

# **Personnel Management Association of Thailand (PMAT)**

**Bangkok, Thailand  
August 29, 2016**

## **1. Current economic and political situation in the country**

### **Economy and labor market situation**

According to Bank of Thailand's Business Outlook Report issued July 2016, business conditions in the second quarter of 2016 continued to expand at a gradual pace on the back of private consumption and tourism. Most businesses viewed that private consumption picked up from the first quarter, particularly from higher purchasing power, as a result of gradually improving income of agricultural households who benefited from improved prices and subsiding drought conditions. The tourism sector continued to expand due to growing number of local and foreign tourists.

Private investment remained unchanged. While there are evidence of investment recovery in tourism, process food and agricultural machinery sectors, most businesses were still waiting for a clear sign of economic improvement. Merchandise exports continued to decline, owing to a slowdown in the trading partners' economies. However, slight improvements were observed in some exporting sectors such as air conditioning, vehicles and parts, and prepared food. The real estate sector slowed down due to existing high level of household debts, which further limited participants' purchasing power, and financial institutions remained cautious on their lending operations.

Looking forward, business conditions in the third quarter of 2016 are expected to continue expanding at a gradual pace. Private consumption is expected to continue expanding from improving sentiments and income as the effect of drought subsides and from positive effect from government stimulus policies. The tourism sector should continue to expand well and remains an important growth driver. Private investment is likely to remain unchanged as businesses still apply "wait and see" strategy and have sufficient capacity to fulfill domestic and foreign demands. Meanwhile, merchandise exports should continue to decline as trading partners' economies remain fragile, and there are additional uncertainty after the Brexit referendum. The real estate sector is expected to slow down as the government measure to stimulate property sector concluded at the end of April 2016.

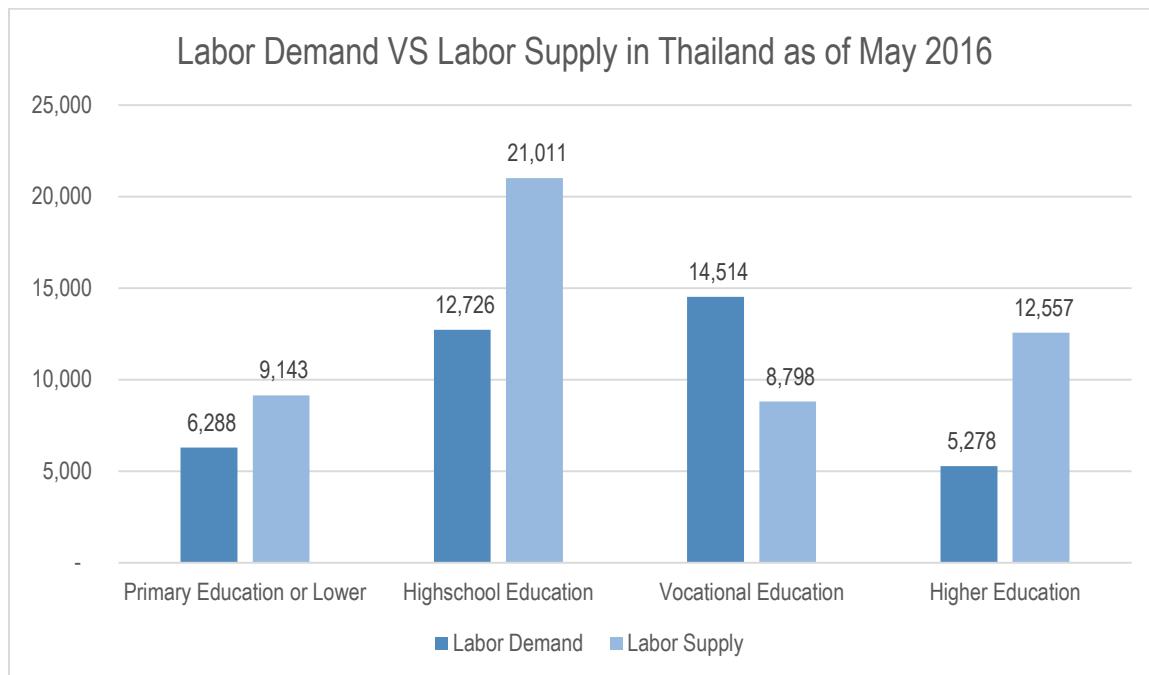
Going forward, businesses will continue to closely monitor economic recovery as risks remain, specifically the weak recovery of economic activities from agricultural households and manufacturing workers due to existing high household debts and reduced working hours, a result of subdued export sector.

