevant to labor market needs.

Lao PDR economy has grown strongly in recent years. From 2011-2015, GDP has grown at 7.8%. The government is seeking to sustain strong economic growth (ADB, 2010). While the economy is growing fast but growth is mainly driven by the hydro and mining sectors where very few jobs are created: only 22,000 people work in these sectors and this number is unlikely to increase much, given how capital intensive those sectors are. Currently, most of the jobs that are available in Lao PDR are not very attractive: productivity and growth remains very low, and this implies relatively low wages, and relatively slow growth in those wages (World Bank, 2014).

Today, Lao labor shortage and most of Laos's labor are unskilled labor so the Lao government and other partners have responded by channeling more resources to skills development. At the same time Thai labor market is still short of skill workers. The labor supply in Thailand still does not meet demand. It therefore became necessary to employ skill migrant workers. Skills are a derived demand and that demand depends on policies for growth and employment creation. It is challenge to investigate skill worker process as they are one of the components of Human capital investment for this study. In addition, from the measuring human capital of World Economic Forum (2015) reviewed that there are three guiding concepts underlying the second edition of the Human Capital Index. The first is a focus on learning and employment outcomes. The second is a focus on demographics and the third is distance to the ideal. In the business world, human capital is the economic value of an employee's set of skills. To a policy maker, human capital is the capacity of the population to drive economic growth. To others it may include tacit knowledge acquired informally through experience, non-cognitive skills, such as inter-personal skills and the physical, emotional and mental health of individuals.

Research Questions

1. What was the process of developing unskilled Lao workers in Lao PDR?
2. What are the experiences of the trained Lao workers toward the training programs?
3. What are the perspectives of the owners of the training centers, trainers in Laos who involve with training program?
4. What are the opinions of owners, managers of Thai companies toward the benefits of the human capital investment?
5. What are the benefits of Thailand and Lao PDR on the human capital investment on the Laotian skills workers development?

Literature Review

Lao Labor Market

Many countries are skill labor shortage and look for these labors for alleviating this situation. Laos PDR is a sending country for labors to any countries such as to Thailand, Singapore and keen to develop their technical and vocational education training systems and skills recognition arrangements quickly, and possibly in cooperation with others countries in ASEAN (Thailand and Vietnam). Thus their systems are on the verge of significant structural reform.

The situation in Lao PDR at the start of the ASEAN *Enhancing Skills Recognition* project in 2004, the technical training, skills accreditation, training institutions accreditation, and business have been involved. There is a legal provision that employers pay a training levy, however, this has never been implemented. There are eight training 'centers of excellence': Lao Skills Development Centre, Vientiane Skills Development Centre (private), Pakpasak, Lao German, Technical College, Lao Korea Vocational Training Centre, Vocational Education Teacher development, Lao Union Training Centre, and Centre for Product Promotion. The part of skills accreditation, Laos had no national system of skills standard testing and certification. Standards for certificates were set by formal curricula and monitored by the Ministry of Education. The part of training institutions accreditation, There was no accreditation system for VTE institutions but there was official recognition of the need for such a system.

There was a serious shortage of trained VET trainers and no system for accrediting trainers. And the part of business involvement, on the whole, there was little awareness by industry of competency standards and the advantages of certifying workers under some national system. Many Lao workers fill low skill level positions in plantations, agriculture and fishing enterprises but at the same time Laos keen to try to catch up as well as to ensure that its workers are hired and paid at levels commensurate with their skills. The pace of change has been rapid (Iredale, Turpin, Grannall, Brimble, Iem, Souvannacak, Souphanthong, 2007).

Thai Labor Market

Thailand has the core responsibility for labor is Ministry of labor. Ministry has 10 offices all share responsibility include Thai workers and migrant workers. Thailand is a developing country and one of the 10 member countries of ASEAN. The policy development in human resources in education to enter the labor market with quality that is the policy on ASEAN Socio-Cultural Community (ASCC) thus, the demand for labor in developing countries has much but Thailand is facing a shortage of workers. It relies on foreign labor. National Statistical Office survey the Labor Force for the third quarter of 2015, to better understand the condition and unemployment which can be summarized as follows: The number of people aged 15 years and over were 55.3 million people. The 38.8 million people in the labor force (including those employed 38.3 million people unemployed 360,000 people, 80,000 people who wait for the season) and those outside the labor force of 16.5 million people (The people consists of 4.8 million people in household, were educated 4.4 million and others such as the elderly and people with disabilities to work 7.3 million or decrease of 1.0 million people when compare with in 2015 by workers in agriculture sector were decrease around 500,000 people while workers were in hotel and service in restaurant sector increase around 400,000 people and 100,000 people in construction sector. The unemployment rate is 0.9% of total labor force or 360,000 people (National Statistical Office, 2015).

