

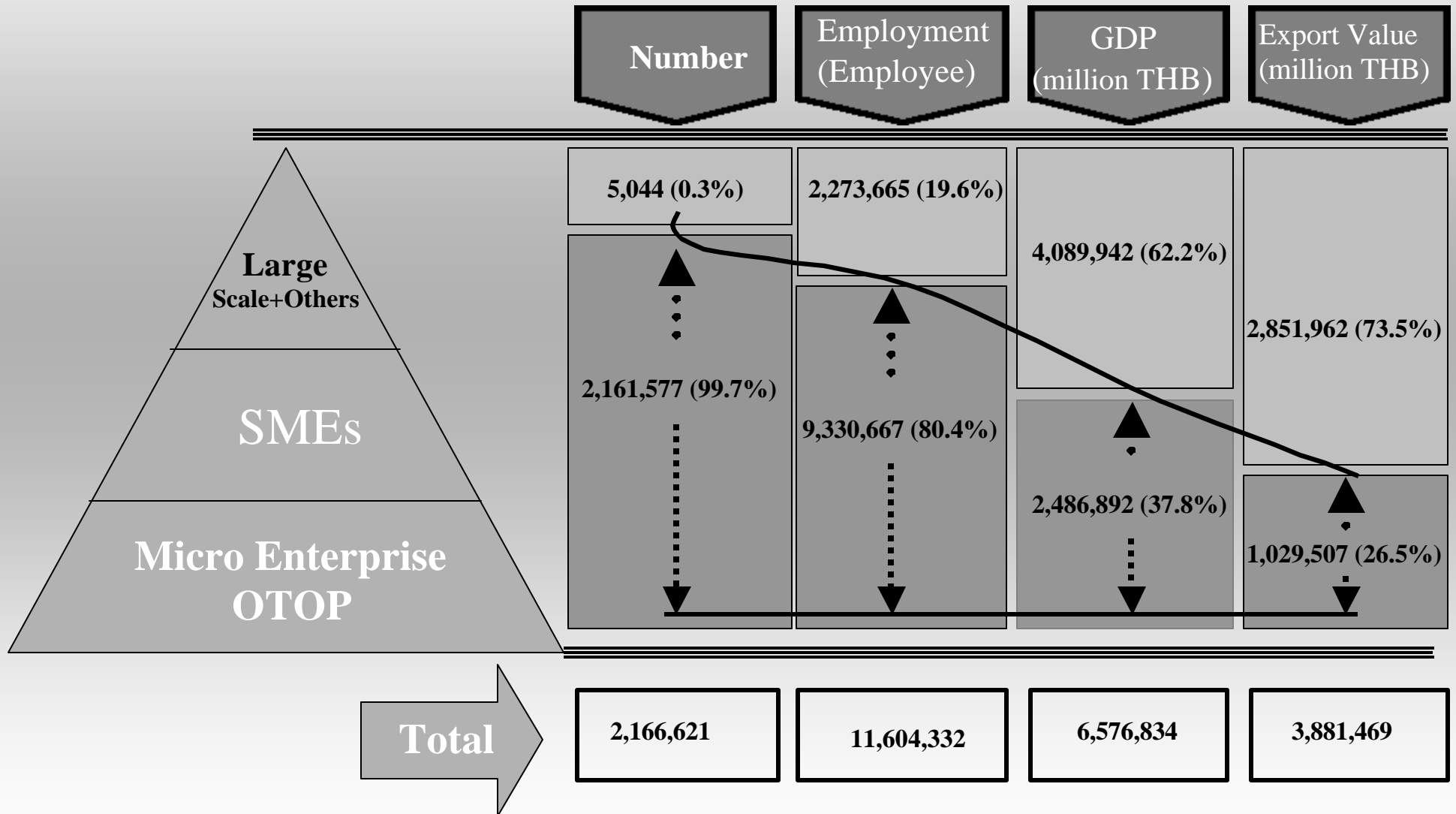
Small Enterprises

Types of Business	Employment	Fixed assets (million baht)
Production	Not more than 50	Not more than 50
Service	Not more than 50	Not more than 50
Wholesale	Not more than 25	Not more than 50
Retail	Not more than 15	Not more than 30

