



Employment by SMEs in 2005



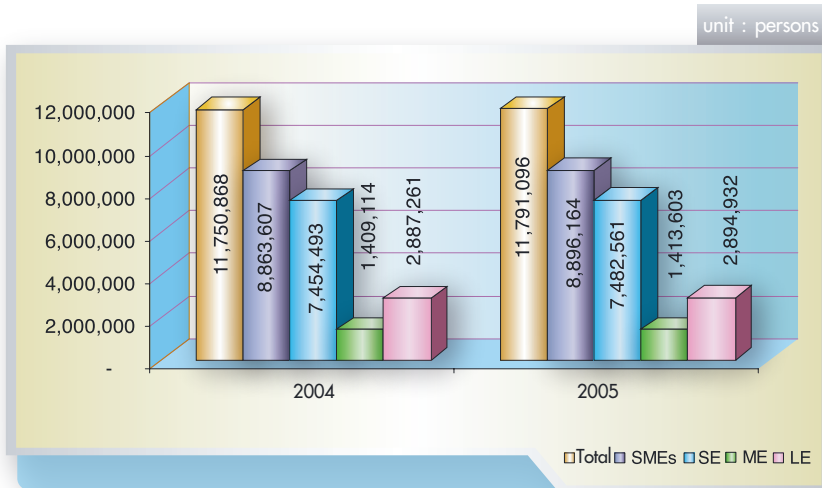
Chapter 3

Employment by SMEs in 2005

3.1 Employment in Small and Medium Enterprises

In 2005, employment by all enterprises totalled 11,791,096 persons, of whom 8,896,164, or 75.4 percent, were employed by SMEs, and 2,894,932, or 24.6 percent, by LEs. Compared to 2004, the SMEs figure shows an increase of 32,557 persons over 2004, an increase of 0.4 percent, while employment by LEs increased by 7,671 persons, or 0.3 percent. (Figure 3.1)

Figure 3.1 Employment by Enterprise Size, 2004–2005



Source: The Office of Small and Medium Enterprises Promotion

3.2 Employment by Small and Medium Enterprises, by Industry

In 2005, employment by SMEs was greatest in the manufacturing sector. This sector hired 3,420,120 employees, being 38.4 percent of total employment by SMEs. The sector with the second-greatest employment by SMEs was the service sector, where 2,378,657 persons, or 26.7 percent of total SMEs employment, were employed. Retail trades employed 1,365,054 persons, or 15.3 percent, and wholesale trades employed 846,162 persons, or 9.5 percent. Overall, large enterprises employed an average of 651 persons. Medium enterprises employed an average of 142 persons overall, but sector-wise this breaks down to averages of 216 persons for MEs in the manufacturing sector, 109 persons in the service sector, 76 in wholesaling and 54 in retail trades. Overall SEs employed an average of 3 persons. Sector-wise, SEs in each of manufacturing, wholesaling and services employed an average of 4 persons, while SEs in the retail trade employed an average of 2 persons (Table 3.1).

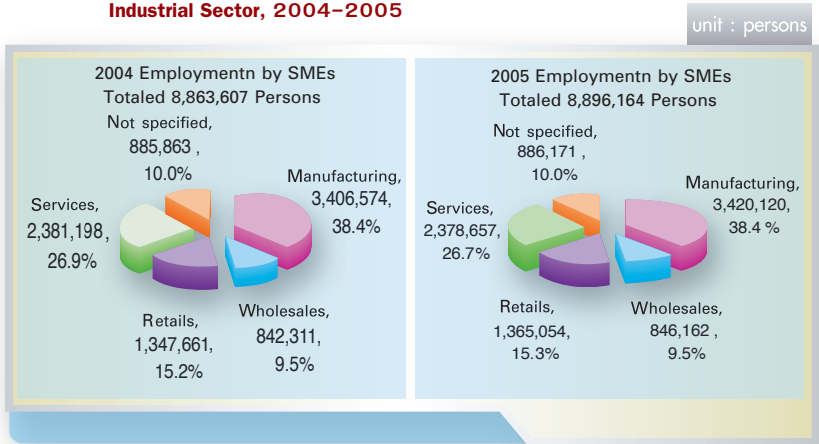
Table 3.1 Average Employment by Enterprise Size and Industrial Sector, 2005

Industry	Overall Average Employment (persons)	SMEs Average Employment (persons)	LE Average Employment (persons)	ME Average Employment (persons)	SE Average Employment (persons)
Manufacturing	8	5	952	216	4
Wholesale	5	4	294	76	4
Retail	3	2	400	54	2
Services	5	4	500	109	4
Unspecified	4	4	903	86	4
Average	5	4	651	142	3

Source: The office of Small and Medium Enterprises Promotion

Compared to 2004, sectorial employment by SMEs showed the greatest increase in the retail trade with an increase of 17,393 persons, or 1.3 percent, followed by the manufacturing sector with 13,546 persons, or 0.4 percent, and wholesale trade 3,851 persons, or 0.5 percent. However the service sector recorded a decline in employment by SMEs of 2,541 persons or a 0.1 percent decrease. When compared proportionately, employment by sector in 2005 is very similar to that of 2004 (Figure 3.2).