Moreover, the migrant workers effect to Thai labor market especially for migrant nationalities of Myanmar, Laos, Cambodia, there were a total of 2,344,308 people. Migrant workers were brought in to replace workers with primary education or lower. Thailand is currently a shortage of workers is continuing. In addition, the potential labors of Thai labor increase and expand from 89.26 % of last year to 100.47%. It shows that Thailand Overview workers in the labor market have been developed to increase. The welfare, the rate of compliance is not legally protected labor welfare workers very low. At 0.99 percent, which reflects that workers continue to receive welfare, labor laws protecting workers' welfare in addition to the appropriate legal protection of workers is something that needs to be promoted more widely and evenly. Data shows that the establishment of only 0.94 per cent and 4.50 per cent of employees who have been promoting labor welfare than labor law.

In summary of Thai labor market, although the employed in Thai labor market and unemployment rate is low but Thai labor market face to labor shortage and relies on migrant workers to develop economic especially Myanmar, Lao, and Cambodia thus how to manage these migrant to work for Thai labor market in high benefit.

Research Design

The researcher has decided to use a qualitative research method with Multiple Case Study Analysis strategy. Case study strategy is a study which has specific scope for a case to be studied in a very thorough manner, as a case study (Creswell, 2007). In addition, it can be used for development of a theory. Case study research is not sampling research (Stake, 1995 p. 4). The researcher had to define the boundary of the study and choose the case that was manageable and accessible while at the same time appropriate to achieve the objectives of the investigation.

Data Collection and Data Analysis

The participants were from 5 organizations in Lao PDR with the total of 37 participants. The setting involved purposive sampling that was used to identify 37 participants who had experience or involved with training program of Lao skills workers. The background of participants in this study is shown in table 1 below.

Table 1 The participants were data collected in 5 popular organizations in Lao PDR total 37 participants

No.	Code	Gender	Position	Education	Name of organization
1	TDP1	Female	HR Manager	Bachelor 'degree	TACDO HR Consulting Center
2	TDP2	Male	Trainee	High school	TACDO HR Consulting Center
3	TDP3	Male	Trainer	Bachelor 'degree	TACDO HR Consulting Center
4	TDP4	Male	Trainer	Vocational Certificate	TACDO HR Consulting Center
5	TDP5	Male	CEO	Master degree	TACDO HR Consulting Center
6	LGP1	Male	Director	Ph.D. Candidate of Engineering in Germany	Lao-German Technical College
7	LGP2	Male	Deputy Director	Master Degree of Engineer	Lao-German Technical College
8	LGP3	Male	Trainer Co-ordinator	Master Degree of Engineer	Lao-German Technical College
9	LGP4	Male	Trainer	Bachelor 'degree	Lao-German Technical College
10	LGP5	Male	Trainer	Master Degree of Engineer	Lao-German Technical College
11	LGP6	Male	Trainer & Co-ordinator	Bachelor 'degree	Lao-German Technical College
12	LGP7	Male	TOYOTA Staff	Bachelor 'degree	TOYOTA Lao Thani
13	LGP8	Male	TOYOTA Staff	TOYOTA Staff	TOYOTA Lao Vientiane
14	LGP9	Male	Trainee	Diploma	Lao-German Technical College
15	LGP10	Male	Trainee	Diploma	Lao-German Technical College
16	LGP11	Male	Current Trainee	N/A	Lao-German Technical College
17	LGP12	Male	Current Trainee	N/A	Lao-German Technical College
18	LGP13	Male	Current Trainee	N/A	Lao-German Technical College
19	LGP14	Male	Current Trainee	N/A	Lao-German Technical College
20	LGP15	Male	Current Trainee	N/A	Lao-German Technical College
21	LGP16	Male	Current Trainee	N/A	Lao-German Technical College
22	LGP17	Male	Current Trainee	N/A	Lao-German Technical College
23	LGP18	Female	Current Trainee	N/A	Lao-German Technical College
24	LLP1	Male	CEO	Bachelor 'degree	Lao Labour Promomtion CO.LTD.
25	LLP2	Female	Deputy Director	Bachelor 'degree	Lao Labour Promomtion CO.LTD.