The labor statistics from the National Statistical Office, Ministry of Information and Communication Technology surveyed on May 2016 shows a low rate of unemployment in Thailand at 1.2%. The major source of experienced workforce unemployment is manufacturing sector (41% of total unemployment workforce). This year's figure shows a higher number of unemployed workforce from agricultural sector due to severe drought condition throughout Thailand this year. The detailed workforce information is shown in the following table.

<b>Unemployment Rate as of May 2016</b>		<b>1.2%</b>
<b>Total Workforce</b>	<b>37,765,000</b>	<b>Persons</b>
Employed Workforce	36,810,000	Persons
Unemployed	453,000	Persons
Seasonal Workforce	502,000	Persons
<b>Unemployment Workforce Analysis</b>		
<b>Experienced</b>	<b>271,000</b>	<b>Persons</b>
Manufacturing Sector	111,000	Persons
Service and Trading Sector	108,000	Persons
Agricultural Sector	52,000	Persons
<b>Unexperienced</b>	<b>182,000</b>	<b>Persons</b>

Firms demand most for general labor, manufacturing labor, sales representatives, administrator, warehouse officer, customer service officer, accountant, driver, and trade promotion officer. The area with most job vacancy is Bangkok and its suburbs.

The lack of vocational worker is still exist as there is a large amount of excess labor demand against labor supply in labor market. While the situation is opposite for degree worker as there is a huge amount of excess labor supply comparing to labor demand.



Source: Labor Market Situation Journal (June 2016)

### Political situation

Political situation after the referendum on the draft constitution on August 7 seems to be more peaceful. The majority of voters, 58.1%, approves the draft constitution, compared with 41.9 percent who votes against it. The vote result reflects the junta's popularity especially that of General Prayuth Chan-o Cha, the Prime Minister.

The next process is sticking by the roadmap to democracy in which the general election will take place by late 2017 or early 2018 after the completion of 10 organic laws.

It was shocked to all people on the bomb blast and fire in the southern on August 12, which marked the Her Majesty Queen Birthday. Police Department claimed that it is not the terrorist act but the chaos happened by the group who against the National Council for Peace and Order (NCPO) and would trace the doer sooner from the close- circuit camera.

## **2. HR challenges**

PMAT runs a short survey on HR Challenges from business environment during August 10 – 19 with more than 100 participants and the result shows that the top 5 challenges for HR in Thailand are

1. Work and life attitude and style change (20.24%)
2. Changes in work culture (14.29%)
3. Internal communication (13.99%)
4. Lack of vocational workforce and lack of skilled worker in specific skill set (12.50%)
5. Overall economic situation and policy in Thailand (7.74%)

Another challenging factor that is growing its important in Thai society and in HR profession is that currently there are attempts from both government and private sector to establish occupational and professional standards in hope to raise standards and quality of life of people. This will bring a major change to how HR work in a very near future.

## **3. PMAT project and initiatives**

- PMAT's 50<sup>th</sup> Anniversary International Conference during June 27 and 28, 2016 was a success with over 2,000 participants and over 50 speakers. At the event, PMAT invited Dr. Peter Senge as keynote speaker and to run a workshop on Leadership Sustainability.
- The cooperation between Thailand Professional Qualification Institute (TPQI) and PMAT on the development of Thailand's Professional Qualification and Professional Standard is well achieved and the first round of accreditation with this new scheme is now in the final assessment process.
- PMAT's salary survey 2016-2017, with more than 200 participating companies from 15 industries, is now during the statistical calculation process. The salary survey result is to be released by November.

## **4. Scheduled Conferences**

- Thailand's Human Resources Certification Institute Open House (August 25)
- APFHRM Board Meeting, Bangkok, Thailand (October 11-14)
- PMAT HR Day 2016, Bangkok, Thailand (November 2016)

**Suchada Sukhvasti na Ayudhya**

**Advisory Board Member**  
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