Figure 3.2 Employment in Small and Medium Enterprises by Industrial Sector, 2004–2005

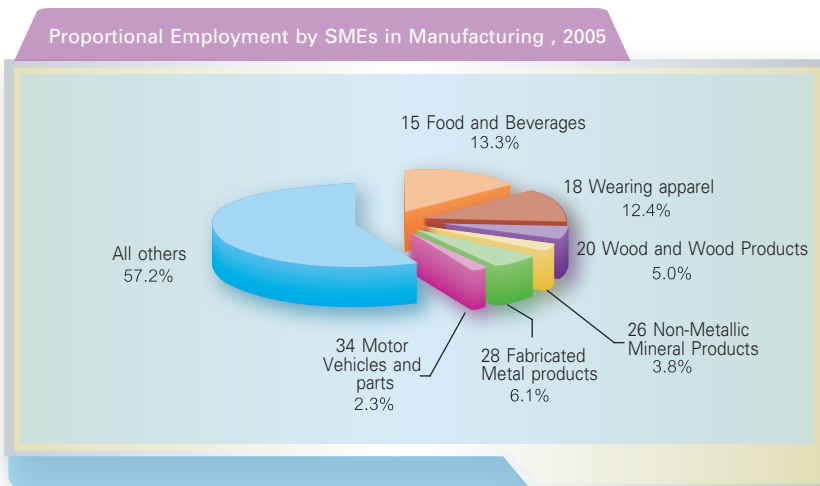


Source: The Office of Small and Medium Enterprises Promotion

3.2.1 Employment by Small and Medium Enterprises in the Manufacturing Sector, 2005

In 2005, the manufacturing sector employed 5,152,658 persons, of whom 3,420,120 persons, or 66.4 percent, were employed by SMEs. When considered by 2-digit ISIC codes, SME employment was most concentrated in manufacturing of food products and beverages with 13.3 percent of persons employed by SMEs in the manufacturing sector. This was followed by manufacturing of wearing apparel, with 12.4 percent of SME employment in this sector, and manufacturing of fabricated metal products, with 6.1 percent.

Figure 3.3 Proportional Employment by SMEs in the Manufacturing Sector, Classified by 2-Digit ISIC code, 2005



Source: The office of Small and Medium Enterprises Promotion

Table 3.2 Employment in Key 2-Digit ISIC code Manufacturing Sub-sectors, 2005

unit : persons

Sub-sector (according to 2-digit ISIC)	LEs	MEs	SEs	SMEs	Total
15 Manufacture of food products and beverage	342,583	115,678	340,539	456,217	798,800
18 Manufacture of wearing apparel	74,910	102,318	320,403	422,721	497,631
20 Manufacture of wood and products of wood	11,030	26,357	144,897	171,254	182,284
26 Manufacture of other non-metallic mineral products	66,545	32,185	96,565	128,750	195,295
28 Manufacture of fabricated metal products	54,847	40,271	167,218	207,489	262,336
34 Manufacture of motor vehicles, trailers, and semi-trailers	137,355	36,921	40,806	77,727	215,082
All others	1,045,268	528,514	1,427,448	1,955,962	3,001,230
Total Manufacturing Employment	1,732,538	882,244	2,537,876	3,420,120	5,152,658

Source: The office of Small and Medium Enterprises Promotion

Table 3.3 illustrates employment by manufacturing sub-sector 5-digit ISIC code. Manufacturing of textiles was the sub-sector with highest overall employment, at 305,398 persons, of whom 233,444 persons or 76.4 percent of the sub-sector's employment were employed by SMEs, and this constituted 6.8 percent of total manufacturing employment by SMEs. Employment in grain product manufacturing, apparel preparing and spinning as well as weaving, and manufacturing of wood and products of wood and cork (except furniture) was totally under SMEs.

Table 3.3 Top 20 Manufacturing Sub-sectors (5-digit ISIC code) by Employment and Enterprise Size, 2005

Manufacturing sub-sector	Total Employment (Persons)	Employment by Large Enterprises (Persons)	Employment by SMEs (Persons)	Employment by SMEs as a percentage of total sub-sector employment	Employment by SMEs as a percentage of total SMEs employment
1. Textiles	305,398	71,954	233,444	76.4	6.8
2. Radio, television and communication equipment	278,416	217,686	60,730	21.8	1.8
3. Wearing apparel except fur	177,528	1,157	176,371	99.3	5.2
4. Manufacture of parts and accessories for motor vehicles and their engines	173,430	110,080	63,350	36.5	1.9
5. Building of complete constructions	171,262	13,320	157,942	92.2	4.6
6. Manufacture of plastic products	162,413	50,701	111,712	68.8	3.3
7. Manufacture of grain mill products	125,681	-	125,681	100.0	3.7
8. Manufacture of furniture	122,483	18,619	103,864	84.8	3.0
9. Processing and preserving of fish and fish products	117,895	79,033	38,862	33.0	1.1
10. Undifferentiated goods producing activities	109,902	16,668	93,234	84.8	2.7
11. Preparation and spinning of textile fibres; textile weaving	95,542	-	95,542	100.0	2.8
12. Finishing of textiles	89,251	44,209	45,042	50.5	1.3
13. Manufacture of wood and of products of wood and cork, except furniture	87,549	-	87,549	100.0	2.6
14. Civil engineering construction	77,471	47,278	30,193	39.0	0.9
15. Manufacture of footwear	76,388	34,708	41,680	54.6	1.2
16. Manufacture of rubber products	75,209	34,038	41,171	54.7	1.2
17. Manufacture of prepared animal feeds	69,139	59,736	9,403	13.6	0.3
18. Manufacture of other metal products	62,474	20,908	41,566	66.5	1.2
19. Building of complete constructions, civil engineering	61,418	205	61,213	99.7	1.8
20. Treatment and coating of metal, and related activities	59,957	3,978	55,979	93.4	1.6
Top 20	2,498,806	824,278	1,674,528	67.0	49.0
Others	2,653,852	908,260	1,745,592	65.8	51.0
Total	5,152,658	1,732,538	3,420,120	66.4	100.0

Source: The Office of Small and Medium Enterprises Promotion

3.2.2 Employment by Small and Medium Enterprises in the Service Sector, 2005

Total employment in the service sector was 2,899,792 of whom 2,378,657, or 82.0 percent, were employed by SMEs. The ‘restaurants, food shops and bars’ sub-sector had the highest employment, being 346,617 persons. This figure included 346,414 persons, or 99.9 percent of the sub-sector’s employment) employed by SMEs. All employment in the sub-sector “hairdressing and other beauty treatments’ was by SMEs. (Table 3.4).

