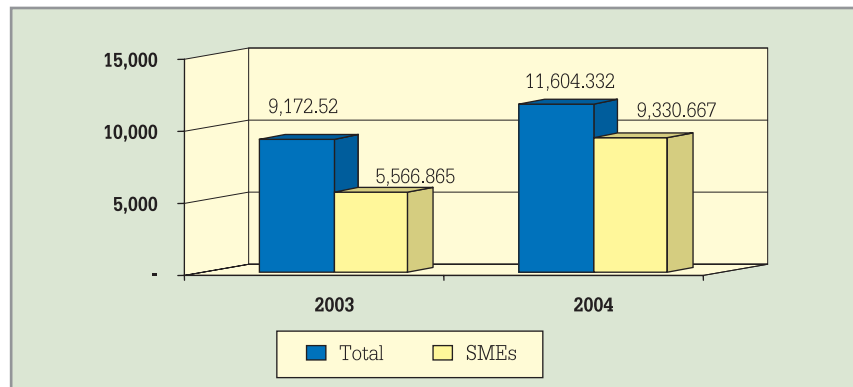


Chapter 3 Employments Under SMEs in 2004

3.1 Employment Under Small and Medium Enterprises

Out of the 11,604,332 employed persons in 2004, it was recorded that 9,330,667 or 80.4 percent of the total were working for Small and Medium Enterprises. The number of persons employed under SMEs rose sharply by 3,763,802 or 67.6 percent over the foregoing year. Large enterprises, on the contrary, experienced a decrease in employment by as many as 1,332,222 persons or 36.9 percent. The drop was partially due to the fact that the 2003 SMEs database was recently updated, making it possible to achieve a far more comprehensive coverage (Figure 3.1).

Figure 3.1 Number of Employment Under Small and Medium Enterprises 2003-2004



Source: The 1997 Industrial Census and The 2002 Business Trade and Services Census
by National Statistical Office

: List of registered establishments, Department of Business Development, Ministry of Commerce.

: List of insured employees, the Social Security Office

: List of registered manufacturers, Department of Industrial Works

Compiled by: the Office of Small and Medium Enterprises Promotion

3.2 Employment Under Small and Medium Enterprises by Industry

Close examinations of SMEs employment by industry revealed that manufacturing held the highest number of employment at 3,233,484, or 34.7 percent of all SMEs employed persons. Services ranked second at 2,755,485 employed persons, or 29.5 percent of the total. Retail trade accounted for 1,694,029 persons or 18.2 percent, while wholesale trade provided 935,702 jobs or 10 percent of the total of employment under SMEs. As for the averages of employment under a variety of enterprises, it was found that large enterprises had an average of 451 employees, while medium enterprises averaged at 120. The manufacturing sector had an average of 200 employees, while the services sector had 93. The retail and wholesale sectors averaged at 70 and 68 employees respectively. For small enterprises, the overall average employment was 4, with wholesale, manufacturing, services, and retail holding the averages of 6, 5, 3, and 2 employees respectively (Table 3.1).

Table 3.1 Average Number of Employment Under Small and Medium Enterprises in 2004 by Industry

Industries	Average Emplmt. (Persons)	SMEs Average Emplmt. (Persons)	LE Average Emplmt. (Persons)	ME Average Emplmt. (Persons)	SE Average Emplmt. (Persons)
Manufacturing	9	7	784	200	5
Wholesale	9	7	260	70	6
Retail	3	2	292	68	2
Services	5	4	408	93	3
N/a	7	6	606	157	6
Averages	5	4	451	120	4

Source: The 1997 Industrial Census and The 2002 Business Trade and Services Census by National Statistical Office

: List of registered establishments, Department of Business Development, Ministry of Commerce.

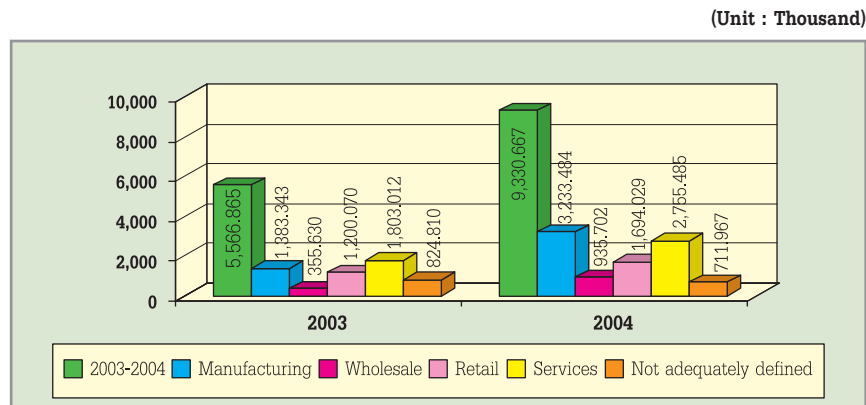
: List of insured employees, the Social Security Office