No.	Code	Gender	Position	Education	Name of organization
26	LKP1	Male	-Trainer -Head of administrative	Bachelor 'degree	Lao-Korea Skills Development Institute
27	LKP2	Male	-Trainer -Head of academic	Bachelor 'degree	Lao-Korea Skills Development Institute
28	LKP3	Male	-Trainer	Diploma	Lao-Korea Skills Development Institute
29	LKP4	Male	Current Trainee	N/A	Lao-Korea Skills Development Institute
30	LKP5	Male	Current Trainee	N/A	Lao-Korea Skills Development Institute
31	LKP6	Male	Current Trainee	N/A	Lao-Korea Skills Development Institute
32	LKP7	Male	Current Trainee	N/A	Lao-Korea Skills Development Institute
33	LKP8	Male	Current Trainee	N/A	Lao-Korea Skills Development Institute
34	LKP9	Male	Current Trainee	N/A	Lao-Korea Skills Development Institute
35	LKP10	Male	Current Trainee	N/A	Lao-Korea Skills Development Institute
36	LKP11	Male	Current Trainee	N/A	Lao-Korea Skills Development Institute
37	LJP1	Male	Director	Ph.D. (Economic Development)	Lao-Japan Human Resource Development Institute

For data analysis in this study applied interview data, photo, audio-visual data, observation and document review were integrated to answer the five research questions. Data were collected from in-depth interview by face to face, focus groups, photo, video clip, sound record, telephone interviewing. Base on the manual coding into categories, the findings were 5 main categories: (1) General Characteristics of the organization (2) Organization support by outsiders (3) Organization Obstacles and Problems (4) Organization Development Plan (5) Other Findings including over 70 sub-categories.

In summary, there were five popular organizations with private and government sectors of Lao PDR, (1) TACDO HR Consulting Center, (2) Lao Labor Promotion Limited (3) Lao-German Technical College (LGTC), (4) Lao-Korea Skills Development Institute (LK) and (5) Lao-Japan Human Resource Development Institute (LJ). The setting involved purposive sampling that was used to identify 37 participants who had experience involved with the process of skill development training programs and Lao labor market. We also classified and grouping over 400 photos and clips VDOs to link with manual coding for data analysis in this study. It is very useful to deep understanding. It can be one of triangulation from the difference sources of data.

Trustworthiness and Ethical Protocol

The validity and reliability of qualitative research is established by its trustworthiness (Lincoln & Guba, 1985). Lincoln and Guba suggested four aspects of trustworthiness: it is about (1) credibility, (2) transferability, (3) dependability, and (4) confirmability. They also confirmed that reflexive notes can cover all four aspects. Thus, to assure four aspects of trustworthiness the researcher kept detailed reflexive notes throughout the study. This study employed method triangulation such as individual interviews, focus groups, photos and VD clips to assure another tool for the credibility of the method as suggested by Lincoln and Guba. In the final report of the study, the

researcher also provided the information stated by the participants to ensure that the findings of the study are determined by the participants and not by the researcher's own bias or perspective. The researcher kept a personal log throughout the study. The researcher also documents fully the processes of the study to ensure the trustworthiness of the findings.

Reponses to Research Question One: *“What was the process of developing unskilled Lao workers in Lao PDR?”*

From the finding of skill development in Lao PDR can be divided two forms: the public sector and the private sector.

The public sector, which has been supported by the Lao-German Technical College (LGTC), Lao-Korea Skills Development Institute (LKI) and Lao-Japan Human Resources Development Institute (LJI); and The private sector which consists of TACDO Consulting Center and Lao labor promotion. In the public sector, there are findings from the three institutions, as mentioned previously. The LGTC and The LJI are directly under the response of Ministry of Education and The LKI is directly under the response of the Ministry of Labor. There are four issues to involve the process of skill development; (1) The Preparation; they prepare about trainers, tools, location, budget, and curriculum (2) The issue of skill development courses at prominent institutions; the course in LGTC is the dominant program in the agriculture industry with its support for Siam Kubota engine heavy machinery and mechanical thread Mechanic and a Toyota for their support. Particularly interesting are the findings of teacher training to enhance their knowledge and expertise in advanced Toyota engine at the College of Technology Toyota Chachoengsao, Thailand. The finding of such a system about Dual Cooperative Training (DCT) is a bilateral education system and is equipped with modern tools of the Toyota Group of Thailand. The courses of LKI, there are three courses as long course. Its takes about three years, short course which focuses on sending workers into the industry and skill standard test. The LJI is part of the National University of Laos offers courses for a master degree, business training program, and Japanese language which emphasizes skill development courses. This course specializes in business to entrepreneurs. (3) The issue of getting the training/guidance to develop a skilled workforce in the future. The LGTC is an institution of professional skills development in the country and are concentrated in a limited number each year. The training or learning is a competitive examination. Each year there are many 5,000 applicants, but the Institute can only accept 500 people per year due to obstacles of staff and coaches, the budget and equipment. The Institute is a private enterprise, both domestic and international support as well. The LJI provides business training courses for entrepreneurs in order to gain more skill and knowledge. The apparent success has expanded the business to grow. The SME business case has become a big company. The case of LKI is different from the two institutions as it provides opportunities for poor families, especially the disadvantaged tribal groups that live far away. So, the Institute gives special opportunities for free admission without taking any examination. (4) The findings interesting in the workforce development training courses. The TOYOTA Training Education Program (T-TEP) is a project between the Toyota Motor Thailand and the LGTC. The Toyota Motor Thailand has expanded its business across the country and students who complete the course can receive direct support through the training of Toyota in the Institute. The LKI is important to train skilled workers to enter the race in the region which is the only institution in Laos and has become site of skill standard test in Laos. For the LJI which is an interesting business training program for only those entrepreneurs to apply their business. It has expanded its business to grow from SME's to expand as the bigger company.

