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SMALL-SCALE INDUSTRIES
AND INSTITUTIONAL FRAMEWORK
IN THAILAND

by

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RESUME

Ce document technique présente les résultats d'une enquête sur l'impact des réglementations juridiques et fiscales en Thaïlande sur les petites et micro-entreprises, assimilées ici au secteur informel. L'enquête a porté sur un large échantillon d'entreprises (plus de 500) à Bangkok et dans dix autres provinces. Trois secteurs d'activité ont été étudiés : la préparation et la vente de plats cuisinés, la confection textile et la transformation des métaux. C'est en effet dans ces activités que le secteur informel urbain compte le plus grand nombre d'industries manufacturières en Thaïlande. Leur étude permet de comparer le comportement d'entreprises opérant sur des marchés différents.

L'enquête montre que les petites et micro-entreprises thaïlandaises, bien intégrées au processus de développement économique, notamment par le biais de la sous-traitance, ne sont pas particulièrement gênées dans leur croissance par les contraintes institutionnelles. En outre, même si les petits entrepreneurs se plaignent parfois de l'attitude des fonctionnaires chargés de contrôler l'application des réglementations, ils reconnaissent souvent le bien-fondé de ces dernières, car elles visent à améliorer la qualité de la production et les conditions de travail des employés. Par ailleurs, une majorité d'entrepreneurs se déclarent prêts à payer de nouveaux impôts en échange d'une amélioration ou d'une extension des services publics.

L'attitude pragmatique du gouvernement explique ce consensus, que l'on ne retrouve pas à un tel degré dans les autres PED : les autorités veillent au respect des obligations qui s'appliquent à certains secteurs concernant la protection des consommateurs et des travailleurs (l'hygiène dans les restaurants, la sécurité dans les industries métalliques), mais elles contrôlent assez peu l'application d'autres obligations (fiscalité, salaire minimum). D'autre part, beaucoup d'entreprises sont exemptées d'un certain nombre d'obligations, soit en raison du traitement de faveur accordé aux entreprises employant moins de 20 personnes, soit en raison de leur statut de sous-traitants. En revanche, l'action du gouvernement en faveur des petites et micro-entreprises semble insuffisante, notamment dans les domaines du crédit, de la formation, de l'attribution des marchés publics et des droits des sous-traitants.

SUMMARY

This paper presents the results of a survey of the impact of regulations and taxes on small and micro enterprises, considered here as part of the informal sector, in Thailand. The survey covered a large sample of enterprises (more than 500) in Bangkok and ten other provinces. Three sectors were studied: restaurant stalls, garment manufacturing, metal goods manufacturing. In fact, these are activities in which there are the greatest number of "manufacturing" enterprises in Thailand's urban informal sector. Their study permits a comparison of the behaviour of enterprises active in different markets.

The study shows that small enterprises in Thailand are well integrated in the economic development process, especially through subcontracting, and their growth is not particularly hindered by institutional constraints. Moreover, even though small entrepreneurs complain about the attitude of official inspectors, they often accepted the reasons for regulations, for they served to improve the quality of production and employee working conditions. Furthermore, a majority of the entrepreneurs said that were they ready to pay more taxes for an improvement or extension of public utilities.

This consensus is explained by the government's pragmatic attitude, which is not matched by other developing countries: the government only enforces regulations for protecting customers and workers in certain sectors (hygiene in restaurant stalls and safety in metal working), while it does not very strictly enforce other regulations (taxation and minimum wages). On the one hand, many enterprises are not subject to some of the obligations, either because of favorable treatment for enterprises employing fewer than 20 persons, or because they are serving as subcontractors. On the other hand, there appeared to be insufficient government incentives for small enterprises, especially in the areas of credit, training, public contracts and subcontractor rights.

PREFACE

This study is part of the work devoted to relations between the informal sector and public authorities, and political power under the Development Centre's 1990-92 research programme.

There is growing interest in the development of micro enterprises because it is becoming increasingly difficult to find a solution for urban unemployment. The urban working-age population is growing rapidly by 4 or even 5 per cent yearly, while the medium-sized and large enterprises, usually known as the modern sector, are unable to absorb such a labor surplus. It therefore appears urgent to use all means to encourage the development of small enterprises. In these circumstances, the state should give priority to adapting regulations and taxation to the specific characteristics of these enterprises instead of burdening them with the same institutions applying to other enterprises.

Thus this study of three sectors in Thailand by Naruemol Bunjongit and Xavier Oudin is especially pertinent. The Development Centre was able to carry it out owing to a fruitful co-operation with the Chulalongkorn University Social Research Institute (CUSRI) and with ORSTOM (Institut Français de Recherche Scientifique pour le Développement en Coopération), the French institution to which Xavier Oudin belongs. The six other countries studied under this project were in Latin America or in Africa, the case of Thailand is of great interest because it is the only Southeast Asian country in our sample. It is believed that Southeast Asian governments have often been better able to adapt institutions to favor small enterprises than have other countries.

The survey, carried out in a large number of enterprises, shows that the state has had the good sense to exempt *de jure* or *de facto* these enterprises from certain obligations, and its relative success is shown by the fact that only 16 per cent of the persons questioned cited administrative obstacles to the development of their activities (the fourth-ranking obstacle to enterprise growth). However, some constraints are clearly resented, like taxes or, in the case of small restaurants, hygiene regulations. It is significant that even in a economy as dynamic as that of Thailand, taxes are resented because their level is fixed while receipts are vary variable.