Table 3.4 Top 10 Service Sub-sectors (5-digit ISIC code) by Employment and Enterprise Size, 2005

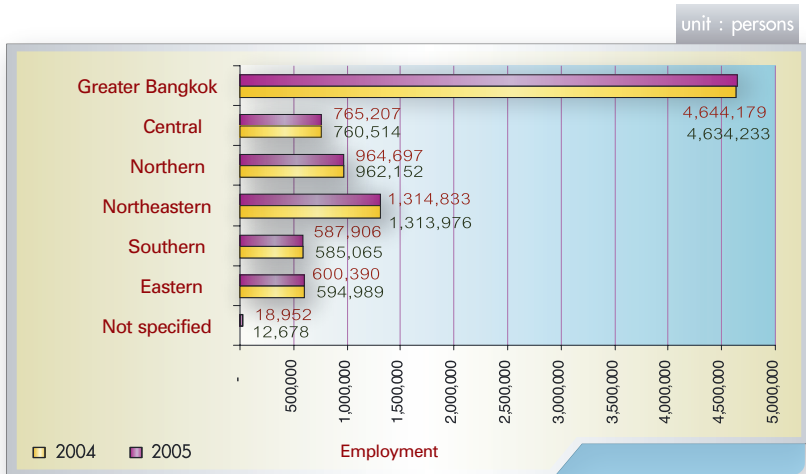
Service sub-sector	Total Employment (Persons)	Employment by Large Enterprises (Persons)	Employment by SMEs (Persons)	Employment by SMEs as a percentage of total sub-sector employment	Employment by SMEs as a percentage of total SMEs employment
1. Restaurants	346,617	203	346,414	99.9	14.6
2. Other business services	274,729	30,106	244,623	89.0	10.3
3. Hotels	163,533	70,445	93,088	56.9	3.9
4. Other services activities	154,333	24,314	130,019	84.2	5.5
5. Motor vehicle maintenance and repairs	134,114	1,781	132,333	98.7	5.6
6. Sewage and refuse disposal, sanitation and similar activities	111,113	6,597	104,516	94.1	4.4
7. Land transport	100,934	6,971	93,963	93.1	4.0
8. Hairdressing and other beauty treatments	95,403		95,403	100.0	4.0
9. Banks	92,456	88,068	4,388	4.7	0.2
10. Hospitals	76,930	47,120	29,810	38.7	1.3
Others	1,349,630	245,530	1,104,100	81.8	46.4
Total	2,899,792	521,135	2,378,657	82.0	100.0

Source: The office of Small and Medium Enterprises Promotion

3.3 Distribution of Employment in Small and Medium Enterprises by Region and Provincial Clusters

3.3.1 SMEs Employment by region

In terms of SMEs employment by region in 2005, over half of national employment concentrated in Bangkok and Vicinity area where 6,778,837 persons were employed and which amounted to 57.5 percent of national employment. Of these 4,644,179 were employed by SMEs. The figure represented 68.5 percent of total employment in Bangkok and vicinity. This number also represented 52.2 percent of national SME employment. The Northeastern region had the second highest overall employment, of which 92.9 percent or 1,314,833 persons were employed by SMEs. Employment by SMEs in the Northern, Central, Eastern and Southern regions was lower, constituting respectively 10.8, 8.6, 6.7 and 6.6 percent of national SMEs employment. All of the above figures were slight increases over 2004.

Figure 3.4 SMEs Employment by Region in 2004 and 2005

Source: The office of Small and Medium Enterprises Promotion

In terms of average employment by enterprise, medium enterprises employed an average of 142 persons nationwide. Within the MEs, the Eastern region employed an average of 182 persons, followed by Bangkok and Vicinity, the Southern, Central, Northern and Northeastern regions which employed 155, 118, 112, 109 and 98 persons respectively. For small enterprises, average employment was 3 persons. Regionally, Bangkok and Vicinity made the biggest contribution, with an average of 6 employees per small enterprise, while in the Eastern, Central, and Southern regions the average was 3 persons each, and only 2 in the Northern and Northeastern regions (Table 3.5).

Table 3.5 Employment and Average Employment per Enterprise by Region, 2005

Region	Total Employment (Persons)	Employment by Medium Enterprises (Persons)	Employment by Small Enterprises (Persons)	Employment by SMEs (Persons)	SMEs employment as a percentage of national SME employment	SMEs employment as a percentage of total regional employment	Number of Medium Enterprises (Unit)	Average Employment per Medium Enterprise (Persons)	Number of Small Enterprises (Unit)	Average Employment per Small Enterprise (Persons)
Bangkok and Vicinity	6,778,837	956,087	3,688,092	4,644,179	52.2	68.5	6,165	155	668,673	6
Central	977,659	108,510	656,697	765,207	8.6	78.3	967	112	243,647	3
Northern	1,094,455	72,264	892,433	964,697	10.8	88.1	661	109	386,924	2
Northeastern	1,415,526	63,363	1,251,470	1,314,833	14.8	92.9	647	98	624,755	2
Southern	670,018	82,112	512,074	587,906	6.6	87.7	640	118	189,421	3
Eastern	828,902	134,085	466,305	600,390	6.7	72.4	744	182	99,440	5
Not specified	25,699	3,462	15,490	18,952	0.2	73.7	103	34	16,493	1
Total	11,791,096	1,413,603	7,482,561	8,896,164	100.0	75.4	9,927	142	2,229,353	3

Source: The office of Small and Medium Enterprises Promotion

3.3.2 SMEs Employment by Region, Classified by Industry

The SMEs employment structure was similar across all regions with the manufacturing sector employing most persons, followed in order by the service, retail and wholesale sectors. The only exception was the Northeastern region where the manufacturing sector had the highest employment, followed by retail and wholesale.

