

THAILAND

COUNTRY PROFILE

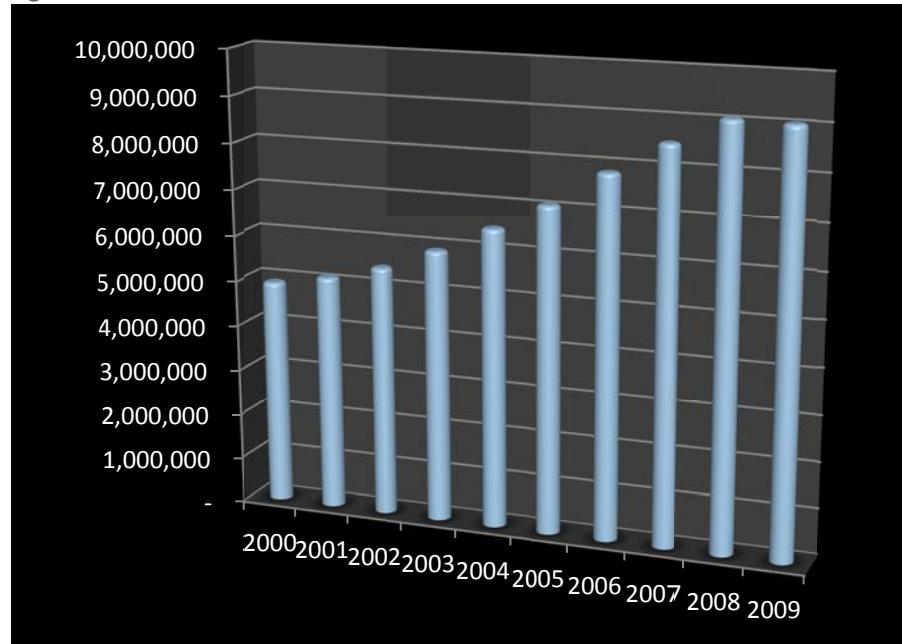
As a democratic country, Thailand is a constitutional monarchy situated in South East Asia, bordering Burma, Malaysia, Laos, and Cambodia. It has total population of 65.4 million from the 2010 population survey, ranking number four in its South East Asian Region. After the general election held on July 2011, Yingluck Shinawatra becomes Thailand's Prime Minister. The policies of the new government pluses impact of international economy and environment are now big issues to organizations in Thai economy.

ECONOMIC PROFILE

ECONOMIC SITUATION

After the Asian financial crisis in 1997, Thailand had to gone through a tough time especially the financial sector resulted in economic downturn and high unemployment rate. However, the country was gradually recovering from the crisis.

Figure 1 – The Annual Gross Domestic Product of Thailand 2000 - 2009



Source: Office of the National Economic and Social Development Board, Office of the Prime Minister

In 2009, together with Thailand's political turmoil, the mortgage crisis in the States, one of Thailand's major trade partners, put Thai economy into deceleration.

In 2011, there was tragedy in Japan, another Thailand's major trade partners, due to the massive earthquake and tsunami. The impact to Thailand is quite clear at this

time, as many productions especially those require parts from Japan have to be stopped.

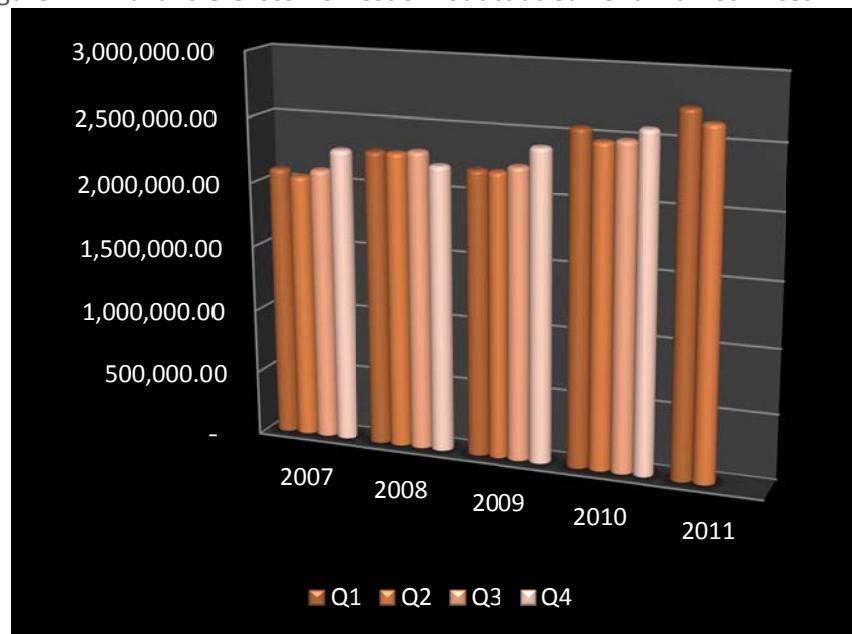
Table 1 – Thailand’s Economic Structure 2010

Sector	Portion to GDP (%)	Portion to Labor Force (%)
Agriculture	8.3	43.3
Industry	40	13.0
Wholesale & Retail Trade	13.3	15.1
Constructions & Mining	4.4	4.8
Other Services	33.2	23.9

Source: Office of The National Economic and Social Development Board
And National Statistical Office

Thailand has a mixed economy, having capitalist economy plus government intervention. Thailand economic structure in 2010 shown that industrial sector shared the largest portion of Thailand’s Gross Domestic Product which is 40% and was using 13% of Thailand’s total labor force.