Readers will recognise the seriousness of this study, based on the very rich statistical data that is presented in a separate annex (Technical Paper 81a). We are very grateful to the CUSRI and especially its director, Mrs Pongsapich, for having successfully concluded a valuable study. It will be useful for the country's officials and for foreign observers, who will now have an important comparative reference.

Louis Emmerij
President of the OECD Development Centre
November 1992

INTRODUCTION

Background and Objectives

Background of the Study

The economy of Thailand is still characterised by a dominant agriculture sector. At the beginning of the 1980s, Thailand, like most other Asian countries, was affected by a slowdown in economic growth. To sustain investment, output and employment, the country had to adjust its policies towards export-oriented trade and the exchange rate. The outcome of these reforms was the rapid growth of manufacturing enterprises in both Bangkok and outlying provinces.

In recent years, there has been respectable growth of small industrial enterprises despite the bias in government policies in favour of large-scale industry. Apart from the very favourable economic environment due to the rapid growth of the manufacturing sector and related services, several factors are seen to be the main driving forces for the growth of small-scale enterprises: the growth of the labour force caused by past population growth, the decline in labour absorption in the agricultural sector and a slowdown in labour absorption in both the public and private sectors. These developments have driven the unemployed to self-employment and to working for small enterprises in the manufacturing and service sectors. Undoubtedly, small-scale enterprises and self-employment are major contributors to income and employment generation.

The potential of small-scale enterprises in job creation was explicitly recognised, for the first time, in the Sixth National Economic and Social Development Plan (1989-91), which included a policy statement for promoting job creation in small-scale industry, particularly for the self-employed¹. The new direction in national priorities has been adopted in the Seventh National Economic and Social Development Plan (1992-96). Although the Seventh Plan continues to give more importance to the small industrial enterprises sector, it starts to pay more attention to quality and higher-productivity jobs than to mere job creation. Moreover, the improvement of the quality of life of those who contribute to the small enterprises is also stressed. In order to reach this goal, an accommodating policy environment for small business operation will be the most important requirement. This may be done through facilitating and protecting individual economic initiatives and improving the working and living environment of those who contribute to small-scale production.

Above all, the problems of small business operation should be effectively identified. As this approach comprises legal, institutional and work environment aspects, this study focuses on the relationships between small-scale enterprises and the institutional and legal context.

The Institutional Framework

The most recent developments in informal sector theory have stressed institutional impediments to the expansion of the sector's activities. Laws and regulations are often not adapted to small-scale units, and in many cases, government policies tend to favour big enterprises over small ones. As a consequence, small-scale entrepreneurs may choose to ignore or circumvent regulations, and are often not straight with the authorities. This, in turn, hinders their expansion and keeps them in a vicious circle.

This matter is worth investigating more precisely; since state intervention is increasing, institutional obstacles to the development of small-scale enterprises should be analysed. Besides taxes, there are many fields where small-scale enterprises meet regulatory obstacles: access to public contracts, access to credit, managing manpower, etc.

For several reasons, Thailand is of particular interest for this study. First, the country is in a period of rapid growth, and there are signs that informal activities are also expanding. In contrast to many other countries, then, in Thailand the interest in this sector does not stem from the failure of the modern economy; rather, it stems from a concern for the welfare of all segments of society, since informal activities are known for not complying with, for instance, regulations on labour conditions and minimum wages.

Another interesting characteristic of Thailand is that the modern and informal sectors seem to develop in a complementary way. A major link between the two sectors is subcontracting, which has spread rapidly since the mid-1970s. In other countries, the informal sector is analysed as the response of a part of society to economic and social (if not political) crisis; in Thailand, it seems that the development of small-scale activities and self-employment accompany the modernisation of the economy.

Objectives of the Study

The purpose of this study is to investigate, through field surveys, the impact of the institutional environment on the small industrial enterprise sector. These surveys concentrated on Bangkok and provincial towns where the selected activities in metal work, garment manufacture and restaurants are located.

The four main objectives of the study are as follows:

- i* investigation of the position of small-scale enterprises in the Thai economic system with respect to the labour market, goods market and capital market;
- ii* identification of current concrete problems, needs and constraints of small-scale enterprises in relation to their legal status;
- iii* analysis of the extent to which small enterprises' employees benefit from the labour protection and minimum wage regulations;

assessment of entrepreneurs' opinions of and responses to administrative, regulatory and tax requirements.

The Informal Economy in Thailand

Definition of the Informal Sector

Though the debate over how to define the informal sector is less heated now than in previous years, it is still confusing. Especially in Thailand, there is no clear understanding of what should be considered informal and why.

Studies of the Thai informal sector are not numerous, and the focus has mostly been placed on poor households. In the 1970s, the focus was on rural areas and cottage industries. In the 1980s, the concern with the informal sector was usually social in character, so surveys were made in poor areas, among households with low living standards. In Bangkok, for instance, the leading studies on the informal sector were based on a sample of households living in slums. The aim of most studies of the informal sector was to build up policies of social welfare for these disadvantaged people.

With the Seventh National Plan, there is a shift, as far as most recent studies on the question show it. Following a five-year period of rapid growth, with no major unemployment problem, the positive role of the informal sector in the economy is now emphasized, and some major studies on small enterprises have been carried out².

