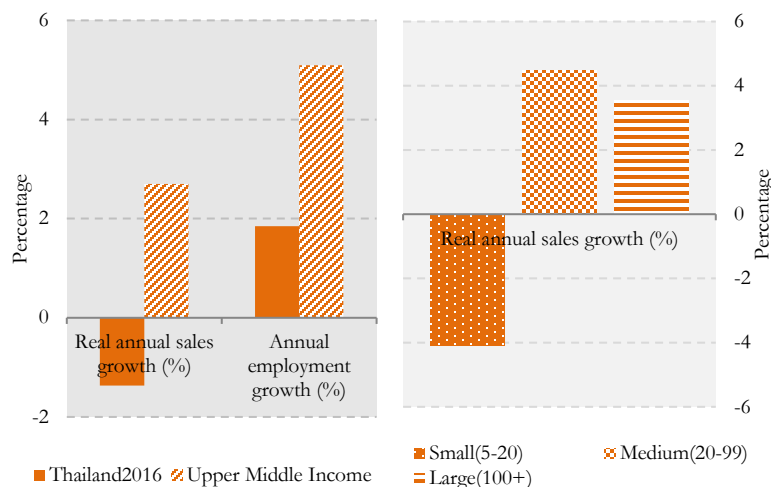


The World Bank Group conducted face-to-face interviews with top managers and business owners of 1,000 enterprises in Thailand from November 2015 through June 2016. The Enterprise Survey (ES) sample is representative of Thailand’s formal private sector. The ES covers several aspects of business environment along with measures of firm performance. Below are the main highlights from the survey.

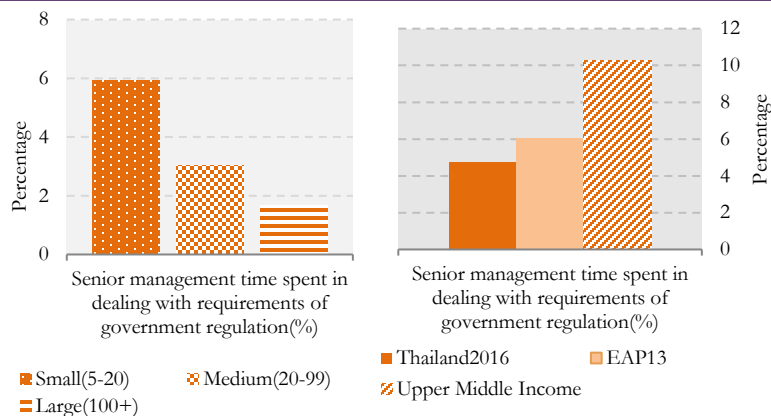
Thai firms underperform comparator economies in both annual sales and employment growth

Performance of firms in Thailand, in both annual sales growth and employment growth, is lower than the average of upper middle income economies. Between 2013 and 2015 the private sector in Thailand experienced negative annual sales growth (-1.4%) compared to 2.7% on average in upper middle income economies. Similarly, annual employment growth was sluggish (1.9%) compared to 5.1% in similar-income economies. In terms of real sales growth, small firms (5-19 employees) performed the worst, with an annual growth rate of -4.1% compared to 4.5% and 3.6% for medium size firms (20-99 employees) and large firms (more than 100 employees) respectively.



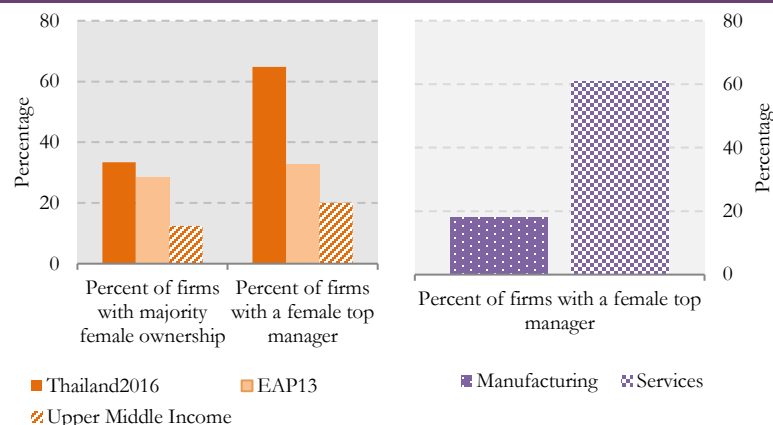
Small Thai firms spend more time dealing with regulations than larger firms

The “time tax” imposed by regulations, which is the percentage of time spent by senior management dealing with regulatory compliance, is higher for small firms than larger firms in Thailand. The average time tax for small firms is 6% compared to 3% for medium firms and around 2% for large firms. The time tax in Thailand is also lower than in comparator economies. Senior managers in Thailand spend 5% of their time dealing with government regulations compared to 6% in East Asia and Pacific (EAP) and 10% in upper middle income economies.