For the private sector, an overview of the process of two skill development institutions, TACDO Consulting Center and Lao Labor Promotion, TACDO Consulting Center to conduct training skilled workers with support from international aid organizations through the government's approval such as ADB or UN. The short training course featured at TACDO Consulting Center is on engineering and heavy machinery. It creates opportunities for those who are unemployed or illiterate to help the unemployed with jobs and make a better living. This center plans to send workers into the labor market in the future. Part of Lao Labor Promotion is the practice of labor skills before sending workers abroad, but faced with failure, because of many issues such as the costs of the training. The trainer is responsible for paying it. The family must be far away. When training and development are completed and then skilled workers are trained in Thailand. The workers also have to take these new training tools from the industrial sector as Thailand plants are using more modern equipment. Therefore, Lao Labor Promotion is canceled and switched to coaching skill workers who are not

trained for the labor market in Thailand. After that, the industrial sector in Thailand trains skilled labor to meet the needs of the industry itself.

Reponses to Research Question Two: *“What are the experiences of the trained Lao workers toward the training programs?”*

The responses to this research question, the major findings are four sections to this study as follows (1) Decision Making to Join the Training (2) Career (3) The View Point of Skilled Trainees toward Training Courses (4) The Special Courses of Skill Training.

Decision making to join the training courses

From the findings in this study, the reason for deciding to train skilled workers are the same for all institutions. When training is complete, they can put that knowledge to work such as self-employed, then there is employment which can support the economic development of the country. The difference is that the Lao- German technical college will be modern since most training institutions train skilled workers for the Laos labor market. The Institute for Skill Development in the Lao- Korea Skills Development Institute is a place that provides opportunities to people who have less opportunity.

Career opportunity

On completion of training courses, some get the chance to work with the institutions that train skilled workers. By the end of the course the Institute was joined in training skilled workers that include TACDO Consulting Center, Lao-German Technical College and Lao-Korea Skills development Institute. In addition, the Lao-Korea Skills development Institute also provides opportunities for training skilled workers who have a high score and remained high skilled with more opportunity to join a competition of the labor standards in national and ASEAN. And get a better chance to work abroad. Most of which are needed to work in the country because it is close to home or family, but if the opportunity to work abroad, most want to work in Thailand as it is a similar language, the same culture and convenient for travelling. There are few who want to work in the United States, Singapore, Germany, China, Vietnam and other ASEAN countries.

It should be noted here that the findings are mainly for males. Currently, there are more and more women being trained in the motor mechanic field, especially when trained skilled workers and the mechanics will have knowledge of the engine parts. Women work at the customer service desk smoother than males. They can reduce the problems; take good care and make the service flow well because the majority of customers are men.

The view point of skilled trainees toward training courses

The findings of the research show that skilled trainees, mainly on the process of training a skilled workforce were met with some problems during their practice such as in the Lao-German technical college in the training department of Agriculture, Engineering and Machinery. Kubota provided advanced tools with new machines, but the old tools and machines are still all over the country. The skilled trainees do not have the skills in these kinds of old machines. It will be one of the main problems for the skilled trainee as they have trained only on new tools and machines. There is also limited space and they have little clinical practice. The Lao-Korea skills development institute found that there is a trainer shortage. Skilled trainees have little practice, not enough to meet demand.

The special courses of skill training

The experience of the skilled workforce training is practical, rather than theoretical. The majority, about 70 percent, will be in the hands of TACDO Consulting Center which is providing a short course on the budget allocated to international organizations, ADB Bank. However, the Lao-German technical college and the Lao-Korea skills development institute provide two year and three year training courses after completing the course they will have the skilled middle class level. Indeed, there are three levels, beginning level, middle level, and high level.

Reponses to Research Question Three: *“What are the perspectives of the owners of the training centers and trainers in Laos who are involved with the training programs?”*

To respond to this research question, the major findings are two sections to this study as follows (1) The Perspective of administrators and trainers in the public sectors (2) The Perspective of Business Owners.