Medium Enterprises

Types of Business	Employment (number of persons)	Fixed assets (million baht)
Production	51-200	Not more than 200
Service	51-200	More than 50 but less than 200
Wholesale	26-50	More than 50 but less than 100
Retail	16-30	More than 30 but less than 60

Structure of Thai SMEs (2004)



Importance of SMEs to Thai Economy

1. They account for 99.5% of total enterprises.
(2004)
2. They generate employment 70%
3. SMEs GDP contribution is about 38%
4. Export value of SMEs is 26.5%
5. Most enterprises are built up from SMEs
6. They provide important linkage with large enterprises

Importance of SMEs to Thai Economy

7. They introduce new product innovation and adapt to the global environment better than large enterprises.
8. They provide income distribution for national economy.
9. They provide alternative transaction sources as suppose to large enterprises.

STRENGTHES

- High flexibility and adaptability
- High utilization of local/ domestic resources & knowledge
- Well performed in skill-based sectors: food; fashion products; tourism and related products&services
- Easy business access and quick consumer approach
- Eligible in producing products which are various in design and quality

OPPORTUNITIES

- Trends of new business approaches favor SMEs
- Easy for starting ups and allow workforce and new entrepreneurs to accumulate skills
- Allow for business alliance with Les and MNCs
- Potential for the creation of new genre of entrepreneurs
- SMEs promotion is national agenda with high level of significant

WEAKNESS

- Losing competitiveness in labor-intensive & resource-based sector
- Weak production structure; Poor management; Incapable in marketing; Lack of product development; Employing low quality workforce; Using out of date technology
- Limitation in access appropriate fund
- Lack of integrating and networking system

THREATS

- Pressure from Globalization:
 - Economic integration between countries
 - FTA on Goods/Services/Investment
 - New form of NTBs
- SMEs promotion system is still fragmented both in policy formulation and implementation
- High competition results in Nutcracker situation
- Obstacles from public administration

Process of Devising the Master Plan



Main Content of the Master Plan

Broad-based Strategy

- Strategy for the Rehabilitation of SMEs
- Strategy for Creating and Improving Basic Infrastructure and Reducing Obstacles in Business Operations
- Strategy for Promoting the Sustainable Growth of SMEs

Sectoral-based Strategy

- Strategy to Raise the Potential of Exporting Enterprises
- Strategy to Create and Develop New Enterprises
- Strategy to Increase the Potential of Community-based Enterprises

Conceptual Linkage of the 6 strategies

Entrepreneurial
Society

Strategy 4:

Raising the potential of
Exporting enterprises

Strategy 3:

Promoting the sustainable
growth of SMEs

Strategy 5:

Create and develop
new entrepreneurs

**Existing
SMEs**

Strategy 6:

Promoting
community enterprise

Strategy 1:

Rehabilitation of
SMEs

Strategy 2:

Creating and improving basic infrastructure
and reducing obstacles in business operation

Changes on Development Context

1
Higher Mobility of Fund

2
Technology Development entering Molecular Economy (Nano/Bio/Material)

3
Higher level of Economic Integration

4
More Speculative Actions in Goods&Money Money

- Aging Population increases
- Higher Awareness on Environmental Issue
- Higher Level of Urbanization
- Health Problems from New Causes

5
Changes in Social Factors

6
Changes in Consumers' Behavior

- More Middle Class
- Health Awareness
- Aging structure of Population expands
- Changes in Administrative Pattern



Opportunity

Threat

- Export expansion from FTA
- More Channel of Fund Raising
- New Business Opportunity from Thai Wisdom/Changes in Social

- Competitiveness Decreases
 - More Sophisticated of Trading System
 - Fast changing in Technological Development
 - Higher Cost of Production
 - Higher level of Competition
- More Burden on Environmental Management