Figure 2 – Thailand’s Gross Domestic Product at Current Market Prices



Source: Office of The National Economic and Social Development Board

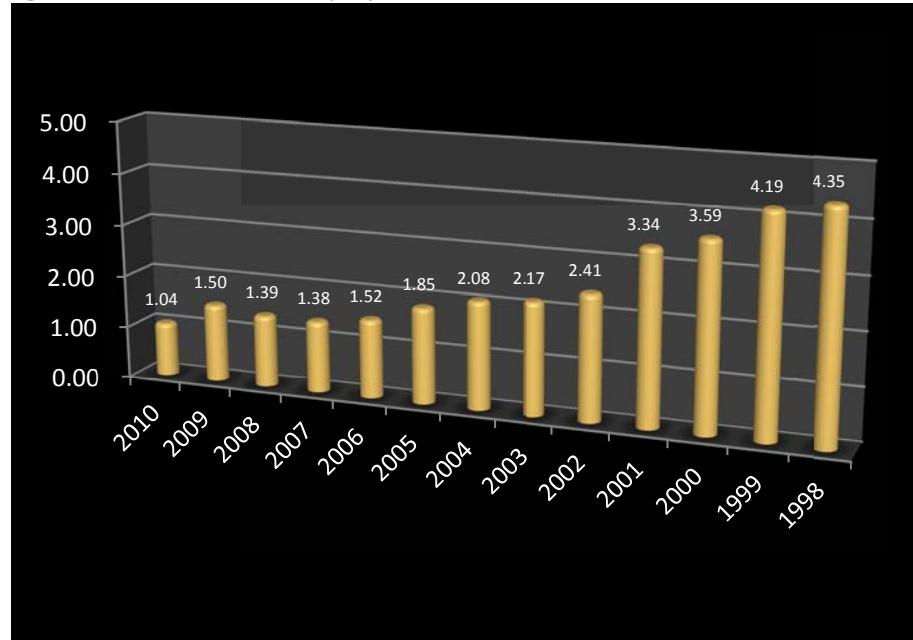
Thailand’s gross domestic product in second quarter 2011 rose by 2.6% which is slightly lower than the first quarter, slowing down for five consecutive quarters since first quarter 2010. The deceleration was found in both domestic and external demands. The main factor leading to this contraction is the export sector, as the decreased export of the key goods such as automobile and part, electronics, jewelry, and textile. Especially automobile and part, and electronic goods which are affected from natural disaster in Japan which result in decreased auto-parts production. However, it is forecasted to be recovered after the second quarter 2011.

The key export of Thailand in 2010 is automobile and part which shared 9.6% of overall export. The main import in 2010 is crude oil which shared 12.5% of overall import.

LABOR SITUATION

Thailand has quite low unemployment rate (lower than 2%) for 6 consecutive years which is a good sign of economic recovery from the Asian Financial Crisis in 1997.

Figure 3 – Thailand's Unemployment Rate 1998 - 2010



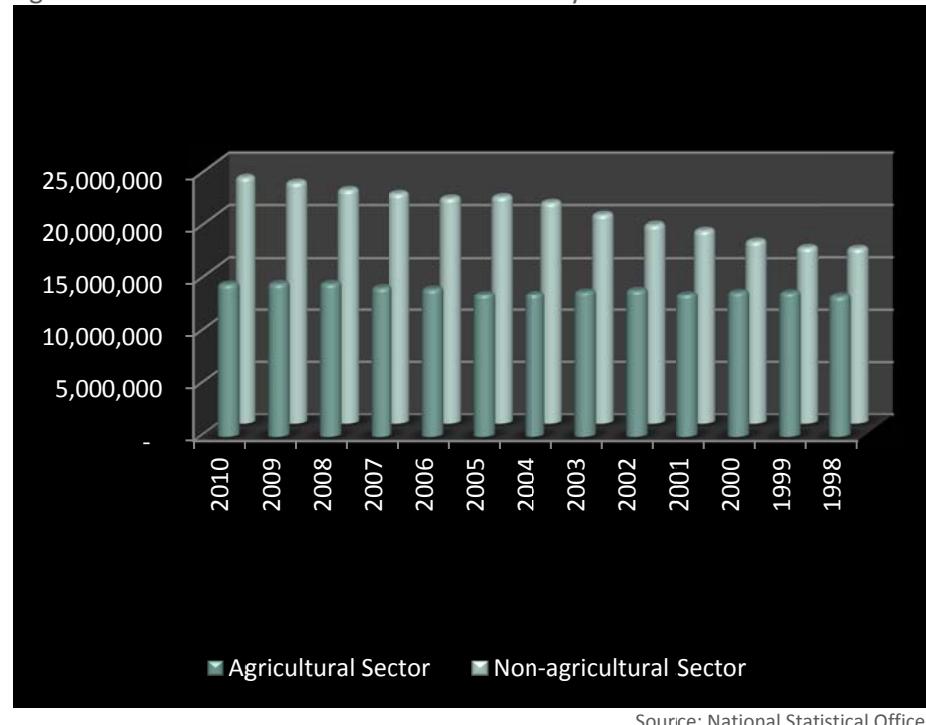
Source: National Statistical Office

From its population of 65.4 million, 53.98 million are 15 years and older. 72.5% of this 53.98 million or 39.12 million are Thailand's labor force, 38.88 million are employed, 0.16 are unemployed, and 0.08 are seasonally inactive labor force. Another 14.86 million are persons not in labor force.



