

# Inclusive Knowledge-based Economy: The Challenge Facing SMEs in Thailand

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# Outline of Presentation

1. The KBE Challenge Facing the Thai Industry
2. Some Evidence of the Challenge from A Survey
3. Conclusions/ Policy Recommendations

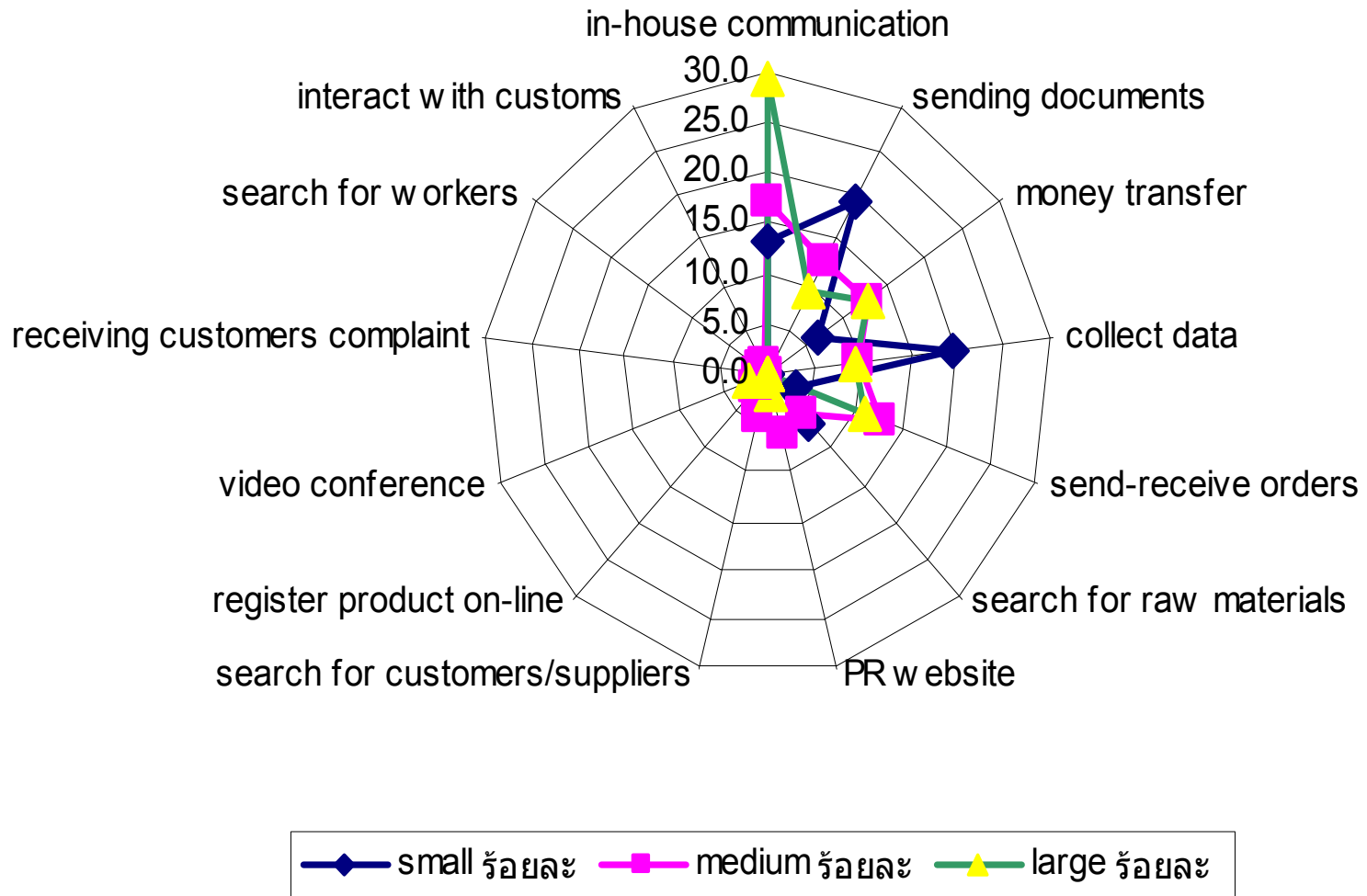
# 1. The KBE Challenge Facing Thai Enterprises