The Perspective of administrators and trainers in the public sectors

Laos has become a country which has continued to develop and the opening of Laos is a country involved in the ASEAN Economy Community (AEC) and this makes a high demand for

labor. The demand is for skilled labor in the manufacturing sector, both in construction and industry. The delays in producing skilled labor could produce a demand caused by insufficient budget. Space is limited. It needs to be expanded for skill training must be more responsive to government policy. Barriers are the Lao-German Technical College is only able to accept 500 people a year for training skilled workers, but the demand for labor is over it several times. The Lao-Korea Skills Development Institute has forsaken the opportunity people and tribes. Many tribes are living in the country. The opportunity to train skilled workers and agents who are trained skilled labor institutions have participated in the National Skills Competition. It has represented the country to compete in the ASEAN Skill Standards but it still suffers from a lack of funding.

The government has a limited budget on the training course programs and the Institutions must manage to survive on their own to train more skilled workers. This result impacts in terms of decreased quality for trained skilled workers. The Lao-Japan Human Resource Development Institute has organized training courses for business entrepreneurs to expand their businesses, from small businesses to medium-sized businesses or larger. On this point, the demand for labor, especially skilled labor from Thailand at the executive level, are flowing into mission work related to investment, especially Japanese companies in Laos. Japan companies are trying to create success and opportunities for skilled workers in Laos to flow into Thailand, but it has little for Lao workers in Thailand to legally have more. To meet the demand for labor in the state's policy is to promote more vocational learning, but on the contrary. There was not much attention to vocational education. As there are those who are interested to study more general educational system of vocational education in Laos is not conducive to a higher level.

The perspective of business owners

The TACDO Consulting Center is a training center for skilled workers, the largest private sector in the country. The perspective of the owner and his management teams mainly comment on the Lao labor market shortage, HR management and development issues including training course programs. The country's growing construction is making a labor shortage from importing workers from Vietnam, China, and Thailand. Many unskilled Lao workers along the Mekong River cross the border to work in Thailand. It makes oppressed workers a blasphemous insult to the country's labor and Laos must find a strategy to maintain a good outcome. The Lao government currently is discussing to bring workers back, the government acknowledges that went awry because of a policy to promote education about a common line. Making career has not been as popular as it should. So, the government has created a new policy on vocational education system by funding from foreign organizations. In addition, there are measures to create a skilled workforce and institutions.

In the past, Lao Labor Promotion Centre used to provide many training courses, but the failures were due to problems with the cost of the training. The changing role of the training is delivered by workers trained to Thailand according to the operator. Although trained in the craft of Lao PDR but still need to train again when they come to work in Thailand because of new modern instruments. From the researcher's view point, this is an important issue for skill development in the Thai labor market that needs to find the improper way to manage such as save cost, save time, and get skill workers as it needed.

The findings can be summarized as that the Laos government is continuing to develop the county with several projects especially building infrastructure. So, the shortage of skilled workers in Laos is still in crisis. Because there is so much demand, but production is not enough, as pointed out at the pyramids stand which is tipped workers with fewer administrators. As a result, the economy will collapse if they run out of skilled labors so that the Lao government's policy is to decide to import foreign workers in the ratio of 20 percent, which would be the high skill labors including the executive level. An import of Thai skilled workers and Thai managers are involved in foreign investment by Japanese manufacturing divisions in the special economic zone of Laos. It's required by the business Laos as Thailand and Lao are similar cultures and language and it is easy to communicate with each other. On this point, the Thai Labor Market is less likely to have skilled workers from Laos, most will be unskilled Laos workers instead. There is no skilled labor of Laos; Thailand's labor market has been attracting skilled labor from Laos to Thailand.

Reponses to Research Question Four: *“What are the opinions of owners and managers of Thai companies toward the benefits of the human capital investment?”*

To responses to this research question, from the findings and literature review are that Thailand is currently facing a shortage of workers. Limited is the human capital is vital. The knowledge is useful. It can produce a quality product that responds to customer demand and benefits the country of export. If products meet the quality standards, resulting in the export of goods has grown. Moreover, when an employee has knowledge and skills she or he can go to work for another because a certificate and the right staff in bringing this knowledge to use. It's worth the investment, but the investment is limited, it is human. Labor shortages come into the training system. The effort is to recruit workers from Myanmar, Cambodia and Laos.

In the case of Laos in terms of recruited skilled workers from Lao-German technical college, which is a place to train skilled workers in the Laos PDR. There are several candidates, but the fact that no Laos skilled workers want to work in Thailand. This is one of the serious concerns of the opinions of owners, managers of Thai companies toward the benefits of the human capital investment. The knowledge, skills and abilities are what they can carry throughout their lives, and can create jobs and income for themselves.