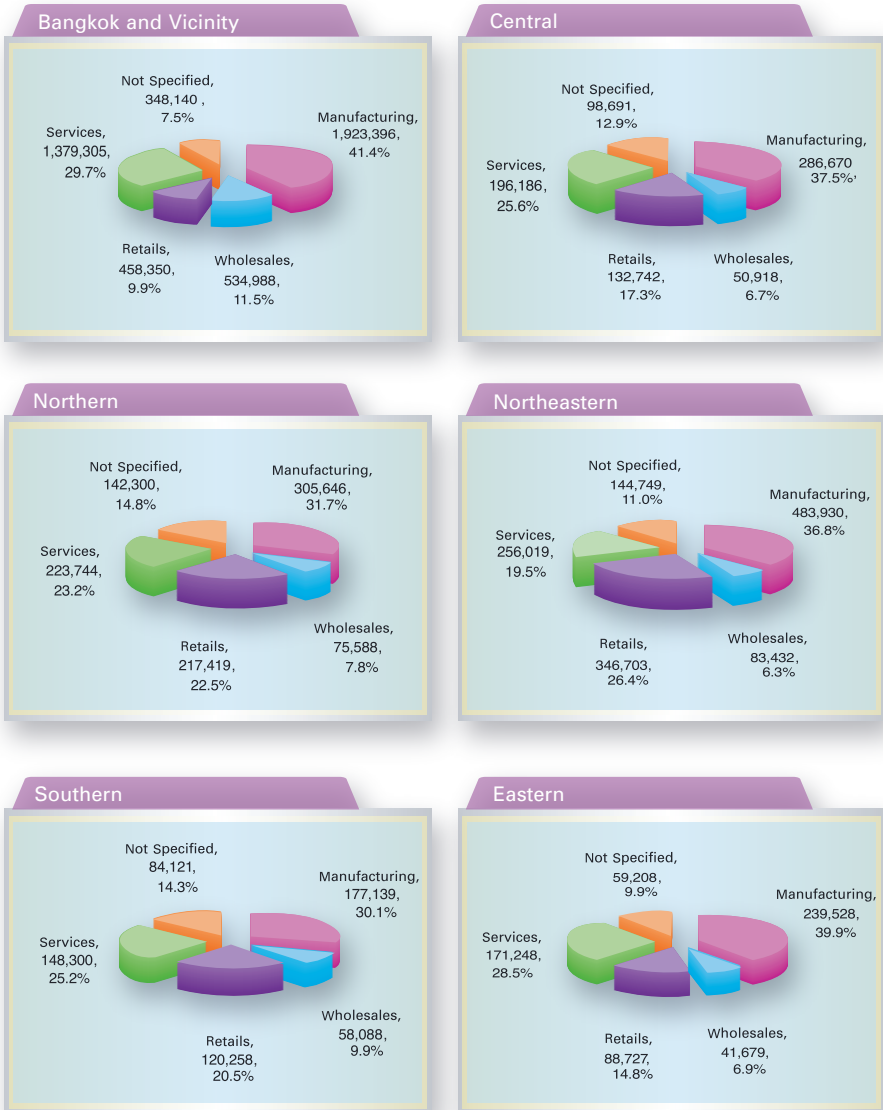
Employment by SMEs in the manufacturing sector was proportionally greatest in Bangkok and Vicinity where 41.1 percent of SMEs employment was in this sector, followed by the Eastern region at 39.9. The Southern region had only 30.1 of its SMEs employees involved in this sector.

For the services sector, Bangkok and Vicinity again had the greatest proportional employment by SMEs with 29.7 percent with the Eastern and Southern regions at 28.5 percent and 25.2 percent respectively. These 3 areas are the country's prominent tourist destinations, and thus the services sector, which includes tourism, hotels, restaurants and other relevant enterprises, is an important source of job creation. The region with the smallest proportion was the Northeast where only 19.5 percent of its SMEs employees worked in this sector.

For the retail sector, the region with the highest SMEs employment was the Northeastern region which had 26.4 percent of its SMEs employees involved in this sector, followed by the Northern region which had 22.5 percent, and Bangkok and Vicinity had the lowest proportion with only 9.9 percent.

In the wholesale sector, all but one region had between 6 and 10 percent of its SMEs employees working in this sector. Only Bangkok and Vicinity exceeded this, with 11.5 percent.

Figure 3.5 Regional SMEs Employment by Industry, 2005



Source: The office of Small and Medium Enterprises Promotion

3.3.3 Employment by Small and Medium Enterprises in 19 Provincial Clusters According to the Provincial Cluster Development Strategy

Bangkok and Vicinity: In 2005, Bangkok and vicinity had the highest SMEs employment of any provincial cluster with 3,390,022 persons, which was a slight decline of 232 from 2004. Manufacturing was the dominant sector, accounting for 1,184,382, or 34.9 percent, of SMEs employees. This was followed by the service, wholesale and retail sectors which employed respectively 1,165,182, or 34.4 percent, 435,490, or 12.8 percent, and 377,241, or 11.1 percent, of SMEs employees.

Cluster 1, The Upper Northern Provincial Cluster - Chiang Rai, Chiang Mai, Mae Hong Son, Phayao, Lamphun, Lampang, Nan, and Prae: In 2005, this cluster had the greatest SMEs employment in the Northern region, some 533,741 persons, representing a gain of 1,601 over 2004. Manufacturing was proportionally the largest sector with 202,955, or 35.7 percent, of SMEs employment, with services at 127,338, or 22.4 percent, retail at 110,636, or 19.4 percent, and wholesale at 42,012, or 7.4 percent.

Cluster 2, The Central Northern Provincial Cluster - Tak, Sukhothai, Phitsanulok, Uttaradit, and Petchabun: this cluster employed 210,380 workers in SMEs, a gain of 542 over 2004. The retail sector was the largest contributor with 57,089 SMEs employees, or 27.1 percent, followed by manufacturing, services, and wholesale which employed 52,689, or 25.0 percent, 51,330, or 24.4 percent, and 17,905, or 8.5 percent, persons respectively.

Cluster 3, The Lower Northern Provincial Cluster - Kamphaeng Phet , Nakhon Sawan, Phichit, and Uthai Thani: This cluster had an SMEs employment of 185,196, a rise of 402 from the previous year. Manufacturing was the greatest contributor with 50,002 jobs, or 27.0 percent of SMEs employment. Retail provided 49,694 jobs, or 26.8 percent, services 45,076, or 24.3 percent, and wholesale 15,671, or 8.5 percent.