Surprisingly, a principal characteristic of the informal sector that is stressed in the international literature — the non-respect of regulations and the development of an economy outside the institutional framework — is not emphasized in studies of the Thai informal sector. Most studies have focused on the low income of informal sector households and on the characteristics of the entrepreneurs³.

It should be noted, however, that nowadays most common definitions of the informal sector insist that failure to register the activity is a major characteristic. Whatever kind of non-registration is used to define the informal sector, this approach is used by international or government agencies to implement policies towards this sector. It is also used to stress a recent evolution of both developed and developing countries, in which many activities lie outside the institutional framework. The present study is thus concerned with the informal sector, since the criterion used to define the scope of the survey is registration.

Some progress has also been made in the statistical conceptualisation of the informal sector. It includes economic activities operated by households and individual enterprises, i.e. not registered as companies⁴. This broad definition includes a great number of activities and enterprises. The present study perfectly fits the definition, though its limited scope includes only a segment of the so-defined activities.

Importance of the Informal Sector

If one uses the broad definition, the informal sector appears to be of considerable importance in Thailand. Various statistics and estimates suggest that this sector employs more than half of the active urban population.

Many estimates of the importance of the informal sector start from population statistics on occupation. Roughly, non-wage forms of labour, i.e. the self-employed and family helpers, give a first overview of the informal sector. Since there are also wage-earners in this sector, however, it is then necessary to add wage-earners from small establishments to non-wage labour in order to get an estimate of employment in the informal sector. We shall consider first the estimate from population and employment statistics, then the estimates from establishment statistics.

Non-Wage Labour in Employment

Non-wage labourers are the self-employed and family helpers, considered here only in non-farm activities⁵. At the end of the 1980s, non-wage labourers were 40 per cent of the non-farm active population. It is worth considering the recent evolution of employment figures.

As a whole, wage labour (government and private employees) has increased tremendously from the beginning of the 1970s. From a total of 1.7 million people in 1970 (average of the years 1969 and 1971), the figure reached 6 million wage workers in 1988 (average of 1987, 1988, 1989). Wage labour now constitutes more than 60 per cent of the non-farm labour force, while it was 50 per cent in 1970. In the same period, non-wage labour — i.e. the self-employed and family helpers outside agriculture — decreased from 50 to 40 per cent, and now counts 4 million people,.

This evolution is given greater contrast if we consider it by sectors. Secondary (manufacturing and construction) wage labour increased more rapidly than tertiary wage labour. Starting from an index of 100 in 1972, the index for wage labour in 1988 was 325 in the secondary sector, but less than 250 in the tertiary. In non-wage employment, the indexes are much lower. So, while wage labour has nearly tripled during this period, non-wage labour has hardly doubled (Table 2).

The labour force is changing rapidly, and the major shifts are relative ones: non-farm labour is expanding faster than farm labour, and wage forms of labour are expanding faster than self-employment (4 million new wage-earning jobs were created between 1970 and 1988, compared to 2 million new non-wage-earning jobs). All forms of employment continue to grow in absolute figures.

The Small Establishments

Non-wage forms of labour are only part of the informal sector. There are also many wage-earners in small establishments, as can be seen from the Department of Labour's statistics on the size of establishments (there are also self-employed in modern activities, but they are probably a few thousands only). Table 1 shows that in

1989, one-third of the workers employed in establishments having one or more employees worked in small establishments (fewer than 50 employees). This proportion is lower in the manufacturing sector, which requires a higher level of investment and therefore a bigger scale of operation. In contrast, commerce is dominated by retailers and small restaurants.

This figure (workers in small establishments) should be added to the self-employed and family helpers counted before, but not all workers in small establishments can be counted as involved in informal activities. Taking an estimate of 20 per cent (i.e. one out of five wage-earners can be considered as working in informal establishments) and adding the resulting figure to non-wage workers, one can see that the informal sector will employ more than half of the labour force outside agriculture.

Employment in the Informal Sector

Besides employment in establishments, a broad component of manpower is employed in casual occupations. Another original feature of the labour force in Thailand is the importance of seasonal non-farm occupations. Although these two forms of labour are not specifically employed in the informal sector (there are also many seasonal and unstable positions in big industries, especially in the construction sector), they have to be considered when estimating the part of the informal sector or modern sector in the Thai economy. On the whole, the structure of the non-farm labour force (35 per cent of 30 million, or 10.5 million) is as follows⁶:

Employment (thousands) %:

<i>Informal</i>		
Non-wage labour	4 000	38.1
Wage labour in small establishments	1 000	9.5
<i>Modern</i>		
Government employees	2 000	19.0
Stable wage labour	2 500	23.8
<i>Unstable labour</i>		
Mobile or casual wage-workers	1 000	9.5

These figures are rounded off and do not show seasonal labour (i.e. farmers working seasonally in non-farm activities). This form of labour is divided proportionally among the different components of the labour force, except government employees. In any case, the figures show the importance of the informal economy in Thailand, which is comparable to what is observed in many developing countries.

Methodology of the Survey

The information gathered for this study came from two surveys, one quantitative and the other qualitative. The scope and units for the two surveys are presented first, then the sampling of the quantitative survey and lastly the methodology of the qualitative survey.