In the recent survey in 2011, 15.83 million persons are employed in agricultural sector, the rest are in non-agricultural sector. Most of those working in non-agricultural sector are in wholesale and retail trade.

Figure 4 – Thailand's Labor Force Distribution by Sector



Source: National Statistical Office

From figure 4, we will witness the continued growth labor in non-agricultural sector. Also the literacy rate and education rate of Thai people is getting higher and higher.

There are 163,000 people (0.4%) unemployed in June 2011. 60,000 persons are from manufacturing sector; 56,000 from service and trading sector; 11,000 persons from agricultural sector; and the rest of the unemployed is inexperience group.

Youth (15-24 years old) is the biggest unemployed group (0.8%), which is common for this group of workforce. Adult (25+ years old) has 0.2% unemployment rate.

INITIATIVES OF THE NEW GOVERNMENT AND ITS IMPACT

During the general election campaign, the new government of Puer Thai Party announced several intentions which may give impact on business sector. Especially, the two intentions which are heavily criticized, the 300 baht daily minimum wage, and the 15,000 baht minimum salary for the bachelor's. Even the two initiatives are not yet in the public policy making process, the business sector is well aware of these to-be policies of the government. Many of the association members have been starting to seek for the solution to minimize the impact of the new government policies.

The impacts of the new government's initiatives might be as follow

- Overall higher employment cost for the company which may result in the lay-off campaign and higher unemployed unskilled labor
- The higher cost of living due to the higher price of goods and services
- Tougher business competition

- Influx of Cambodian labor, particularly legal workers under the Memorandum of Understanding (MoU) between Thailand and Cambodia

In summary, the actual policy impact of the initiatives of new government may not yet come. But the business sector is well aware of them and many of them are now seeking consultations on the issues from the association.

ASEAN ECONOMIC COMMUNITY (AEC)

The economic cooperation between ASEAN nations in the next 5 years is becoming a more clear opportunity to Thailand, but, inherently, there are threats coming with it too.

The economic cooperation gives opportunity for Thai labor, especially skilled-labor, to seek for a higher pay and career advancement abroad. And it is opportunity for business running in Thailand to be able to hire labor, especially unskilled-labor and cheap labor, from neighboring countries, which will reduce hiring cost for the business.

However, it might leads to the “brain drain” phenomenon as the Thai “cream” is drained by Singapore and Malaysia. Also, the influx of cheap labor from less developed countries, such as Cambodia, Laos, and Myanmar, will come in place of expensive local labor, especially the unskilled labor, which will lead to the higher unemployment rate.

PERSONNEL MANAGEMENT ASSOCIATION OF THAILAND

PMAT

Personnel Management Association of Thailand (PMAT) was found on November 17th, 1965 with the intention to modernize principles and practice in human resource management and industrial relations in Thailand, to provide academic knowledge and training to leverage competence, and to offer assistantship in human resource area, which will finally result in the proper utilization of human resource practices and industrial relations. Moreover, association acts as center for knowledge and experience sharing, especially on issues related to human resource management and industrial relation, and do other human resource related issue, such as, giving academic assistants and suggestions to its members. Besides, association coordinates and cooperates with other professional organizations to promote sound understanding between employers and employees. Our members are ranging from organizations to individuals.

THAILAND HR FORUM 2011

On August 16th and 17th, PMAT hosted the Thailand HR Forum 2011 with the theme “WORKFORCE ENRICHMENT TOWARDS EMPLOYEE ENGAGEMENT” at Swissôtel le Concorde, Bangkok, Thailand. The forum caught intention from not only our members, but also others who are not our members. PMAT invited key persons both practitioners and academics to be key note speakers and speakers in this seminar sessions.

The forum was divided into three main seminars – seminar on human resource management, seminar on human resource development, and seminar on organization development. The forum is a big success to us as the attendees are appreciated with the sessions we provided.

PMAT AND THE AEC RESEARCH

At PMAT, we are also well aware of the impact of various kinds of international cooperation, especially ASEAN Economic Community (AEC), which is becoming more real each day. Therefore, we conduct the AEC research to find Thai HR persons' perception on AEC and to study on organization awareness on the AEC. The survey is started but, however, not yet done. In next year, with the completion of the research, we will report the research result.

HR DAY 2011

PMAT plans to host the HR Day 2011 during November 17th and 18th to celebrate its 46th anniversary. However, the theme is not yet decided.

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