Cluster 4, The Upper Central Provincial Cluster (sub-group 1) - Nonthaburi, Pathum Thani, Ayutthaya, and Ang Thong: This cluster had an SMEs employment of 565,353, a gain of 7,710 jobs over 2004. Manufacturing employment was 277,139 (49.0 percent of SMEs employment), services had 145,980 jobs, or 25.8 percent, retail 53,769, or 9.5 percent, and wholesale 46,394, or 8.2 percent.

Cluster 5, The Upper Central Provincial Cluster (sub-group 2) - Chai Nat, Lopburi, Saraburi, and Sing Buri: This cluster had an SMEs employment of 181,741, a gain of 1,085 jobs over 2004. Manufacturing employed 62,653 of these, or 34.5 percent, services 50,924, or 28.0 percent, retail 36,086 19.9 percent, and wholesale 11,522, or 6.3 percent.

Cluster 6, The Lower Central Provincial Cluster (sub-group 1) - Nakhon Pathom, Kanchanaburi, Suphanburi, and Ratchaburi: This cluster had an SMEs employment of 386,504, a gain of 1,815 over 2004. Manufacturing employment made up 165,906 of these jobs, or 42.9 percent, services 73,649, or 19.1 percent, retail 56,002, or 14.5 percent, and wholesale 28,216, or 7.3 percent.

Cluster 7, The Lower Central Provincial Cluster (sub-group 2) - Prachuap Khiri Khan, Phetchaburi, Samut Songkhram, and Samut Sakhon: This cluster had an SMEs employment of 330,611, a gain of 1,569 over 2004. Manufacturing employment was 177,932, or 53.8 percent, services 48,452, or 14.7 percent, retail 32,099, or 9.7 percent, and wholesale 25,625, or 7.8 percent.

Cluster 8, The Lower Central Provincial Cluster (sub-group 3) -

Chachoengsao, Nakhon Nayok, Prachin Buri, Samut Prakan, and Sa Kaeo: With a gain of 4,151, this cluster had an SMEs employment of 671,264 persons making it the highest employment creator in the central region and the second largest nationally after Bangkok and vicinity. Manufacturing was the cluster's leading SMEs employment sector with 389,139 jobs, or 58.0 percent, services had 116,572, or 17.4 percent, retail 59,587, or 8.9 percent, and wholesale 47,032, or 7.0 percent.

Cluster 9, The Eastern Provincial Cluster -

Chantaburi, Chonburi, Trat and Rayong: This cluster had an SMEs employment of 484,281, a gain of 4,482 over 2004. Manufacturing employment was 192,443, or 39.7 percent, services 145,980, or 30.1 percent, retail 65,035, or 13.4 percent, and wholesale 33,306, or 6.9 percent.

Group 10, The Upper Northeastern Provincial Cluster (sub-group

1) - Loei, Nong Khai, Nongbua Lamphu, and Udon Thani: This cluster had an SMEs employment of 196,593, a gain of 311 over 2004. Manufacturing employment made up 59,530 of this, or 30.3 percent, retail 586,064, or 29.5 percent, services 40,620, or 20.7 percent, and wholesale 13,320, or 6.8 percent.

Group 11, The Upper Northeastern Provincial Cluster (sub-group

2) - Kalasin, Nakhon Phanom, Mukdahan, and Sakon Nakhon: This cluster had an SMEs employment of 198,663 a gain of merely 11 over 2004. Manufacturing employment made up 84,167 of this, or 42.6 percent, retail 46,253, or 23.3 percent, services 37,270, or 18.8 percent, and wholesale 11,595, or 5.8 percent.

Cluster 12, The Upper Northeastern Provincial Cluster (sub-group

3) - Khon Kaen, Maha Sarakham, and Roi Et: This cluster had an SMEs employment of 322,786, a gain of only 17 over 2004. Manufacturing employment made up 118,446 of this, or 36.7 percent, retail 78,748, or 24.4 percent, services 68,892, or 21.3 percent, and wholesale 21,136, or 6.5 percent.

Cluster 13, The Lower Northeastern Provincial Cluster (sub-group

1) - Nakhon Ratchasima, Chaiyaphum, Surin, and Buriram: With a gain of 419 jobs over 2004, this cluster had an SMEs employment of 387,605, the highest employment in the Northeastern region. Manufacturing employment made up 143,139 of this, or 36.9 percent, retail 98,309, or 25.4 percent, services 76,920, or 19.8 percent, and wholesale 24,567, or 6.3 percent.

Cluster 14, The Lower Northeastern Provincial Cluster (sub-group

2) - Yasothon, Si Sa Ket, Amnat Charoen, and Ubon Ratchathani: This cluster had an SMEs employment of 209,186, a gain of only 121 over 2004. Manufacturing employment made up 78,198 of this, or 37.4 percent, retail 65,329, or 31.2 percent, services 32,317, or 15.4 percent, and wholesale 12,814, or 6.1 percent.

Cluster 15, The Upper Southern Provincial Cluster (sub-group 1) -

Chumphon, Ranong, and Surat Thani: This cluster had an SMEs employment of 97,606 a gain of 859 over 2004. Manufacturing employment made up 26,832 of this, or 27.5 percent, services 24,288, or 24.9 percent, retail 23,352, or 23.9 percent, and wholesale 11,413, or 11.7 percent.

Cluster 16, The Upper Southern Provincial Cluster (sub-group 2) -

Trang, Nakhon Si Thammarat, and Phatthalung: This cluster had an SMEs employment of 155,403, the largest in the Southern region, and witnessed a gain of 485 jobs over 2004. Manufacturing employment made up 55,772 of this, or 35.9 percent, retail 34,896, or 22.5 percent, services 30,602, or 19.7 percent, and wholesale 13,712, or 8.8 percent.