Scope

The surveys were conducted between July and October 1991, in Bangkok and 10 other towns. They covered three activities; for each, owners-managers of individual enterprises with fewer than 20 employees responded to a questionnaire. This section gives details about the scope of the surveys.

Activities

The three activities surveyed were garment manufacture, metal goods manufacture and restaurants. As in most developing countries, these activities are widely spread in the country, and are typically small-scale industries. Apart from petty trade, they are the main activities of the urban informal sector as far as the number of establishments is concerned.

Garments: This includes making all kinds of clothes from textiles of all sorts (silk, cotton, etc.) and origins (industrial or handwoven). Tapestry work, curtains, sheets and so on are not included; nor are bags, cushions or other objects made from cloth. Those who repair clothes only (tailors in the streets) are not included, unless they take orders to make clothes. Those who combine making clothes with other activities (such as making bags) are included.

It appears that garment enterprises can be divided into two forms of activity. There are tailors or seamstresses working with individual customers; they generally work alone or with one or two apprentices or family helpers. The other kind of activity is mass production of garments for contractors. There are numerous kind of contracts, and the goods can be made by self-employed people -- often home workers -- or enterprises with several piece workers.

Metals: This activity includes all kinds of processes with metal (iron, aluminium, etc.). It can be manufacturing aluminium frames or doors, making carts for itinerant activities, making metal furniture, any kind of welding, making pots and pans, tinsmiths and blacksmiths, etc. Making metal frames or other items for construction is also included.

Activities related to car repair, especially body repair, are not included, but manufacturing parts of vehicles (for instance, making bicycle frames or van bodies) is included. Metal artworks, such as bronze sculpture, are not included.

Restaurants: Restaurants are defined here as places where main dishes are prepared. A "main dish" is defined as a dish that can be considered as a meal. The survey therefore excludes establishments that make only cakes, or fritters, or sausages. It includes noodle or soup shops. "Inside restaurants" are restaurants with a permanent and fixed structure, with tables and chairs in a room. They have a fixed location, with premises, signs and so on, which can be locked once the day's activity is over.

Street restaurants have no permanent structure. They are in the street or in markets, and even if tables and chairs are available, these are put away once the time of work is over. The street restaurants do not have wage-workers. Most of the owners are self-employed and only a few have family helpers. Some questions (especially questions on employment) were not asked of street restaurant owners.

Location

The quantitative survey was made in 11 provinces all over Thailand. The provinces were chosen in order to represent all main regions. The weight given to the different regions is in accordance with the weight of each region as it appears from the Department of Labour's 1989 survey of establishments under 20 employees in each activity⁷. That is why the Bangkok region accounted for half of the sample as a whole, but 37 per cent for restaurants and nearly 60 per cent for the two other activities.

The survey is limited to urban areas: only the main town of each province was surveyed. This limitation was made for practical reasons and also because the subject of the survey appeared to be less relevant in rural areas.

The sample was chosen in order to have a good representation of small entrepreneurs in urban areas and their opinions for the whole kingdom. The sample in each province, however, is too small to allow results by provinces and may not be representative in a given province (except Bangkok).

The survey was made in Bangkok Metropolis; Non-thaburi and Samut Prakarn (Bangkok region); Chai Nat and Ayutthaya (central region); Chiang Mai and Pichit (northern region); Rayong, Khon Kaen and Kalasin (east and northeast); and Nakhon Si Thammarat (south).

The sample is shown in Table 3 of the statistical annex, by main region and activity.

Unit of Survey

The definition of a small-scale enterprise used for this survey is based neither on the number of employees nor the value of assets, but on the legal status of the enterprise. Only individual enterprises (or sole proprietorships) were surveyed. This means that companies or registered partnerships are excluded from the scope of the survey.

Though individual enterprises are generally small, there is no size limitation in the legal definition of their status. In order to have a more homogeneous sample, and because of the need for international comparison, individual enterprises with more than 20 employees were excluded.

The survey investigated enterprises, and questions were asked of their owners. The definition of an enterprise here is extensive: any economic activity run by one person in order to yield an income. An enterprise is different from an establishment.

While the concept of an establishment is based on the location of the activity and the premises, that of an enterprise is based on ownership, a legal criterion. Practically, as far as small-scale industries are concerned, there is not much difference between the two concepts, since each enterprise has generally only one establishment, but a small establishment may be a branch of an enterprise. Establishments are not included in the survey.

If an enterprise had several establishments (four cases only), the questions concerning the activity took all of them together. In cases where the manager was not the owner and the owner did not work in the enterprise, the manager responded to the questionnaire (eight cases).

In sum, the unit of the survey was the owner or manager of individual enterprises with fewer than 20 employees. Of the 503 enterprises surveyed, 183 were in the garment trade, 132 in metals and 188 in restaurants (including 90 street restaurants).

Sampling Methodology

Surveying informal activities, when they are defined as non-registered activities, raises nearly insurmountable difficulties for surveys. By definition, these activities are not properly registered, and only a complete and up-to-date census of the units may overcome this obstacle. No such census filling the conditions for the survey was available, so an area sampling had to be built up and a census made on the selected areas before the survey. Since no extrapolation of the results is to be made, this method is acceptable because it gives more guarantees that all kinds of enterprises will be represented in the sample, in a right proportion. In other words, a specific type of enterprise, which may not appear on official lists (because the lists are made for taxation purposes, for instance), is likely to appear in the sample.