Reponses to Research Question five: *“What are the benefits of Thailand and Lao PDR on the human capital investment on the Laotian skills workers development?”*

To response to this research question, from the findings in this study, Thailand can benefit from Lao Skill workers for a short period of time while they work in Thailand. These workers will return to their home country as the way they are. So, on this point Thailand will continue to have a lack of skilled labor. The recruitment of new workers coming into the workforce investment system and put on a new man that have to bear the cost of human capital increase, but on the other hand the Lao PDR has benefited greatly from the investment. Furthermore, in the case of human capital investment Loa PDR has support from several international organizations, which are ADB, UN, international institutions, including German, Japanese, Korean, Chinese and Vietnamese companies.

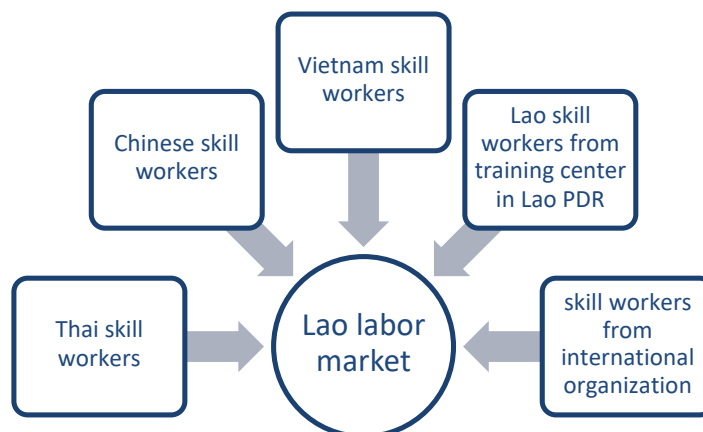


Figure 1 Human capital investment in Loa PDR has support from several International organizations For the private sector, the TACDO Consulting Center has a budget from the ADB, UN practice is that the human capital Human capital investment, but the demand is still insufficient.

Discussions

This section present the discussion of specific issues includes the following topics: (1) Point of view about human capital investment in Lao PDR; (2) Obstacles of national development toward human resource.

Point of view about human capital investment in Lao PDR

From the findings in this study, Lao-German Technical College is an institution of vocational education. The Lao government has a policy to train more skilled workers to meet the needs of the labor market sector. Scholarships are available for free to students studying for women's line. Budget aid is not enough. It depends on the cooperation and support of the private network, but it also found many problems of institutional limited congestion, inadequate for use in training, both theoretical and practical. The numbers of candidates are numerous. Many applicants apply but only

500 are accepted, which meet only a small number of government policies and inadequate to the needs of the labor market. In short, with the expansion of the economy, investment, and industry, especially the special economic zone, building infrastructure is increasing. But there is a shortage of skilled workers

From the measuring of human capital of World Economic Forum (2015), there are very important guiding concepts underlying the second edition of the Human Capital Index. The first is a focus on learning and employment outcomes. The second is a focus on demographics and the third is distance to the ideal. In the business world, human capital is the economic value of an employee's set of skills. To a policymaker, human capital is the capacity of the population to drive economic growth. To others it may include tacit knowledge acquired informally through experience, non-cognitive skills, such as inter-personal skills and the physical, emotional and mental health of individuals. The Human Capital Index aims to accommodate this conceptual diversity and takes a holistic approach, while keeping an overall focus on maximizing a nation's human potential.

However, as the World Bank (2014, p. 10) stated, "Training does not create jobs. Skills are a derived demand and that demand depends on policies for growth and employment creation." The population of Lao is projected to increase by 38 percent from 6.4 million in 2010 to 8.8 million in 2030. Expansion of the labor force and a decrease in the number of dependents present an opportunity for growth, particularly if Lao PDR can tap the potential of young workers through productive employment opportunities (World Bank, 2014). Indeed, the Lao-German Technical College has a network with private sectors in many countries to support employment opportunity especially Toyota Motor Thailand which supports the TOYOTA Training Education Program (T-TEP) to develop standards and curriculums. Technical equipment and teacher training Teacher certification to be a trainer of Toyota Motor Thailand. And students are trained on some graduate work with Toyota. Siam Kubota is the same way. There were also teachers from different countries to help in the training of teachers from the Philippines, Thailand, Indonesia, Cambodia, Malaysia, Papua New Guinea, Africa and Australia.

One very crucial process in human capital investment from the findings in this study can be seen at the Lao-German Technical College upon graduation training. They become skill workers and are employed by private companies to support recruitment directly to the institution on graduation day. One of the outstanding is the Toyota Company. So, at the end of training skilled workers do not have any employment. Our students are able to create jobs and income for themselves and for their families. One of participants said, "... *Toyota must train our teachers here before. To know the technology to teach students, so we updated the outside. This makes the study realistic with more students; we can say that 100% of the students have a job as our network private companies are already booked. This is what one key participant expressed...*" LGP3 (L256-262).