Cluster 17, The Upper Southern Provincial Cluster (sub-group 3) -

Krabi, Phang Nga, and Phuket: This cluster had an SMEs employment of 122,823, a gain of 1,175 over 2004. In this provincial cluster, the services sector was the dominant contributor providing 49,325 of the jobs, or 40.2 percent, followed by retail at 24,417, or 19.9 percent, manufacturing at 19,899, or 16.2 percent, and wholesale at 11,633, or 9.5 percent.

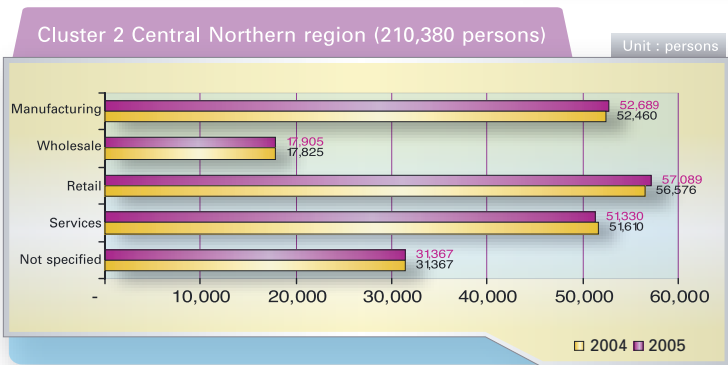
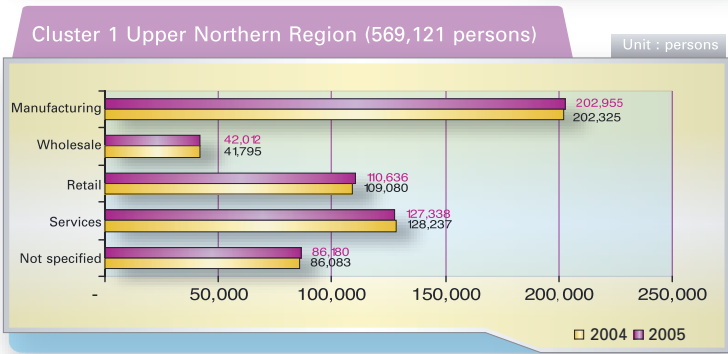
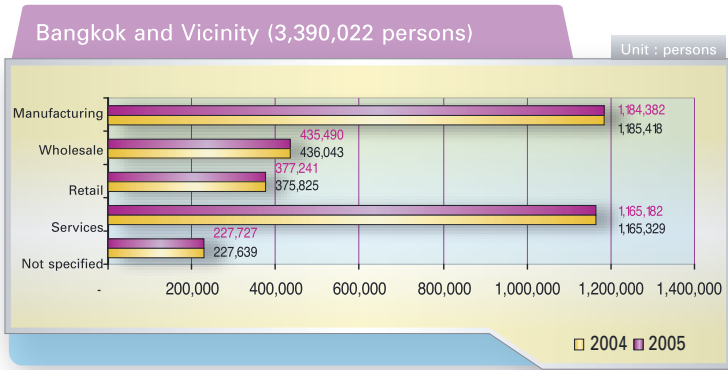
Cluster 18, The Lower Southern Provincial Cluster (sub-group 1)

- Narathiwat, Pattani, and Yala: This cluster had an SMEs employment of 78,326 a decline of 52 from 2004. Manufacturing employment made up 25,409 of this total, or 32.4 percent, retail 17,121, or 21.9 percent, services 14,943, or 19.1 percent, and wholesale 7,451, or 9.5 percent.

Cluster 19, The Lower Southern Provincial Cluster (sub-group 2)

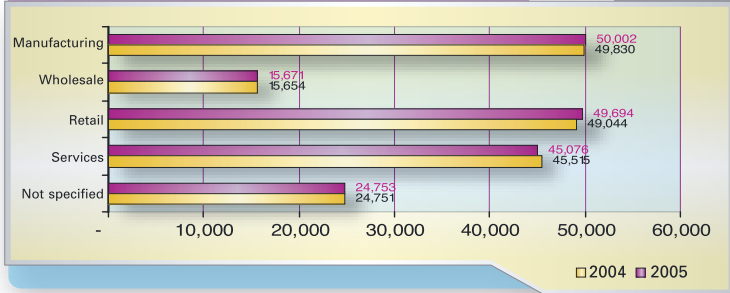
- Songkhla and Satun: This cluster had an SMEs employment of 133,748, a gain of 374 over 2004. Manufacturing employment made up 49,227 of this, or 36.8 percent, services 29,142, or 21.8 percent, retail 20,472, or 15.3 percent, and wholesale 13,879, or 10.4 percent.

Figure 3.6 SMEs Employment across 19 Provincial Clusters



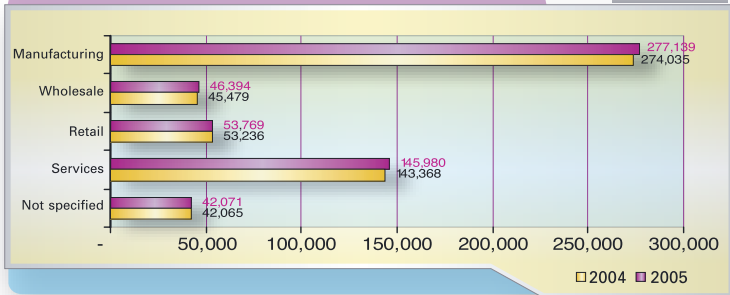
Cluster 3 Lower Northern Region (185,196 persons)

Unit : persons



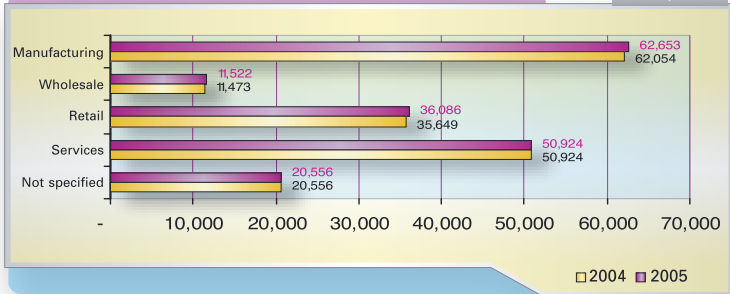
Cluster 4 Upper Central Region Group 1 (565,353 persons)