- **Most manufacturers are not OEMs (Original Equipment Manufacturers)**
- **Very little R&D done locally**
- **Local firms have minimal technological capacity, except home-grown ones such as agro-industry.**
- **Industrial upgrade is most urgent as Thailand cannot compete with lower-wage countries in L intensive products.**

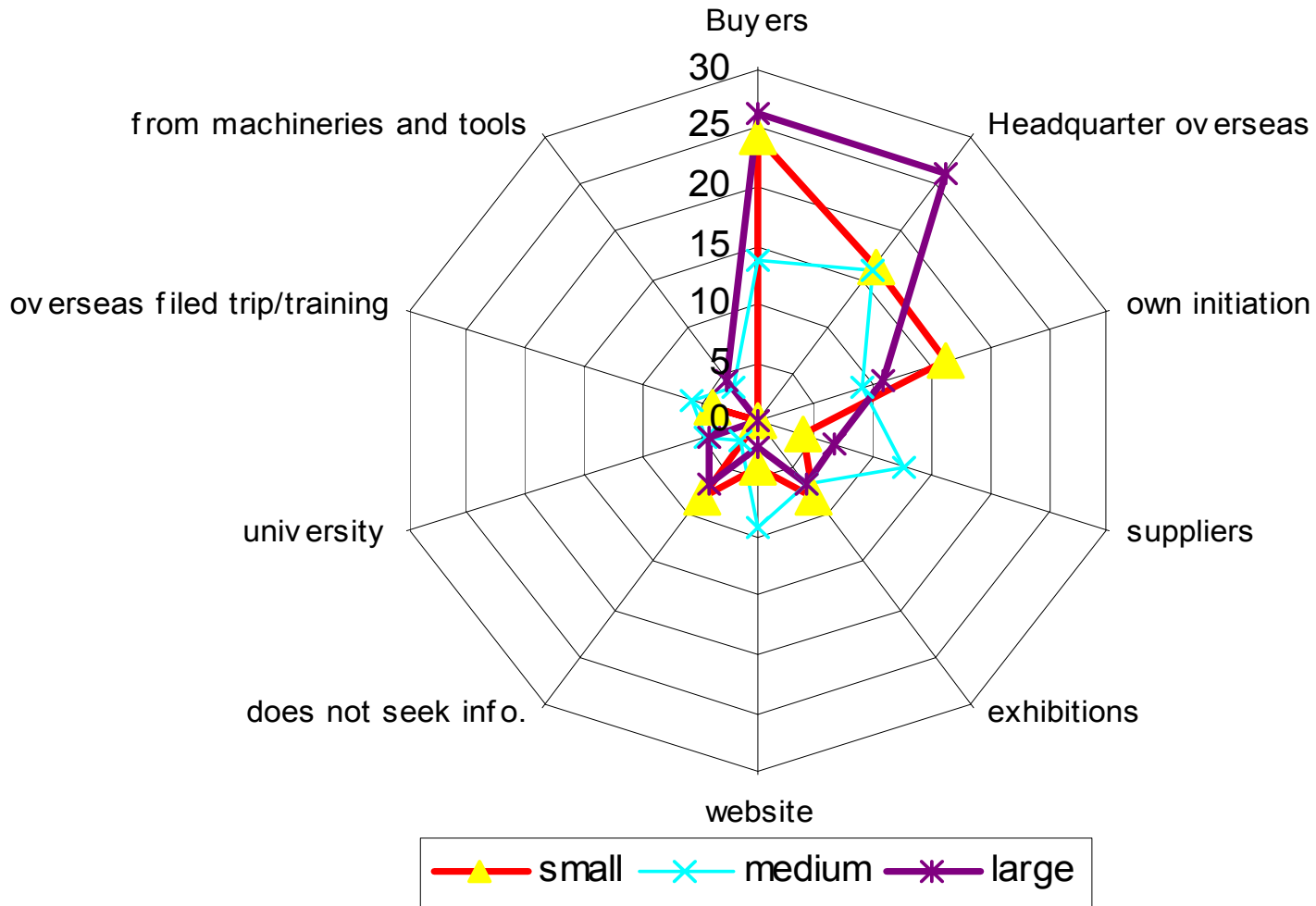
## 2. A Survey of ICT use in the manufacturing sector