Effects on SMEs

Social & Economic System for globalization

Increase Opportunity

Free flow of

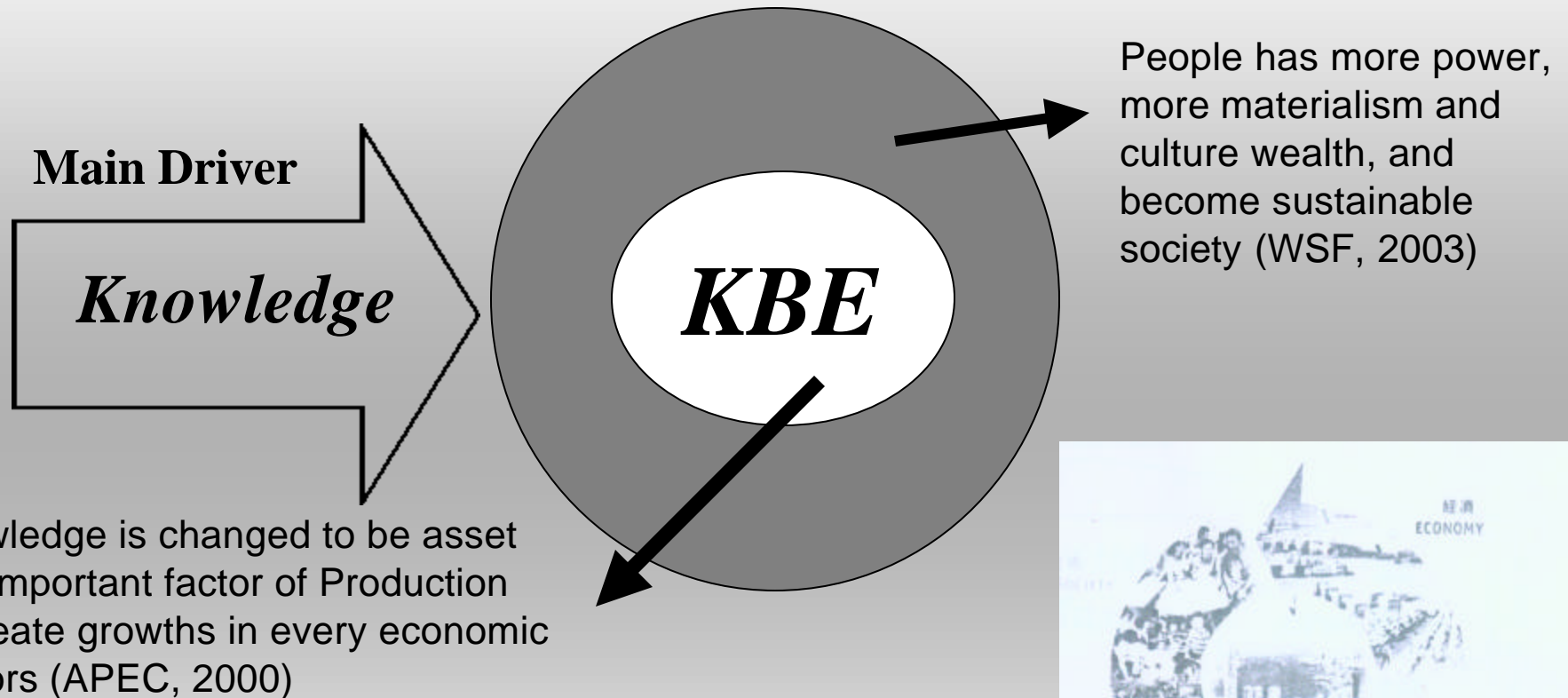
- Knowledge & information
- Capital
- Human & Labor
- Goods & Services