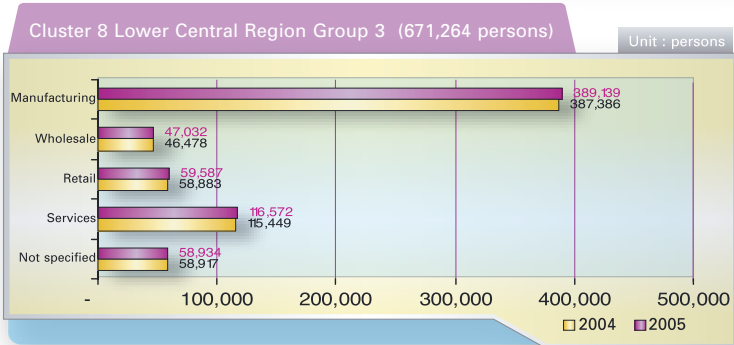
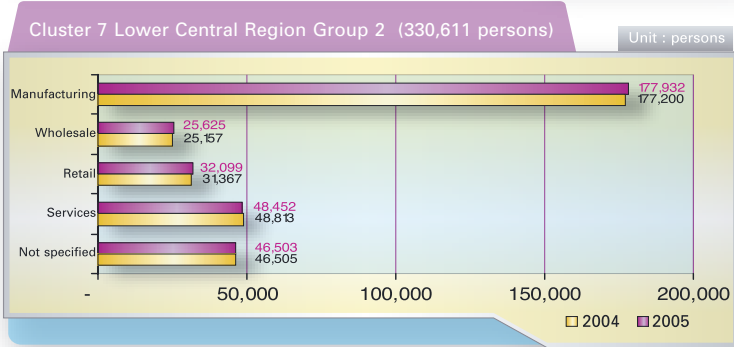
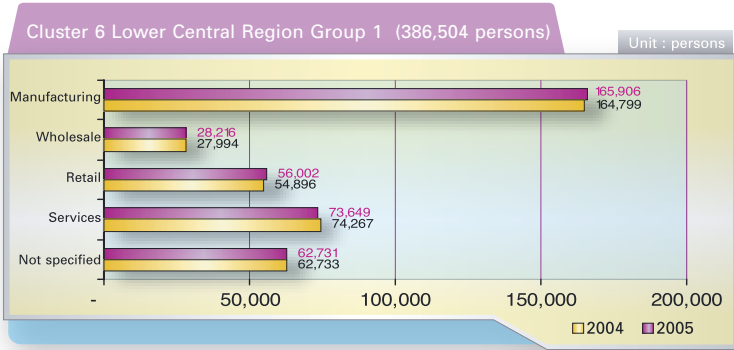
Unit : persons



Cluster 5 Upper Central Region Group 2 (181,741 persons)

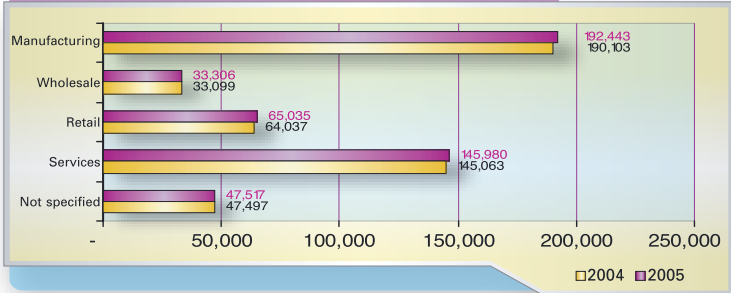
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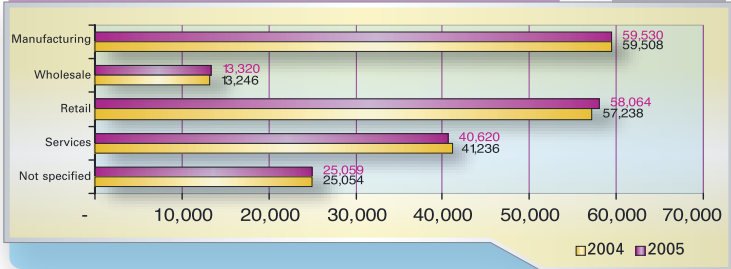
Cluster 9 Central Region (Eastern) (484,281 persons)

Unit : persons



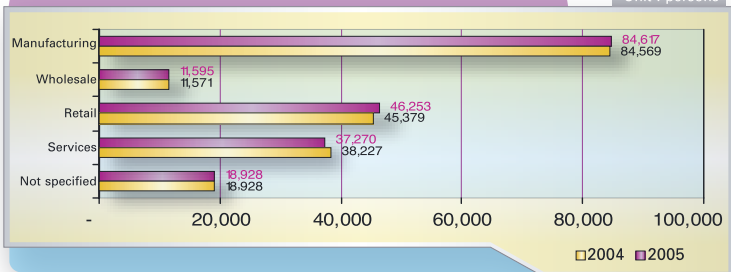
Cluster 10 Upper Northeastern Region Group 1 (196,593 persons)