**A Study on the Linkage between Industries  
and Service Clusters (2009), TDRI,  
Research report submitted to  
The National Economic and Social  
Development Board.**

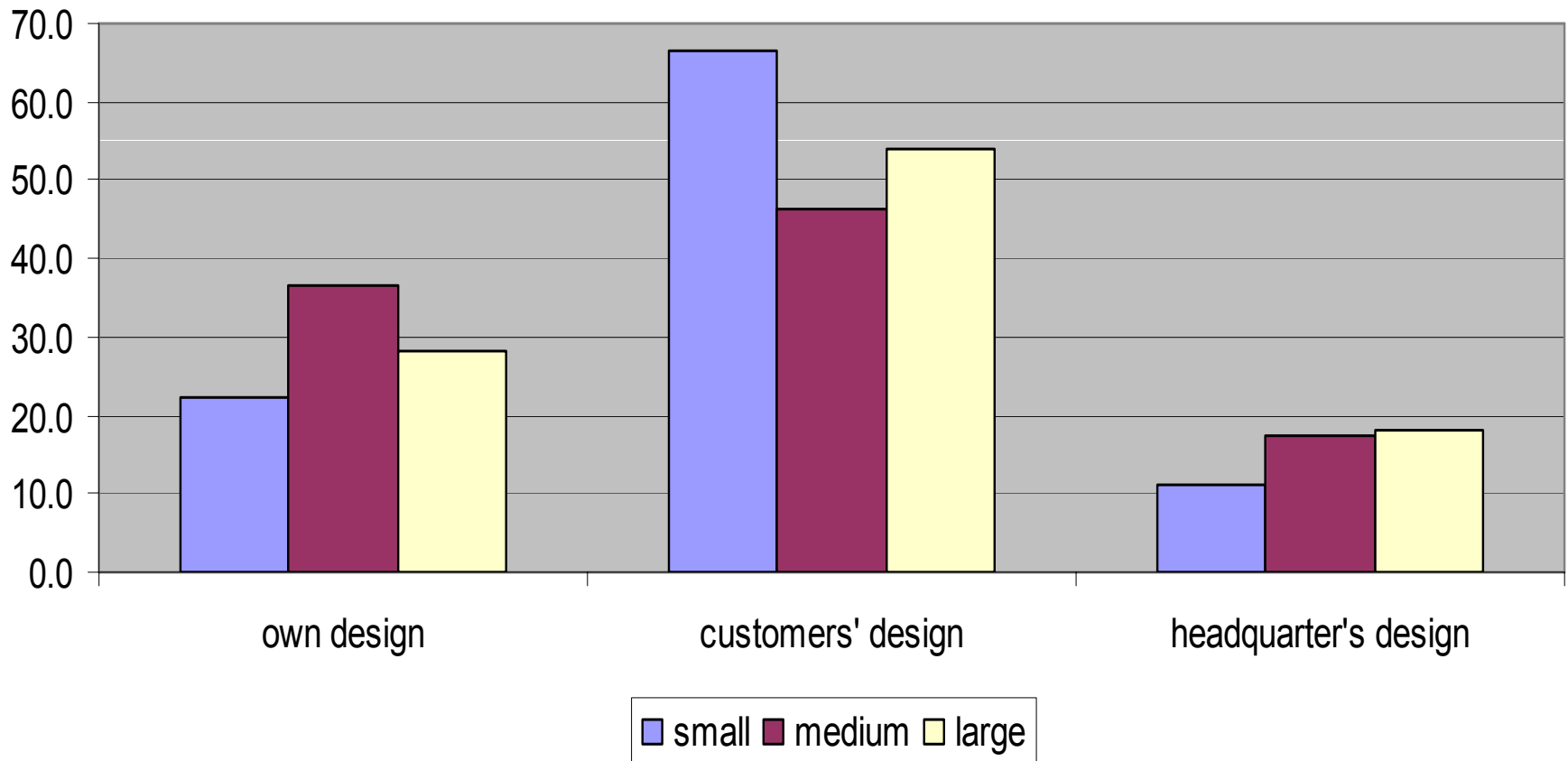
# SMEs have very limited use of the Internet