Sufficient
knowledge
for self-
adjustment

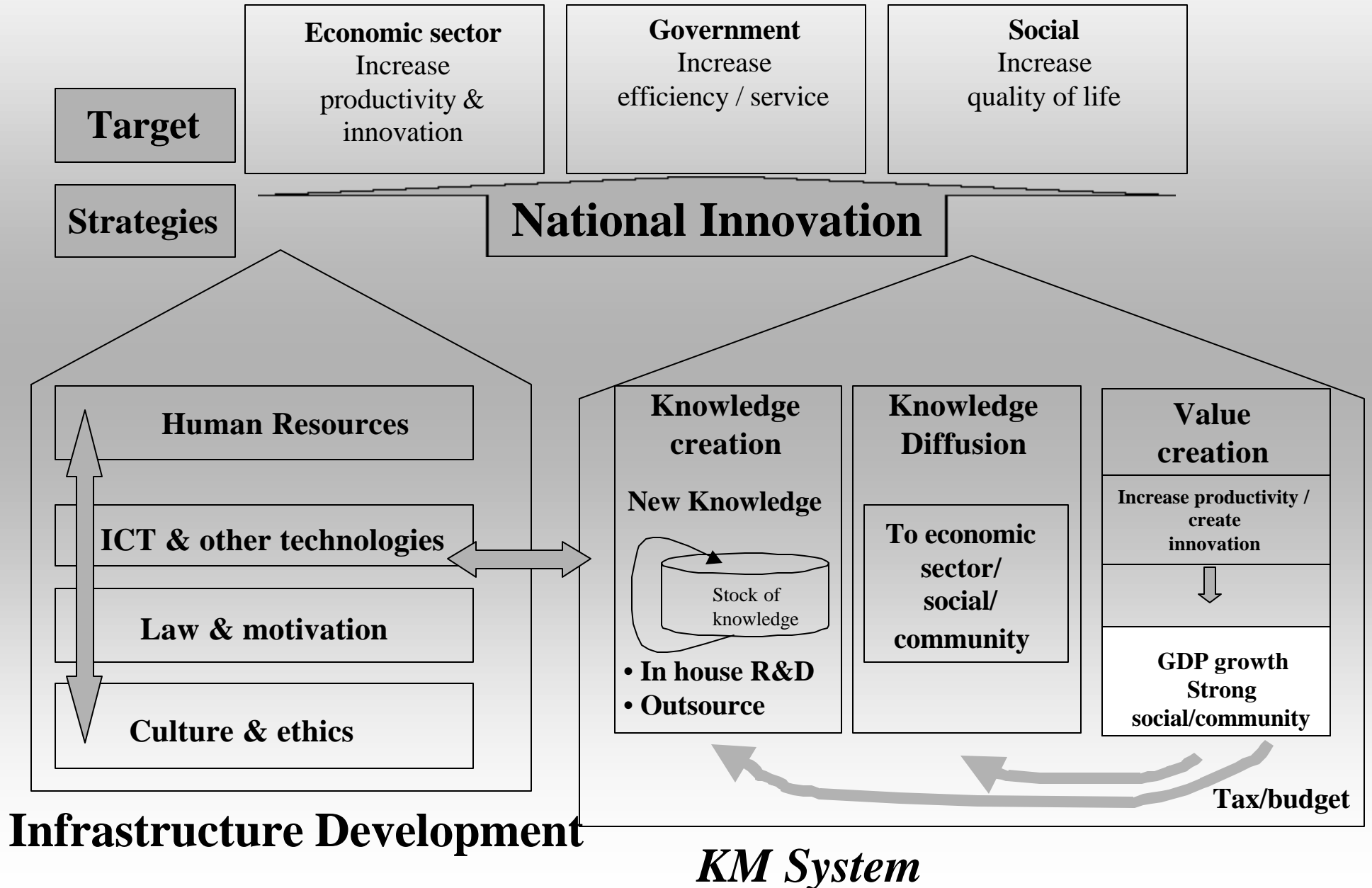
- Competitiveness
- Self – reliance of community on management
- Balance among environment, culture and social

Create
Immune

Characteristics of Knowledge-based Social/Economy



Conceptual Framework for KBE



Role of SMEs in Labor Market

- ❖ In 2004, employment in SMEs sector accounts for more than 70 percent of total employment in Thailand.
- ❖ SMEs also serve as on the Job Training units for various kind of labor force for the entire economy.