Another problem in using a list or a census of establishments, even if they are not for tax purposes, is the delay between the census itself and the survey. The enterprises created between the census and the survey would not be listed and so would not be surveyed. Lacking all the enterprises created in the previous two years would be a great bias in the study of informal enterprises, which are known to be unstable.

If area sampling bypasses these difficulties, it does not solve all problems. Hidden activities are not likely to be surveyed. Home labour is also outside the scope of the survey (home labour should be the subject of a households surveys). Besides, area sampling is valid only if it is assumed that the activities are spatially well spread. This is true for small-scale industries in the selected activities, but would not be true for bigger enterprises or other activities.

In Bangkok, 72 blocks were selected from a permanent sample of the National Statistical Office⁸. In these blocks, all establishments of the selected activities were counted one month before the survey. From this count, the number of questionnaires to be done for each activity was chosen: one out of four for garments, one out of two for metals, one out of ten for restaurants.

The results of the count also give useful information on the relative importance of these activities, in terms of number of establishments. Thus, 399 garment establishments were counted, but only 181 in metal industries. Restaurants were far more numerous (nearly 900); 43 per cent of them were street restaurants. This result was used to balance the two kinds of restaurants.

In other towns, no census was made, since the number of enterprises to be surveyed in each activity was quite low. The selected blocks were surveyed one by one, with the following draw: one out of three enterprises for garments, one out of one for metals, one out of five for restaurants.

The Qualitative Survey

The qualitative survey, carried out after the quantitative survey, took in 30 entrepreneurs (10 in each activity) in Bangkok and Khon Kaen. It consisted of open interviews along a guideline, in which respondents were asked to answer freely. Although the questions asked were comparable to those in the quantitative survey, the answers could be elaborated upon and are much more detailed, especially on sensitive issues such as compliance with state regulations.

I INSTITUTIONAL AND REGULATORY SETTING

Laws and Regulations of the Industrial Sector

Regulation and Taxation of Commercial Activities

Enterprises in Thailand are classified into four main categories: sole proprietorship; partnership (divided into unregistered partnership, registered partnership, limited partnership); limited companies; and public limited companies. Registrations and licences associated with commercial activities are as follows:

Commercial Registration

According to the Commercial Registration Act, B.E. 2499 (1956), sole proprietorships and unregistered partnership enterprises are required to register within 30 days of commencement of business activities, provided their total daily sales are not less than 20 baht. This registration enables the Ministry of Commerce to obtain statistics on commercial establishments. Commercial registration is to be made at the Registration Division, Department of Commercial Registration, Ministry of Commerce. Partnerships and companies are not required to register, however, since they fall under the Civil and Commercial Code and are subject to corporate income tax.

Commercial registration is not actually practised; that is, a large number of small enterprises do not comply with this regulation. In the sample, four enterprises out of five had not registered at the Ministry of Commerce.

Accounts Act

According to the Accounts Act (N.E.C. Announcement No. 285), all commercial activities that generate an annual income of more than 100 000 baht are required to have written accounts. In the sample, one enterprise out of six had written accounts. Among enterprises with four or more employees, one out of three had written accounts.

Tax Registrations

Every person must obtain a taxpayer's identification number within 60 days of receiving his or her first income. All companies and partnerships under the Civil and Commercial Code are subject to corporate income tax at the rate of 30 or 35 per cent of net profits. By definition, no enterprise in the sample was subject to corporate income tax, since no company was surveyed.

Business tax

All profit-seeking activities are subject to business income tax. According to the Revenue Code, every profit seeker must file an application form, within 30 days of commencing business, for business tax registration. This form should be made out at the Revenue Department if an applicant's enterprise is located in Bangkok Metropolis,

or at the Amphoe Office nearest the location of the enterprise.

The business tax registration certificate is issued after the application has been approved. The business tax is usually paid monthly on gross receipts, and rates vary according to the type of goods or activities.

Most small-scale enterprises are subject to business tax, but not retailers. In the case of contract work, subcontractors may not be subject to business tax if the tax is paid by the contractor. Enterprises with monthly receipts under 4 000 baht are not subject to the business tax. In the sample, 60 per cent of the enterprises paid the business tax.

Under the Municipal Income Act, B.E. 2497 (1954), an additional 10 per cent of the business tax is to be levied by municipalities.

Value added tax

In a series of recent changes in tax regulations, the business tax and business tax schedule contained in the Revenue Code and amended by the Royal Proclamation Amending the Revenue Code (No. 14), B.E. 2529 (1982), were abolished in 1992. A new law, the Act Amending the Revenue Code (No. 30), established a system of value added tax (VAT), which has been enforced since 1 January 1992. A VAT is different from business tax since it carries no double taxation in itself. It is levied on the value added to goods or services at each stage of production.

According to the new tax law, all commercial activities which bring an annual income of more than 600 000 baht are liable to pay VAT, the rates of which range from 1.5 per cent to 7 per cent of net income. The introduction of a VAT must be understood as an effort by the government to upgrade the country's quality of production in order to meet international standards, and this in turn may help to develop small-scale industries in a more systematic way.

Other taxes

Other taxes include excise tax and signboard tax. Excise taxes are levied on specific goods (liquor, soft drinks, etc.). Signboard tax is levied at rates specified in the Signboard Tax Act, B.E. 2510. Only 21.5 per cent of the enterprises in the sample paid the sign tax.