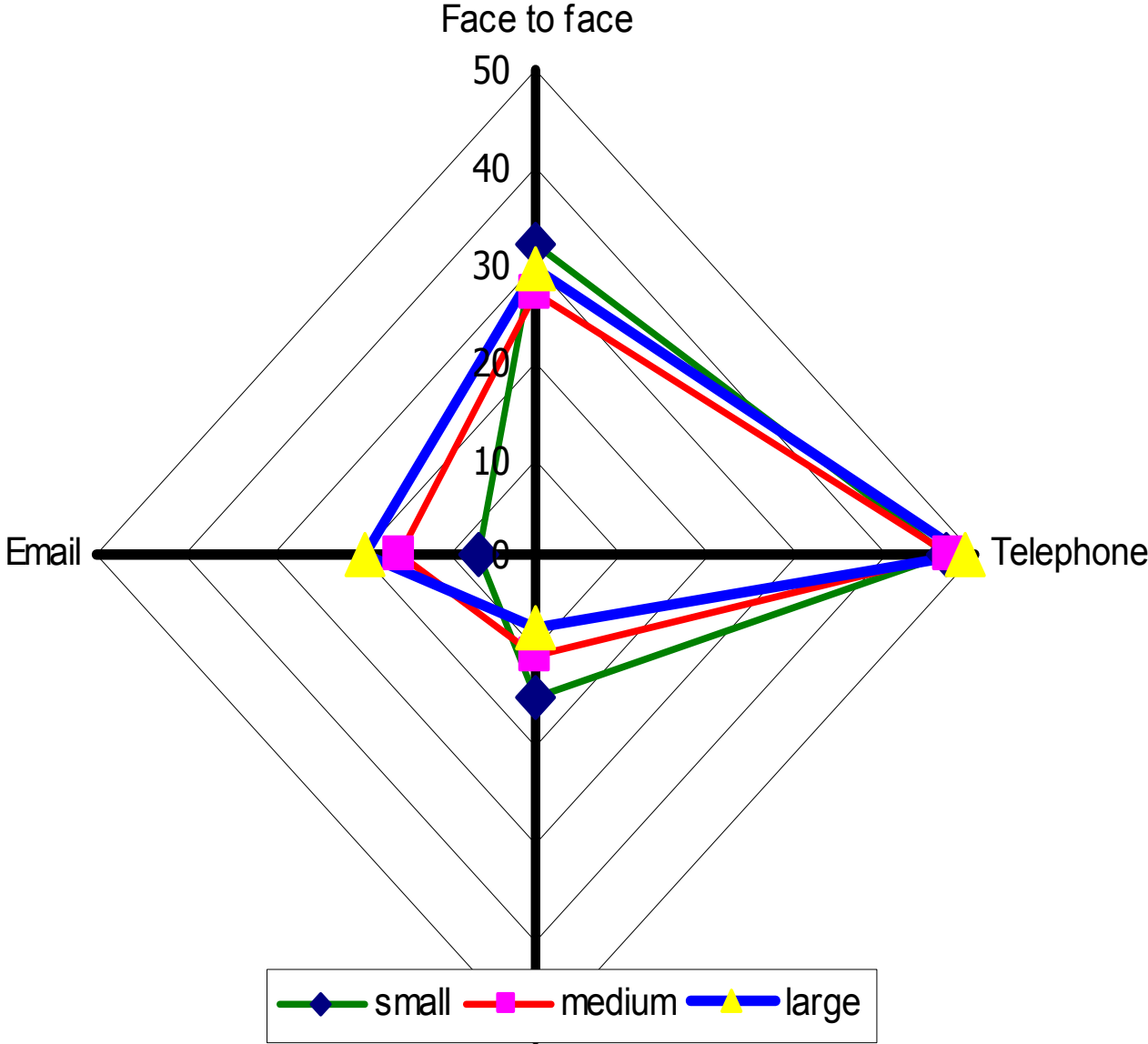
# Businesses rely very little on the Internet for Technology Upgrade/Product innovation