Share of SME Employment in Each Sector

	1994	1999	2004
Manufacturing	31.21	29.19	34.7
Trading	34.99	37.42	28.2
Servicing	33.8	33.39	29.5

Status of Thai SMEs personnel

- From NSO Survey, 33.63 million persons are employed in January 2005
 - 37.17% has education lower than primary level
 - 21.5% has primary education.

Thus, 60% of employed workforce has primary education or lower.
- Most of Thai entrepreneur has limited education and skills, either in business administration or production skill.
- Currently, Department of Skill Development (DSD), Ministry of Labor, Play a vital role in skill development of the labor force, while training of entrepreneurs is operated under Institute of SMEs Development (ISMED), Department of Industrial Promotion (DIP), Ministry of Commerce.

Problem in the Development of Thai entrepreneur and SME Personnel

Demand Side

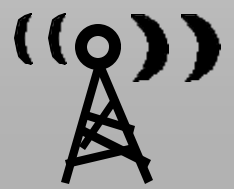
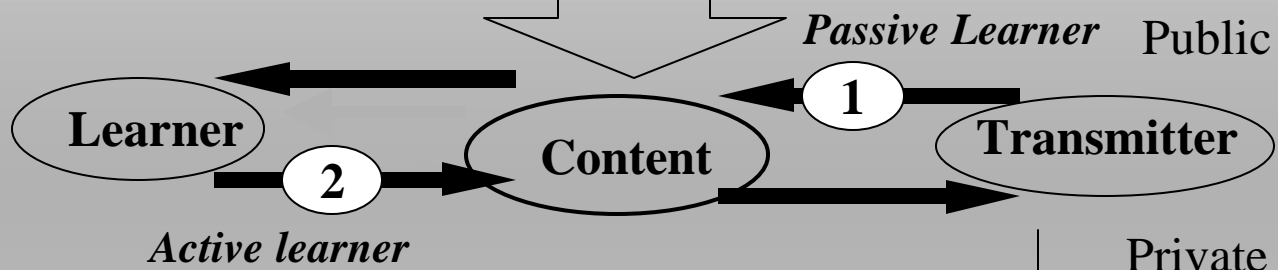
Supply Side

- Mindset toward new knowledge/
Lack of learning skill
 - Lack of business operation skill
(Modern and more professional)
- Entrepreneurs**

- Meet the needs ?
- Tailored to the Stage of
Development of SMEs

- Short of Trainers
- Duplicated &
Inefficient Operation

**Lack of
Knowledge/
information
exchange**



- High Turnover **Employee**
- Lack opportunity to accumulate
Knowledge and skill
- Limited learning capability
- Unskilled labor overwhelm
skill labor force

- Media**
- Mentoring and Consulting System/ incubation
Centre/ out wall training are not enough
 - Lack of Variety in training program
 - Lack of database/Measure to promote usage of
ICT in business operation

- Private
- Lack of Awareness
 - Investment in
HRD involve risk.

**Supportive
environment**

Incentive System / Promotional Measure/ Educational System

Internationalization of Thai SMEs

Status

- In 2004, Share of export by SMEs account for 26.5 percent of Thailand's total export value.
- Export done by SMEs expands rapidly in sectors such as; Cereal & Grain; Plastic and related products; Electricity and Electrical Appliance and parts.

Problems & Threat

- Lack of knowledge and skill in producing goods to meet international standard and market.
- Lack of information to either access or penetrate market.
- Obstacles from Rule & Regulation
- Liberalization; FTA, Trading Bloc, NTB & Protectionism.

Strength & Opportunity

- SMEs are flexible in adjusting their production and service to meet changing demands.
- Thainess & Uniqueness could be advantageous for niche product development.
- Global Supply Chain/ Outsourcing have provided business opportunity for SMEs.

Internationalization of Thai SMEs

Target

- “To enhance competitiveness of Thai SMEs in world market.”

Strategies

- Upgrading standard and product quality via design & development and production technique improvement.
- Raising SME export capability both by expanding sales in existing market and penetrating new markets.
- Deregulated relevant rules and regulations to facilitate export.
- Supporting environment for expansion i.e. financing, G-G corporation, Global sourcing & Partnership development.