: List of registered manufacturers, Department of Industrial Works

Compiled by: the Office of Small and Medium Enterprises Promotion

Compared to 2003, employment under SMEs increased sharply. The highest number was in the wholesale sector, where 580,072 more employees or 163.1 percent of the total were added. Manufacturing also posted a 133.7 percent increase, while 52.8 and 41.1 percent were registered for the services and retail sectors (Figure 3.2).

Figure 3.2 Number of Employment Under Small and Medium Enterprises 2003-2004 by Sector



Source: The 1997 Industrial Census and The 2002 Business Trade and Services Census by National Statistical Office

: List of registered establishments, Department of Business Development, Ministry of Commerce.

: List of insured employees, the Social Security Office

: List of registered manufacturers, Department of Industrial Works

Compiled by: the Office of Small and Medium Enterprises Promotion

3.3 Employment Under Small and Medium Enterprises by Region

Considering the SMEs contribution towards employment, the highest proportion was recorded in the Northeastern region where 96.6 percent of the employed persons are under SMEs. SMEs in the Northern region also contributed to as high as 93.7 percent of overall employment. For Bangkok and vicinities, the region which

held the greatest number of employed persons, it was found that 73.5 percent of these employees were working under SMEs.

The ME employment averages were as follow: the Central region ME had the highest average of 139 employees, Bangkok and vicinity held a little lower average of 112, Northeastern averaged at 119, while it was 116, 115, and 87 for the Southern, Eastern, and Northern region respectively. For small enterprises, Bangkok and vicinity SE had the highest average of 6 employees. The SE in Central and Eastern regions averaged at 4, while the Northern and Southern SE had the average of 3 employees. The SE in the Northeastern region hired only 2 persons on the average (Table 3.2).

Table 3.2 Number of Employment, Percentage, and Average Employment Under Small and Medium Enterprises in 2004 by Region

Regions	Total employment in the region (persons)	Employment under SMEs (persons)	% of employment in the region to total employment under SMEs	% of employment under SMEs to total employment in the region	Average employment under ME (persons)	Average employment under SE (persons)
1 Bangkok & vicinity	6,570,755	4,832,519	51.8	73.5	122	6
2 Central	1,120,267	925,198	9.9	82.6	139	4
3 Northern	983,768	921,412	9.9	93.7	87	3
4 Northeastern	1,357,906	1,311,843	14.1	96.6	119	2
5 Southern	857,588	797,266	8.5	93.0	116	3
6 Eastern	714,084	542,429	5.8	76.0	115	4
Total	11,604,332	9,330,667	100.0	80.4	120	4

Source: The 1997 Industrial Census and The 2002 Business Trade and Services Census

by National Statistical Office

: List of registered establishments, Department of Business Development, Ministry of Commerce.

: List of insured employees, the Social Security Office

: List of registered manufacturers, Department of Industrial Works

Compiled by: the Office of Small and Medium Enterprises Promotion

3.4 Distribution of Employment Under Small and Medium Enterprises by Industry and Region

The SMEs employment in each region was quite similar in structure. The manufacturing sector generally held a higher share in employment than trade and services, except in the Northern and Southern regions where the services sector took over the lead, followed by manufacturing, retail, and wholesale trade respectively.