Individual income tax

There is a personal income tax, which touches the business income of individual entrepreneurs. The rates of personal income tax range from 7 per cent to 55 per cent of net income. The payment and tax returns for each year should be made prior to the end of March of the following year. One self-employed entrepreneur out of six, and one out of two with employees, was subject to the individual income tax.

Factory Licences

All industries that use machinery of more than 2 horsepower or that employ more than seven employees for such activities as manufacturing, producing, assembling, packing, maintaining and repairing (included in the 98 classes listed in Ministerial Regulation) are governed by the Ministry of Industry in accordance with the Factories Act, B.E. 2512 (1969). Before the business begins operating, a factory establishment licence must be obtained from the Ministry of Industry. An application for establishment of a factory in Bangkok must be submitted at the Department of Industrial Works of the Ministry. Applications to establish factories outside Bangkok may be filed either at the local District Office or at the Ministry. In the case of certain industrial activities, the applicant must also submit an environmental impact study (EIS) to the Office of the Environment Board. The applicant, in this case, must submit the EIS together with the application for the factory establishment licence to the Department of Industrial Works; the Department may not grant the licence unless the EIS has been approved by the Office of the Environment Board.

A factory operation licence is also required. This licence is granted after an inspection of the factory and machinery. A factory operation licence covers a period of three years from the date of issue and should be renewed (for further three-year periods) before the original one expires. Renewal of licences is subject to re-inspection of the factory.

The provisions of the Factories Act are strictly enforced, on the basis of the machinery power criterion. It appears that the Act is not applied for most small-scale industries since they possess machinery of less than 2 horsepower. For example, sewing and cutting machines in garment industries are under 2 horsepower.

Labour Regulations

All enterprises are supposed to follow labour regulations. These include labour protection, minimum wages and social security. Labour regulations are, in general, governed by N.E.C. Announcement No. 103 (16 March 1972). This law abolished the earlier labour regulations of the Announcement of the Revolutionary Party No. 19 (31 October 1985) and the Act on Settlement Procedures for Labour Disputes, B.E. 2508 (1965).

Announcement No. 103 establishes a number of comprehensive labour regulations. The governing institution for labour matters is the Department of Labour of the Ministry of the Interior.

The three most important labour regulations cover the minimum wage, labour protection and social security.

Minimum Wage

The minimum legal wage with effect from 1 April 1991 is 100 baht per day for all employees (including unskilled labour) employed in Bangkok Metropolis and six other

provinces (Samut Prakan, Non-thaburi, Pratumthani, Samut Sakorn, Nakhon Prathom and Phuket provinces); 90 baht in Ranong and Pang-nga provinces; 88 baht in Chon Buri, Saraburi, Nakhon Ratchasima and Chiangmai provinces; and 82 baht in the other 60 provinces.

Maximum working hours are set at eight hours per day for employees in industry, nine hours for commercial work and seven hours for work described as hazardous. Moreover, "employees are entitled to have at least one day of paid holiday per week" in accordance with the announcement of the Ministry of the Interior (Section 7, Part 1).

Labour Protection

The labour regulation provides for the establishment of a compensation fund at the Labour Department. According to the Ministry of the Interior's announcement on labour protection (Section 48, Part 6), "if the employee suffers injury, sickness or death in the course of employment, the employer must pay monthly compensation." The Workmen's Compensation Fund has been implemented in Bangkok since 1973, in five other provinces surrounding Bangkok since 1976 and in most other areas of the country since December 1978. This fund provides social security for employees in the case of injury, sickness or death. Contribution rates range from 0.2 per cent to 4.5 per cent of wages. Small-scale enterprises with fewer than 20 employees are not required by the regulation to contribute to the Workmen's Compensation Fund.

Social Security

According to the Social Security Act, B.E. 2533 (11 August 1990), all enterprises with at least 20 employees must contribute to the Social Security Fund (after a three-year period from enforcement of the Act, the provision will also be applied to enterprises which have fewer than 20 employees). This fund provides education for children and social security in cases of accidents, sickness or death, disability, old age or pregnancy.

Three parties — government, employers and employees — are designated by law to contribute to the Social Security Fund. The applicable rates depend upon the types of claim. Contribution rates range between 1.5 per cent and 5 per cent of the total wages paid to employees.

In practice, the law regarding the Social Security Fund is not fully applied, since many small enterprises do not have regular employees.

Health and Safety Standards

Under the Factories Act, all industries are governed by provisions relating to safety and the prevention of public nuisances. These provisions oblige factory operation licencees to undertake such measures as providing emergency exits, alarm signals, fire-fighting equipment, proper treatment of effluent, ventilation and so on. As for the public nuisance provision, if any factory seriously endangers the public, it may be ordered to cease operation in accordance with the Act. In this case, officers of the

Ministry of Industry are authorised to issue written notifications to the factory owner to cease operations, or undertake other remedial measures.

Under the labour laws, the employer is required to provide, at his expense, clean drinking water, sanitary facilities, first aid and medical facilities. In practice, the number of small enterprises which have complied with the law on health standards is low, since the cost of the required facilities is quite high.