# Most companies rely on customer's design

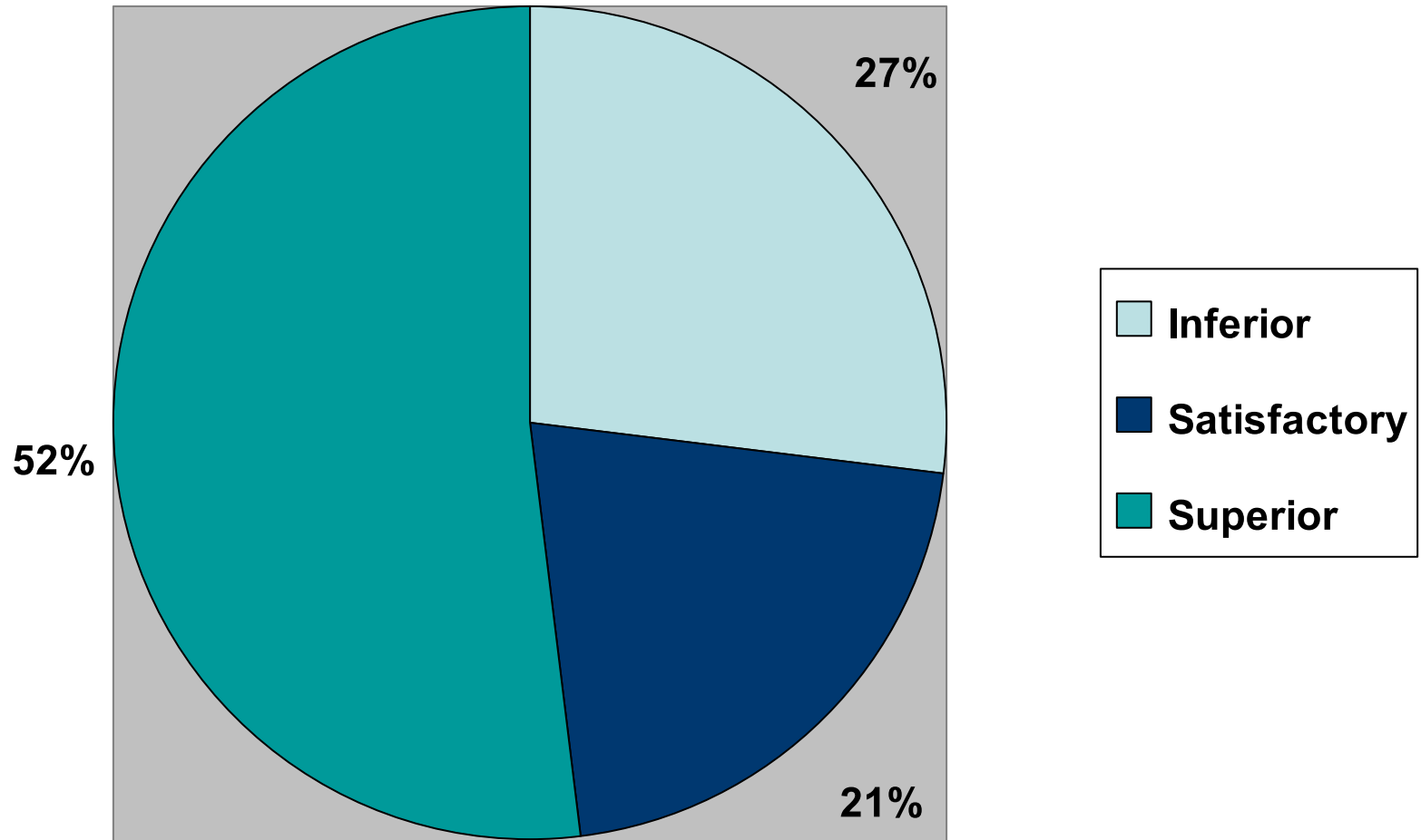


# SMEs still use fax more than e-mail for communication

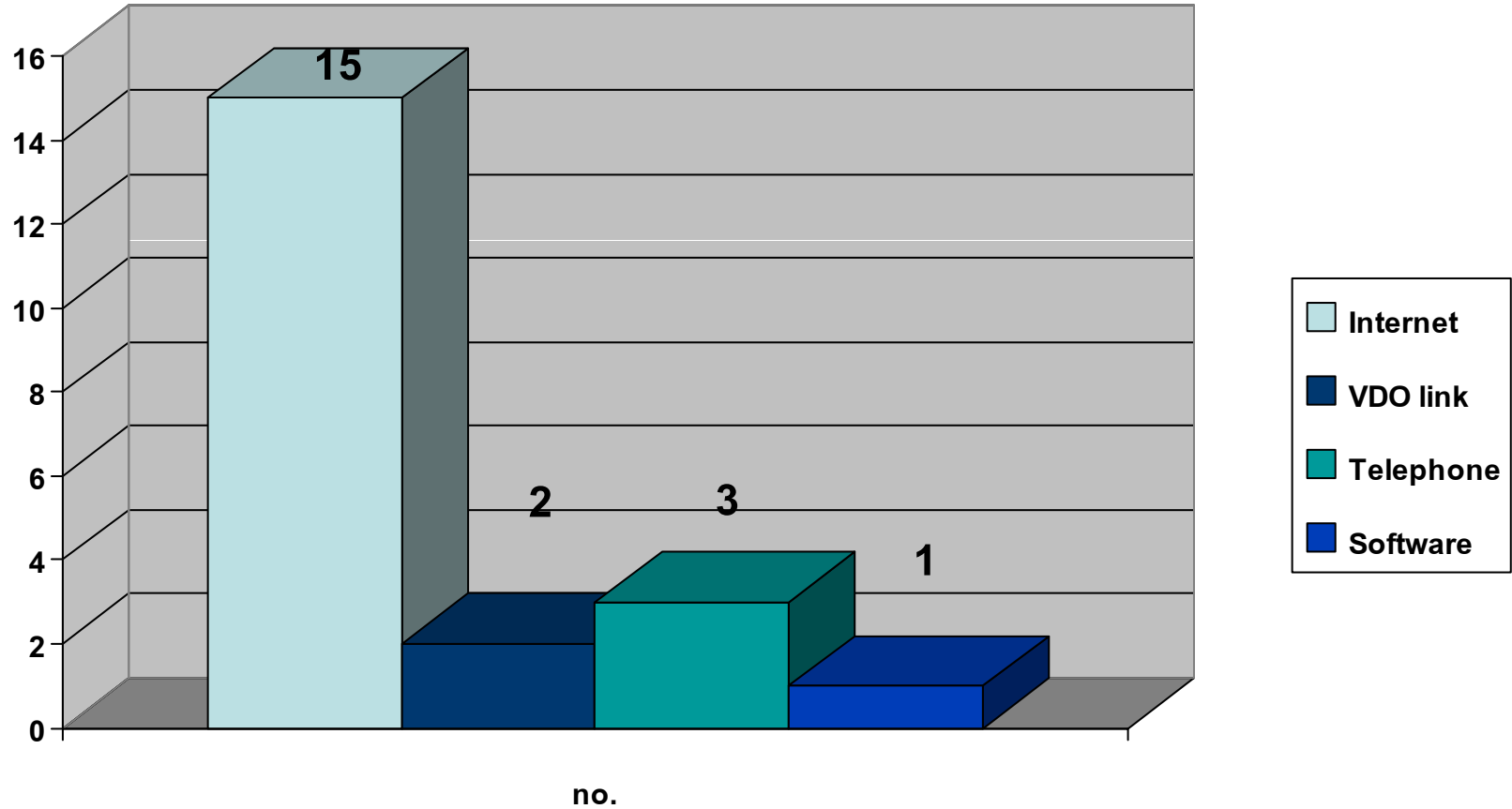




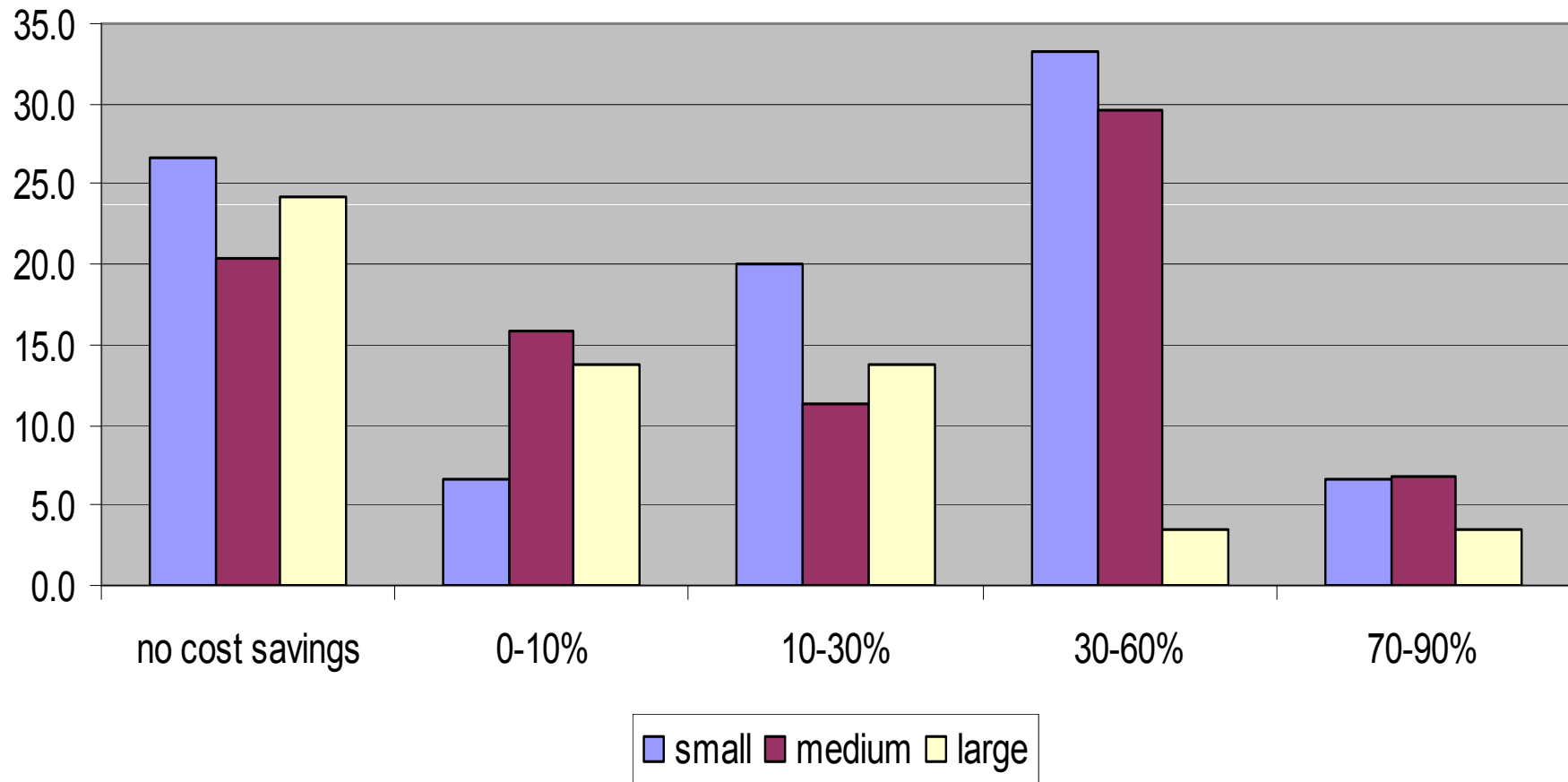
# Quality of the Internet at Factories



# Most needed ICT infrastructure Upgrade...



# Nevertheless, cost savings of ICT for SMEs can be significant



# 3. Conclusion

- Perhaps, getting SMEs on the KBE bandwagon should begin with the simple use of the internet for communication which requires **broadband that is readily available and affordable.**
- Then for finding information such as, searching for suppliers and sourcing workers and raw materials, **which requires some basic training.**

# Conclusion

- Then for marketing such as on-line advertisement and sales, on-line consumer complaints etc, **which requires some ICT training.**
- Then for possible technology upgrade, innovation, **which requires well coordinated policy from various ministries and research institutions.**
- Focus on implementation should include the service sector, which generates 50% of GDP, 45% of employment and has been facing a constant decline in productivity.

# THANK YOU