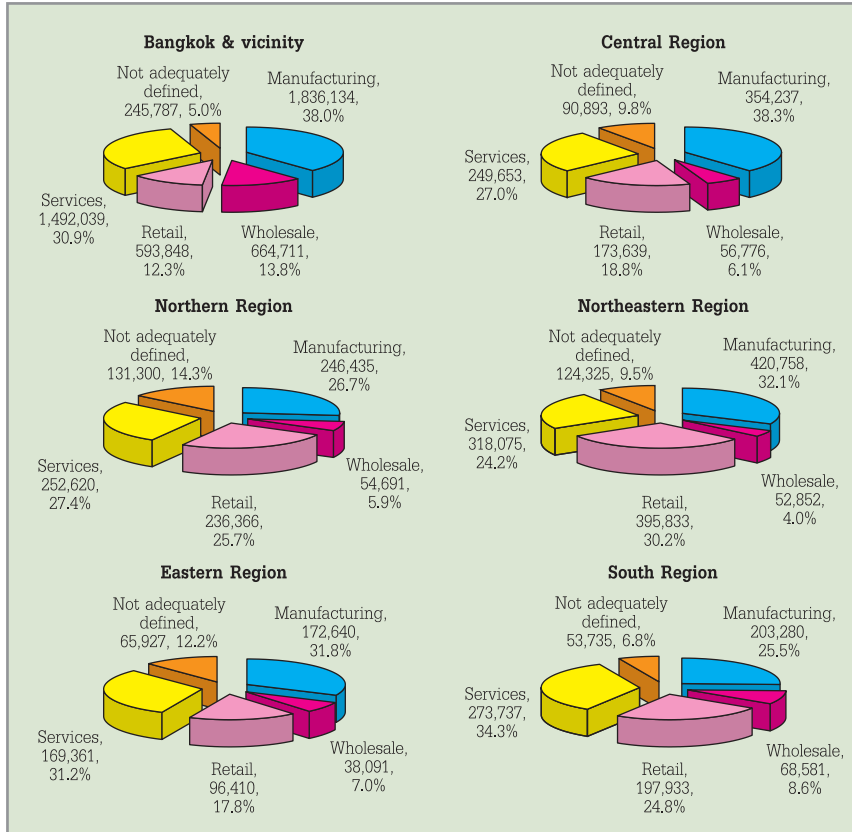
The Central region had the greatest proportion of SMEs employment in manufacturing, 38.3 percent of employment in the sector were under SMEs. Bangkok and vicinity ranked second with 38.0 percent of employment in manufacturing under SMEs. The region with the lowest SMEs share in manufacturing employment was the South, at 25.5 percent.

With regard to services sector, the Southern region's SMEs contributed the most to its employment, accounting for 34.3 percent of the total. The Eastern region also came close at 31.2 percent. These two regions were blessed with many of Thailand's major tourism destinations; therefore, their tourism-related services enterprises such as hotels, restaurants, and other assorted businesses, held significant roles in creating employment opportunities in the regions. In contrast to this, the services SMEs in the Northeastern region held the lowest share in employment at 24.2 percent.

The opposite of the above occurred in the retail sector, where the region with the highest share of SMEs in employment was the Northeastern, at 30.2 percent. The Northern region had 25.7 percent SMEs retail employment, while Bangkok and vicinity had the lowest share of 12.3 percent.

Most of the regions had as low as 4-9 percent share of SMEs employment in the wholesale sector. The only region where the proportion of employment under SMEs was higher than that was Bangkok and vicinity at 13.8 percent (Figure 3.3).

Figure 3.3 Distribution of Employment Under Manufacturing Small and Medium Enterprises in 2004 by Sector and Region



Source: The 1997 Industrial Census and The 2002 Business Trade and Services Census by National Statistical Office

: List of registered establishments, Department of Business Development, Ministry of Commerce.

: List of insured employees, the Social Security Office

: List of registered manufacturers, Department of Industrial Works

Compiled by: the Office of Small and Medium Enterprises Promotion

3.5 Employment Under Small and Medium Enterprises in 19 Provincial Clusters According to the Provincial Cluster Development Strategy

Bangkok: Bangkok had the highest number of employment under SMEs at 3,296,915. Manufacturing shared the greatest proportion in it, having 1,124,898 employees or 34.1 percent of the total. The services sector provided 1,122,283 jobs or 34.0 percent. Wholesale hired 469,283 employees, or 14.2 percent of the total, and, lastly, the retail sector employed 410,959 persons or 12.5 percent of the total.

1. The Upper Northern Provincial Cluster - Chiang Rai, Chiang Mai, Mae Hong Son, Phayao, Lamphun, Lampang, Nan, and Prae: This cluster had the greatest number of SMEs employment in the Northern region with the total of 533,741. Manufacturing accounted for the largest part, 158,966 jobs or 29.8 percent of the total. The second largest sector was services with 146,068 employees or 27.4 percent of the total. The retail sector had 116,361 employees, a 21.8 percent share, and wholesale had 35,499 employees or 6.7 percent of the region's workforce.

2. The Central Northern Provincial Cluster - Tak, Sukhothai, Phitsanulok, Uttaradit, and Petchabun: The cluster had 196,667 jobs under SMEs, with the retail sector leading others at 64,802 jobs or 33 percent of the total. Services hired a total of 55,851 employees, accounting for 28.4 percent. Manufacturing and wholesale had 45,651 and 10,500 employees, making up 23.2 and 5.3 percent of the total respectively.