Incentives for Small-Scale Industries

Various government agencies are supposed to be in charge of implementing particular policies for small-scale industries. Under the Department of Industrial Promotion of the Ministry of Industry, several divisions have been set up to provide assistance to small industrial enterprises. These include the Division of Industrial Service (DIS), the Division of Handicraft Promotion (DHP) and the Division of Cottage Industries (DCI), which provide assistance to rural industries.

Agencies that provide manufacturers and workers with services such as technical knowledge, training and assistance with machinery design are the Thailand Management Development and Productivity Centre (TMDPC) of the Ministry of Industry, and the National Institute for Development of Skilled Labour (NIDSL), which is under the Department of Labour of the Ministry of the Interior. The scope of services of these agencies is very limited, and the number of small industries that have received such services is low.

Two institutions have been set up to provide credit for small- and medium-scale industries. Such services include the Small Industrial Finance Office (SIFO) and the Industrial Finance Corporation of Thailand (IFCT). These financial incentives, however, are limited to a few specific enterprises.

Conclusion

On the whole, the policy of the Thai government is characterised by a lack of particular provisions as far as small-scale industries are concerned. It should be stressed, however, that the fiscal policy is not too harsh and that the introduction of the value added tax should bring substantial benefit to small enterprises. Labour protection provisions would be more restricting, but in practice they are not applied for piece workers or self-employed people, that is, the bulk of the labour force in the informal sector.

On the other hand, incentives are very few and do not concern the kind of enterprise in the sample: small-scale urban producers of mass consumption items. The results of the survey also show that there are no financial incentives.

II THE ENTREPRENEURS

Coming to the results of the survey, it is necessary to describe first the population of some 500 entrepreneurs captured in this survey. After discussion of the major age and gender characteristics, there is a summary on family background. Particular attention is given in the following part to education and training. The last part of this chapter focuses on entrepreneurial behaviour.

Social Characteristics

Age and Gender

There were more women than men among the 500 entrepreneurs of the survey. The three activities showed quite a contrast: three-quarters of the restaurant owners were women, two-thirds of the garment entrepreneurs, but less than 10 per cent of the owners of metal enterprises (Table 4).

The average age of the entrepreneurs was high, nearly 39 years, with not much difference between men and women (39.2 years for men, 38.6 for women). Not many owners were under 25 years (only 4 per cent of the whole sample), which suggests that small-scale enterprises or self-employment are generally not first experiences for youth with no other opportunity, but rather positions of mature people, with a long experience behind them (the average age for starting the enterprise was 30 years for women and 31.5 years for men).

The owners of restaurants were older than those in the two other activities (39 years for women, 43 for men). In the garment trade, the median age was 36 for women and 37.5 for men, and in metals 40 and 39 years respectively (Table 5).

Women were mostly on their own account, particularly in garment industries, but also in restaurants, while the proportion of men increased with the size of the enterprise. In restaurants and garments, women account for nearly nine self-employed out of ten, while there are more male entrepreneurs in enterprises employing over five people (Table 8).

There is thus a clear tendency towards specialisation by gender and by kind of enterprise. Women are confined to self-employment labour (i.e. home labour in many cases), while men run enterprises with hired labour. There is a sexual division of labour by activity (sometimes at a more specialised level, as in garment industries) and by kind of enterprise. The discrepancy is far from being absolute: there are self-employed men, and a few women who run enterprises with hired labour (female entrepreneurs of the sample were not spouses of the owners, unless they share management of the shop with their husband, as in metals industries; the respondents to the questionnaire were always those in charge of the enterprise).

Family Background

Only one question was asked on family background (main activity of the parents). Nearly half the entrepreneurs came from farming families, and there is an apparent correlation between this fact and entrepreneurial activity. Garments appear to be an attractive trade for children of farmers, while the metal industry is more "urban". In this activity, as in restaurants, the entrepreneurs came more often from tradesmen stock than farming stock (Table 12).

Comparison of family background and gender revealed that in the garment trade, 75 per cent of men, against 46 per cent of women, originated from farming families. In restaurants, it was the opposite: women came more often from farmer stock, although the difference with men was not as pronounced as in garments (Tables 14-15).

A farming background appeared to be more frequent among young entrepreneurs. Half of the entrepreneurs aged less than 35 were sons or daughters of farmers, against 42 per cent among older people. The difference is actually not impressive, but this trend shows that despite a growing proportion of non-farmers and urbanites in the active population, small-scale industries (as far as these three activities are representative) continue to attract people from rural areas.

In the case of garments especially, the differences of origin between age groups could suggest that it is a typical activity for the first generation of migrants from rural areas (and farmers' families). In garment industries, 63 per cent of younger entrepreneurs (under 35) came from farming families, as against 51 per cent of those aged more than 42. The position of small entrepreneur seems to be a more typical outlet for these migrants than for children of non-farmers (Tables 16-18).

Migratory Characteristics

Besides family background, the questionnaire asked entrepreneurs from which town or village they came, in order to study migration from village to town in the same province, or from one province to another. If one considers only the change of province, the percentage of entrepreneurs operating in their native provinces at the time of the survey is a meagre indication of migratory trends. It does not take into account rural to urban migration in the same province.