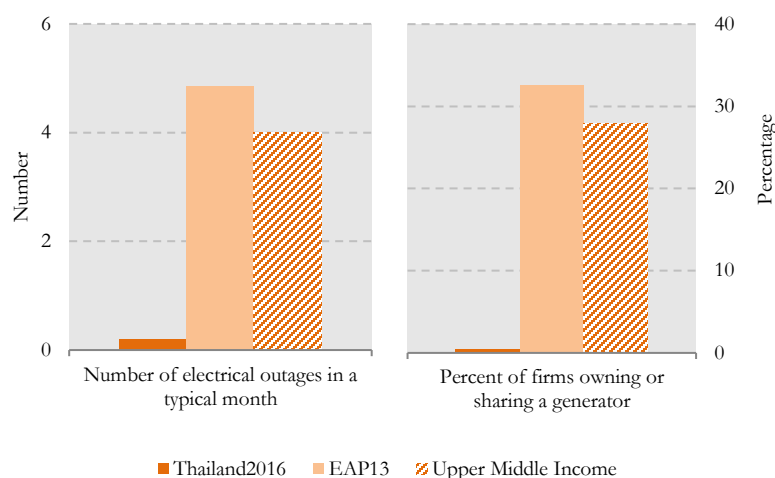
Female participation in ownership or management of the private sector is higher than in comparator economies

In two measures of gender equality (the percentage of firms with majority female ownership and those with a female top manager), Thailand outperforms comparator economies: 33% of firms have majority female owners compared to 29% and 12% in EAP and in upper middle income economies respectively. In Thailand, 65% of firms have a woman as the top manager – more than three times the average of upper middle income economies (20%) and more than double the EAP average (32%). Across sectors, gender disparity is more pronounced: women are more likely to be top managers in services firms (61%) as opposed to manufacturing firms (18%).



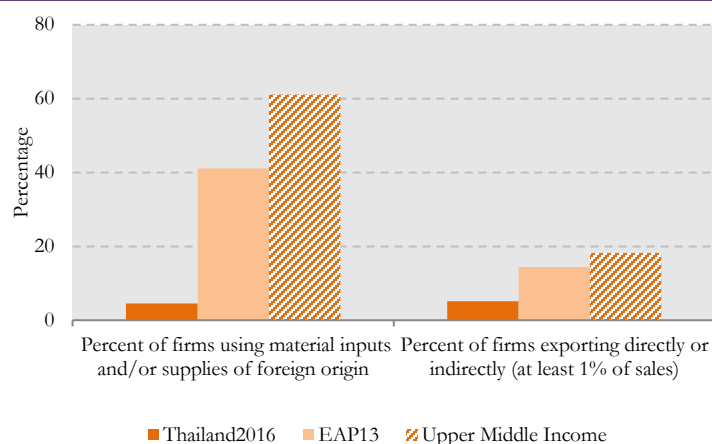
Electricity provision in Thailand is significantly better than in comparator economies

Thai firms have fewer electrical outages and are less likely to own a generator than firms in comparator economies. Efficiency in the operation of the private sector requires a reliable supply of electricity. Inadequate electricity provision can increase costs, disrupt production, and reduce profitability. Thai firms experience less than 1 electrical outage in a typical month compared to 5 outages in EAP economies and 4 outages in upper middle income economies. Also, the percentage of Thai firms that own or share a generator is only 0.4%, significantly lower than the EAP average (33%) and the upper middle income average (28%).



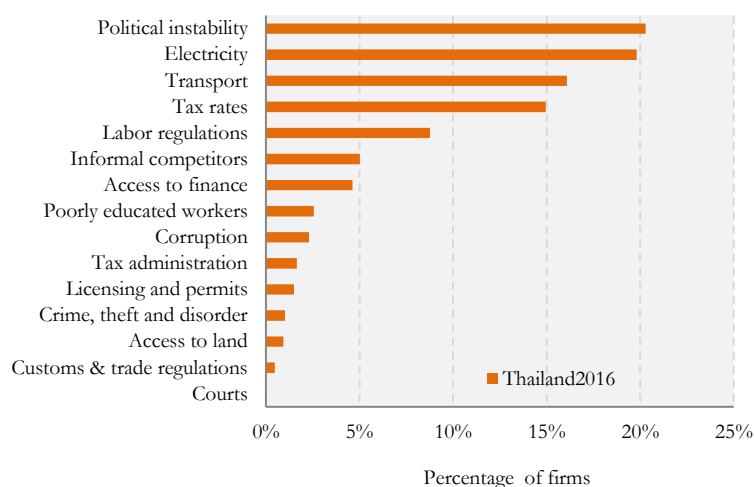
Firms' engagement in trade is lower in Thailand than in comparator economies

The level of involvement of the Thai private sector in trade is much lower than in comparator economies. Participation in international trade allows firms to expand, raise standards for efficiency, import materials at lower cost, and acquire updated and better technologies. The percentage of Thai firms using material inputs or supplies of foreign origin (5%) is remarkably low and significantly trails the average for firms in upper middle income economies (61%) and the EAP region (41%). Also, only 5% of Thai firms are exporting directly or indirectly, well below the average of 14% in EAP economies and 18% in upper middle income economies.



Political instability is most frequently cited as the biggest obstacle to private firms' operations

The ES asks business owners and top managers to name the biggest obstacle that they face in their everyday operations. In Thailand, political instability and electricity are almost tied in terms of the number of firms citing them as the biggest obstacle to everyday operations. Political instability is cited by 20% of firms while 19% of firms identify electricity as their biggest obstacle. Interestingly, in spite of Thailand performing remarkably well in electrical service, as highlighted above, many firms still cite electricity as a top obstacle. Transport and tax rates ranked 3rd and 4th, with 16% and 14% of businesses citing them as the top obstacle respectively.



The Enterprise Analysis Unit is a joint World Bank and IFC team of economists, survey experts specialized in private sector development. Surveys implemented by the team reveal what businesses and firms experience across the world by interviewing representative samples of the formal, non-agricultural, non-extractive, private sector with 5 employees or more. The resulting globally comparable firm-level data is used to construct business environment indicators and measure firm performance. The findings and recommendations help policy makers identify, prioritize, and implement policy reforms that support efficient private economic activity. For more information on the survey visit <http://www.enterprisesurveys.org>