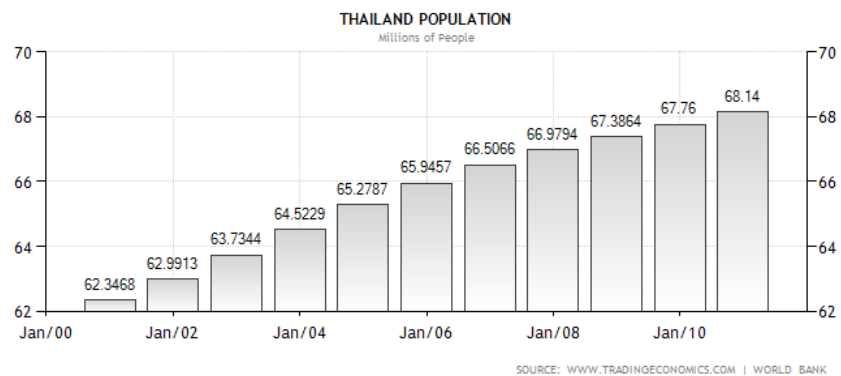


THAILAND

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 68.9 million in 2010 from 27.6 million in 1960, changing 145 percent during the last 50 years.



After the general election held on July 2011, Yingluck Shinawatra becomes Thailand's Prime Minister. During the last quarter of the previous year, Thailand was facing floods which ran through almost one third of its 76 provinces across the country including its major industrial estates, and Bangkok, its capital city. However, Thailand has been progressing in recovering its economy which affected by the floods.

ECONOMIC PROFILE

ECONOMIC SITUATION

The devastating flood situation in Thailand during the last quarter of the previous year is major factor shrinking the economy by 0.1 percent (Thailand, 2012) as automotive, electronics, and agriculture sectors were affected from this Thailand's heaviest flooding in 50 years. Industrial estates such as, Rotchana Industrial Park, Hi-tech Industrial Estate, Saharattanakorn Industrial Estate, and Nawanakorn Industrial Estate, have been submerged, causing factories to suspend production and, lay off over 350,000 labors. (Setboonsarng, 2011)

However, the country has been progressing and regaining its economic capacity from the situation. Even being widely criticized of its transparency, the government tries to rebuild trust from domestic and foreign investors both by communicating directly to investor and restructuring flood and water management of the country through several mega-billion programs including flood relieve programs for people

affected from the flood which initiated to ensure security for investment and ease those who affected by the flood.

From the starting of the 2012, the cost of living of Thai residence is gradually and continuously increased as energy price increase. Energy is special in its nature as it can be considered as goods and capital goods. Therefore, the increase of energy price will affect both price of consumer and price of producer which will again raise the cost of living of people.

ASEAN ECONOMIC COMMUNITY (AEC)

The economic cooperation between ASEAN nations in the next 3 years is becoming a more clear opportunity to Thailand, but, inherently, there are threats coming with it too.

Thai government started to provide more information on this regional economic integration to people and has initiated campaigns enhancing recognition of Thai people on the matter.

LABOR SITUATION

Thailand has quite low unemployment rate (lower than 2%) for 6 consecutive years. The previous year's flooding gave somewhat impact on labor situation of the country as labors in industrial estates affected from the flood had been temporarily laid off.

Currently even some factories have recovered their production capacity and restart their production, some factories, unfaithful of government-initiated flood management model, especially Japanese organizations decided to relocate their business in other locations. This will result in unemployment of some labors.

THE NEW MINIMUM WAGE

In April 2012, the new minimum wage rate at 300 baht per day will be imposed in 7 provinces in Thailand, namely Bangkok, Phuket, Nakornpatom, Nonthaburi, Patumthani, Samutprakarn, and Samutsakorn. Besides, all other provinces will also have a new raised minimum wage rate. However, the final outcome the current government seeking for is a country-wide minimum wage rate at 300 baht. The policy has been widely criticized since it was just an election campaign of Peur Thai Party.

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

- Narrower income gap as the policy will raise income of the bottom roll labors
- 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

The business sector, especially the SMEs, is worried about the policy. Some organizations have implemented changes in its remuneration package to meet future legal requirements and many of them are still seeking consultations on the issues from the association.

AEC ERA TO COME

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.

Organizations in Thailand are starting to find ways to cope with changes in the region and are interested in such conferences and seminars on the AEC issues more and more including those of labor, international human resource management, and diversity management.

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 DAY 2011, FLOOD, AND THE FREE SEMINAR

The HR Day 2011 was cancelled according to the flood situation in Thailand. However, PMAT took part as voluntary partner at flood relieve camp in the area. Besides, PMAT, in cooperation with Thai Health Promotion Foundation, held free seminar on “Flood Relieve Campaigns” for the flood-affected organizations in industrial estates who are our major customers.

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.

THAILAND HR FORUM 2012

According to the HR Day 2011 that was cancelled, this year PMAT decides to move up Thailand HR Forum 2012 to be a bit early than other years. The theme of the forum will be on capability building which emphasizing on people, process, and culture and environment considering external impact of AEC, demographic changes, technology advancement, and government policy.

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