In summary, Laos's effort to develop skilled workers and have funding from international organizations such as ILO gives funds to support the goals of the Lao People's Democratic Republic to develop a modern, transparent and credible labor inspection system (ILO, 2014). Skill workers are very crucial for the Lao PDR. Kim (2006) and (Schuller, 2001) summarized that human capital refers to the knowledge, skills, and abilities (KSA) that exist within individuals. They can be one of the main concerns for human capital investment. Human capital enables individuals to increase productivity and earnings, which in turn improves the productivity of the organizations in which they work and the societies in which they live.

In 2012, approximately 200,000 Lao workers migrated to ASEAN countries; of which 190,000 went to Thailand, equivalent to 95% of Lao workers in ASEAN and 94% of total Lao workers working in foreign countries. In the same year, 110,000 workers from ASEAN countries migrated to Laos; 100,000 were from Vietnam, 5,000 were from Thailand, and around 5,000 were from other ASEAN countries. The estimated remittance was about US\$50 million. Most of the workers were employed in construction, industry, agriculture, trade and wholesale-retail sectors (Leebouapao, 2014).

Currently, most of the jobs that are available in Lao PDR are not very attractive; productivity and growth remains very low, and this implies relatively low wages, and relatively slow growth in those wages (World Bank, 2014). Lao PDR government announces and receives support investment from the other countries. The demand is for skilled labor in the manufacturing sector, both in construction and industry. Because of delays in producing the skilled labor could produce

demand caused by insufficient budget. Space is limited. It needs to be expanded to get skill training which must be more responsive to government policy. Barriers of Lao-German Technical College are able to receive the training of skilled workers for up to 500 people a year, but the demand for labor is over that every year.

In summary, the Lao labor shortage and most Laos labor are unskilled labor. The important problem of labor is the skills problem and Laos spurred an intense focus on skills development initiatives. Moreover, the problem about wages and a shortage of skilled workers has risen. The government and other partners have responded by channeling more resources to skills development, for example with investments in vocational training facilities to train more workers. Lao PDR faces problems in the education sector and only looks to skills development as a solution which does not address the fundamental problems constraining economic growth, employment creation, and poverty reduction. Creating an environment conducive for farm and non-farm businesses to make investments and grow remains an essential first step for skills development.

Obstacles of national development toward human resource

The skills problem in Lao PDR is even deeper and more severe than is generally recognized, being a problem not simply of vocational skills but of even basic reading and numeracy skills (World Bank, 2014). It is limited by the lack of alignment between the required skills in the labor market and those produced by the TVET sector, the poor quality of training, shortages of trainer teachers, the absence of teaching aids, and limited practical skills among teaching staff. Many TVET institutions lack modern facilities and equipment. Much of the training offered in the TVET sector is not relevant to labor market needs. The linkages between the public and private sectors are weak.

Private sector involvement in TVET, including finance, strategy and curriculum development, and delivery of training, can be increased and refocused on traditional trades. Many Laotian workers fill low skill level positions in plantations, agriculture and fishing enterprise but at the same time Lao PDR is keen to try to catch up as well as to ensure that its workers are hired and paid at levels commensurate with their skills. The Laos Government supports a regional qualification framework for development competency standards to be put in place and accredit skill workers. These mechanisms are for developed workers who go outside of the country for work to be hired and paid appropriately (ADB, 2010). Swanson and Holton (2009) stated that training and development have constituted the largest realm of Human Resource Development (HRD) activity. HRD is the integrated use of training and development, organization development, and career development to improve individual, group, and organizational effectiveness. They also defined training and development as the process of systematically developing work-related knowledge and expertise in people for improving performance. One of the main concentrations of HRD is the training and development focus on changing or improving the knowledge, skills, and attitudes of individuals. Some of the benefits of training such as the unemployed, displaced and economically disadvantaged in the USA have long been supported in the Job Training and Partnership Act (JTPA) by the government, the JTPA was the largest federal skills training program and provides training opportunity to them. These activities help to permanently reduce unemployment (Desimone & Werner, 2012, pp. 261-263).

Implications

This section presents the implications for practice suggested by the researcher. The implications have been drawn from the findings of the research. The implications were divided into two aspects.

Implication for practice #1: *For the Human Resource (HR) Professionals/ Trainers and Skill Worker Development Training Institutes*

Developing from unskilled to skills workers has led to the development of human capital which gives individuals the knowledge, skills, and ability to work. The individual is a part of the organization. When the organization knows that the individual has more skills, more experience, and more expertise, this gives good opportunity for organizational development. If the organization lacks skilled worker problems, such as broken equipment, then the organization cannot management because the individual in organization does not have the knowledge, skills, and ability, so the skilled worker is important to all organizations and for their self-employed.