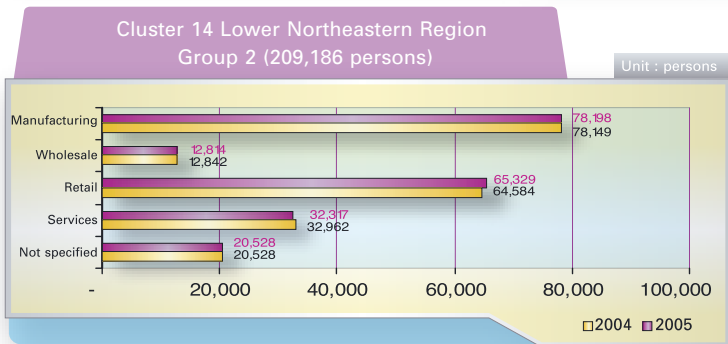
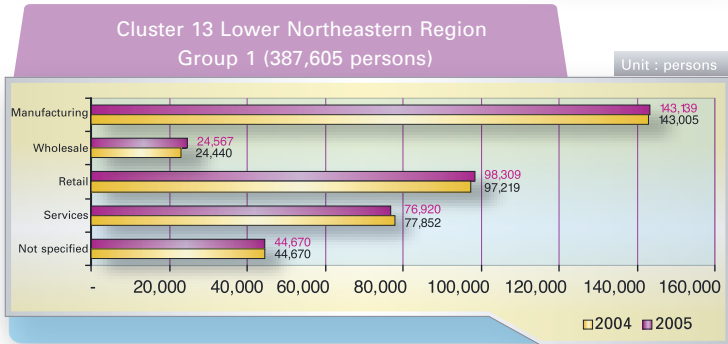
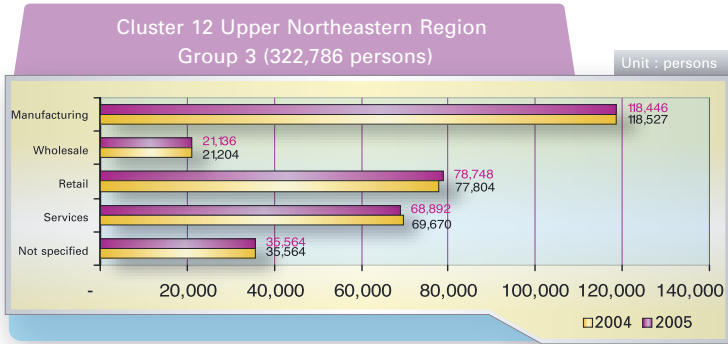
Unit : persons



Cluster 11 Upper Northeastern Region Group 2 (198,663 persons)

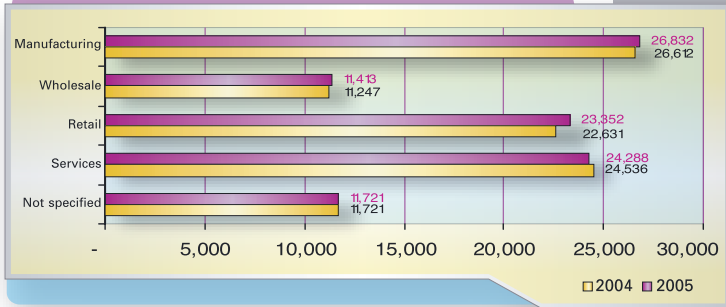
Unit : persons





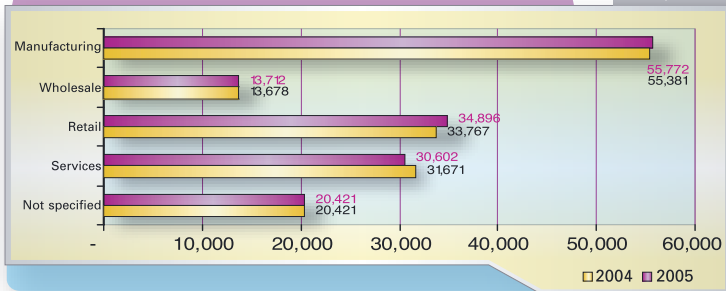
Cluster 15 Upper Southern Region (97,606 persons)

Unit : persons



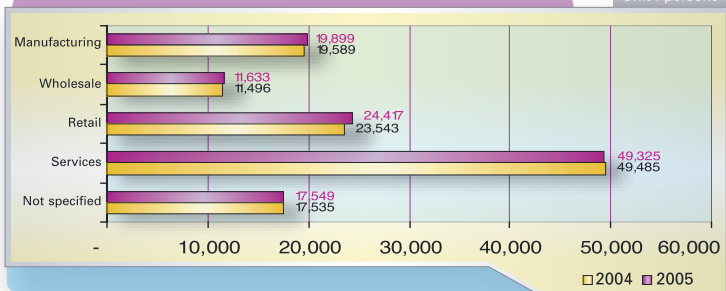
Cluster 16 Upper Southern Region Group 2 (155,403 persons)

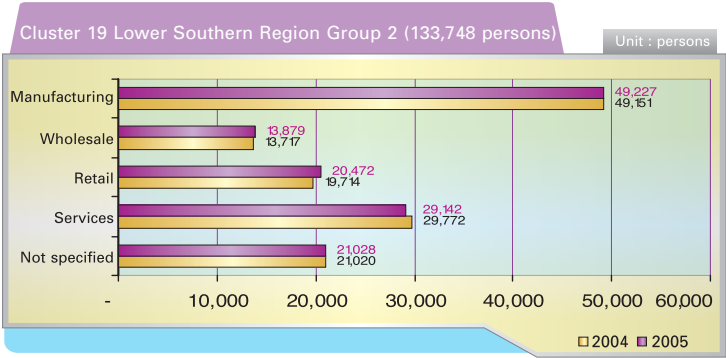
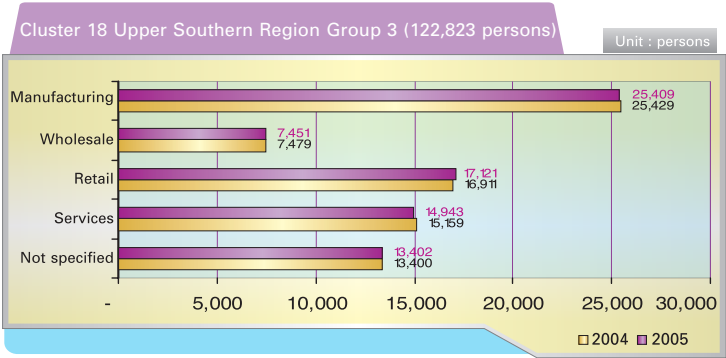
Unit : persons



Cluster 17 Upper Southern Region Group 3 (122,823 persons)

Unit : persons





Source: The office of Small and Medium Enterprises Promotion