3. The Lower Northern Provincial Cluster - Nakhon Sawan, Phichit, Kamphaeng Pet, and Uthai Thani: This cluster had a total of 191,004 SMEs employees. Retail held the greatest share of the cluster's workforce, hiring 55,203 people or 28.9 percent of the total. The services sector provided 50,701 jobs or 26.5 percent. Manufacturing accounted for 41,818 jobs or 21.9 percent, while wholesale had only 8,692 employees or a mere 4.6 percent of the total.

4. The Upper Central Provincial Cluster (Group 1) - Nonthaburi, Pathum Thani, Phra Nakhon Si Ayutthaya, and Ang Thong: This group's SMEs had a total of 603,794 employees. The greatest proportion, 247,128 people or 40.9 percent of the total, worked in the manufacturing sector. The services sector provided 185,729 jobs or a share of 30.8 percent. The retail sector ranked third, accounted for 13.7 percent at 82,884 employees, and wholesale held a 10.1 percent share with 61,123 employees.

5. The Upper Central Provincial Cluster (Group 2) - Chai Nat, Lop Buri, Saraburi, and Sing Buri: The cluster had a total of 181,832 employees working under SMEs. The sector with the highest number of jobs was services at 62,224 or 34.2 percent of the total. Manufacturing had 53,457 jobs under SMEs, holding a 29.4 percent share. Retail accounted for 40,923 employees or a 22.5 percent share, while wholesale did likewise for 8,481 people or 4.7 percent of the total.

6. The Lower Central Provincial Cluster (Group 1) - Nakhon Prathom, Kanchanaburi, Suphanburi, and Ratchaburi: This cluster's SMEs provided jobs for a total of 393,283 employees. Manufacturing was the leading sector accounting for 160,924 employees or 40.9 percent of the total. The services sector had 94,713 employees or 24.1 percent, while 75,461 or 19.2 percent were hired under the retail sector. Wholesale had 29,136 employees or 7.4 percent of the cluster's workforce.

7. The Lower Central Provincial Cluster (Group 2) - Samut Sakhon, Samut Songkhram, Phetchaburi, and Prachuap Khiri Khan: A total of 333,302 people in the clusters were employed by its SMEs. The sector with the greatest proportion was manufacturing, which hired 158,748 people or 47.6 percent of the total. Services accounted for 56,013 jobs or 16.8 percent. Retail had 43,711 employees or 13.1 percent, while the wholesale sector provided jobs for 39,623 people or 11.9 percent of the cluster's workforce.

8. The Lower Central Provincial Cluster (Group 3) - Chachoengsao, Samut Prakan,

Nakhon Nayok, Sa Kaeo, and Prachin Buri: The cluster's SMEs hired as many as 686,257 people, the highest number in the Central region, and even the highest among all provincial clusters except Bangkok. Its leading sector in employment under SMEs was manufacturing which provided 338,306 jobs or 49.3 percent of the total. The services sector had 143,431 employees or 20.9 percent, while retail and wholesale accounted for 98,381 and 56,287 jobs, or 14.3 and 8.2 percent of its workforce respectively.

9. The Central (Eastern) Provincial Cluster - Chonburi, Rayong, Chantaburi, and

Trat: This cluster had 432,064 employees working under SMEs. The services sector led the others with 140,176 employees or 32.4 percent of the total. Manufacturing provided jobs for 136,105 people or 31.5 percent of the workforce. Retail had 69,563 employees or 16.1 percent, while wholesale was hiring 31,344 employees or 7.3 percent.

10. The Upper Northeastern Provincial Cluster (Group 1) - Udon Thani, Nong Bua

Lam Phu, Nong Khai, and Loei: Its SMEs offered jobs for 212,034 people. Retail held the greatest share with 66,880 employees or 31.5 percent of the total. Manufacturing provided 57,572 jobs or 27.2 percent, while the services sector had 52,158 employees or 24.6 percent. The wholesale sector accounted for 8,181 jobs or 3.9 percent of the workforce in the cluster.

11. The Upper Northeastern Provincial Cluster (Group 2) - Mukdahan, Sakon Nakhon,

Nakhon Phanom, and Kalasin: Its total employment under SMEs was 181,538. Manufacturing had 60,726 employees or 33.5 percent of the total. Retail SMEs hired 52,605 people or 29 percent. The services SMEs had 48,203 employees or 26.6 percent, and 5,299 employees or 2.9 percent of the workforce, were working in the wholesale sector.