LGTC provides learning programs for individuals as follows: (1) Skill Worker Level (9+2); (2) Technician Level (9+3); (3) Technician Level (12+2); (4) Higher Technician Level (9+3+1) or

(12+2+1) and (5) Short Courses Regarding to industries need (see Figure 2).

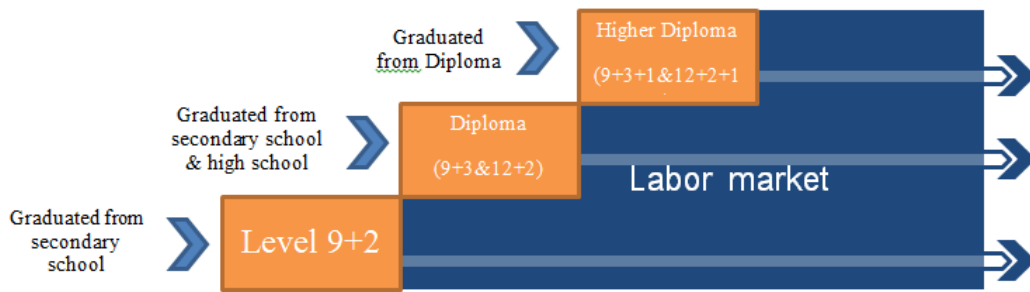


Figure 2 : LGTC learning programs

However, as from the findings, this institution needs to expand and have more teacher training and include financial support for the near future to have more sites for admission. In addition, LK also provides more training programs for less opportunity people and tribes who live far from Vientiane, the capital of Loa PDR. LK is still having the same problems as LGTC. So, the stake holder, especially government, may need to take a serious look at this matter. The next implication provides more detail about the policymaker.

Implication for practice #2: For the policy makers

The findings of this study found that the strategy of the Los government tried to move the country to be a “Battery of Asia”. The second implication is a need for increased accountability of government sectors including, private sectors and any other organizations in human capital investment. Based on the findings, most of the participants involved in skill worker development shared their experiences indicated that in order to invest in human capital, especially in skill worker development, all policy makers are required to become involved in the effort. All policymakers at every level should provide the means to promote motivation. For instance, providing some skill training program with the budget to support the unskilled to become skilled workers as Lao labor shortage as most Laos workers are unskilled labor. Furthermore, all sources of obstacle/ problems that are avoidable such as the teacher training shortage, financial support obstacle, and complicated managerial system aspects should be eliminated.

Imagine if all unskilled people in the Loa PDR were convinced and become skilled workers, offering help to the nation. The whole country will not only gain benefits but also the quality of life. If the country has a lot of skill workers, productivity has increased and the country’s income increases and is followed by the quality of life for Lao people. They also can pay more tax which means more revenue for the government. When skilled workers are high quality, the exportation will follow increasing and the economics of the nation will expand. The country’s GDP will increase. It is therefore necessary to all policy makers to seriously be aware and concerned. It may help and sharing to the Thai labor market there still is a shortage skill workers. Skills are a derived demand and that demand depends on policies for growth and employment creation. This study provides the challenge to investigate the skill worker process as they are one of the components of Human capital investment.

In short, as mentioned above, all sources of obstacles/ problems that are found in this study can be useful information for the policy makers to look for how to solve the problems or look for possibilities to move further ahead.

Recommendations for Future Research

First, this research was conducted by collecting data which was specific only to the five organizations in Vientiane, the capital of Loa PDR. Therefore, an opportunity is opened for more research on other organizations’ stakeholders in another area, such as in the big city like Leuang Bhabang in the North or Savannaket and Jumpasak in the South of Loa PDR especially rural area to looking for possibility to conduct research for further in the view of how to delivery skill development training program to the rural area instead of just only provide in the big city. *Second*, the results of this research were focused on the perspectives of a specific group of the government sector and private

sector, which they have the specific condition that is related the skill worker development. Thus, the research can conduct in other conditions such as financial issues, trainer's shortage issues, and develop a new system to link between entrepreneurs and the skill worker development training program like TOYOTA linkage from the finding in this study. *Third*, from the finding emerged in this study several people still cannot get a job fit after finished skill training programs due to lack of information or coordination with government agencies and enterprises that shortage labor. So this issue may be very interesting for further research, what is happen? And why is happen in Loa PDR labor market?

Limitations of the Study

All the transcriptions were translated into three languages. At the beginning, it was Lao. Then the transcriptions were translated into Thai as the researcher in a Thai native. Finally all the transcriptions were translated into English. The researcher realized such a difficulty is that often there is no equivalent word in English capable of capturing the subtle nuances of the world in the original language. This may be one of the main concerns in this study. Another concern should be noted here that if there is to be transferability, the burden of proof lies less with the original investigator than with the person seeking to make an application elsewhere. The original inquiry cannot know the sites to which transferability might be sought, but the appliers can and do.

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