Women tend to migrate less than men (in restaurants, the difference was slight; see Table 19). There were also discrepancies by family background and by age. Not surprisingly, farmers' children were more likely to migrate from their provinces of origin, especially the younger ones (75 per cent of the entrepreneurs from farming families and aged less than 38 had migrated outside their province, as against 58 per cent of those aged more than 37). As regards entrepreneurs from tradesmen families, however, there were no differences in the migratory behaviour between sexes and age groups; only 43 per cent of them changed province (Table 20).

Conclusion

The importance of people from farming stock seems to confirm the theories of the informal sector that see this sector as a "sponge" that absorbs manpower coming from rural areas. This seems relevant here as far as entrepreneurs of garment industries are concerned, and especially male entrepreneurs, but we cannot say whether this characteristic is typical of small industries' manpower, as compared with that of large industries.

The entrepreneurs were nearly all in a stable position, however, and very few had another activity. For all of them, their shop was the only source of income. Even if many of them came from farming families, they no longer worked on their farms. Unlike employees, the entrepreneurs of these small-scale industries did not migrate seasonally.

Education and Skill Acquisition

Basic Education

In the whole sample, half of the entrepreneurs did not have an educational level beyond *prathom* four (fourth year of primary). Only a few (5 per cent) were not literate. The educational level appears to be quite high among the entrepreneurs of these three activities. Thirteen per cent had completed secondary school and a few (3.5 per cent) had been to university.

Nearly 10 per cent of the entrepreneurs had followed vocational schooling, half of them up to the final diploma (equivalent to the end of secondary school).

The differences between sexes were slight as far as education is concerned. There were more women than men with no or low education (53 per cent not beyond *prathom* 4, as against 49 per cent of men), and this small difference persists, since it can be found in all age groups (Table 22).

The main contrast in education level came from age differences. There has been a great deal of progress in the education of the population of small entrepreneurs, as in the population in general. For both sexes, the proportion of less educated (not more than *prathom* 4) had dropped from two-thirds among the older people to one-third among the younger (Tables 23-25).

The progressive steps in education can be followed in these three "generations" of entrepreneurs. Between the oldest (over 42) and the middle categories, progress was registered above all in completing primary school. The middle categories form the population that has completed compulsory education, which was extended from four years to complete primary (six years) in the early 1960s. Among younger entrepreneurs, the proportion of those who had completed only primary school dropped and there was major progress in school attainment at the secondary level.

Education was also related to social origin. The sons and daughters of farmers had fewer opportunities for extended schooling than did children of tradesmen or government employees. Among children of non-farming families, 53 per cent had a level of schooling above *prathom* 4, as against 39.5 per cent of those coming from farming families (Table 27).

There is an obvious social difference, much stronger than any discrepancy based on sex, in access to schooling in the population of entrepreneurs of small-scale industries. It seems from the figures of the survey that the gap in educational level between farmers' children and others is more pronounced at the beginning of secondary school. In other words, the social barrier at school takes effect when students enter the secondary school. From the results of the survey, it can be calculated that, out of 100 children of farmers in *prathom* 4, only 21 will have the chance to enter secondary school and 6 will receive a secondary certificate (or vocational school diploma); among 100 children of non-farmers, 44 will have access to secondary school and 20 will complete secondary studies.

The progress in schooling was also more pronounced among entrepreneurs not from a farming background. For older people in this group (aged over 42), the proportion attaining the secondary school level has increased from 31 per cent to 61 per cent. For children of farmers, the increase is much lower: 15 per cent of the older group went to secondary school; for the younger (under 35), this figure was 33 per cent (Tables 28-29). Thus, although there was dramatic progress in schooling in the whole population, there was no shrinkage in the gap between non-farmers' children and farmers' children.

Skill Acquisition

There was a strong contrast in skill acquisition between activities. While most restaurant owners had no vocational training, the bulk of the entrepreneurs in garment industries and a majority in metals industries had such training. This differentiation between trades is due to the kind of skill necessary to start an enterprise, on the one hand, and the inheritance factor, on the other. Both the garment and metals industries require skills that cannot be acquired without specialised training, while the ability to prepare food comes from experience of daily life. In addition, a non-negligible proportion of entrepreneurs in metals industries inherited their enterprises and did not get to their position after specialised training, while inheritance is very rare in garments. In this trade, however, nearly 40 per cent of the entrepreneurs acquired their basic skills in courses (long- or short-term) in various kinds of institutions (Table 34).

Apprenticeship is the main source of skill acquisition among the entrepreneurs of small industries in technical trades (garments and metals). Which entrepreneurs had such training? Typically, they were less educated and came more often from farmers' families than those who had not been apprenticed.

This suggests that apprenticeship is a mean of overcoming obstacles due to a lack of education or disadvantages of family background, and therefore a means of

integration into the non-farm skilled labour force. People from farming backgrounds had generally fewer opportunities for extended schooling or vocational training. Since there is no diploma requirement, being an apprentice in a small industry gave them a chance to learn technical skills, and therefore to enter the labour market as skilled workers, before they became entrepreneurs.

Apprenticeship was also more frequent among men and among young entrepreneurs. This last observation demonstrates that apprenticeship, far from being a traditional and nearly extinguished kind of training, is rather lively. We shall also see that a small but significant share of employees of small-scale industries are apprentices now.

Needs for Training and Opinions on Education and Training

Additional Training

We have considered basic education and training. A few entrepreneurs (7 per cent of the sample) had additional training, either short-term courses or in-service training. In garment industries, several entrepreneurs (13 per cent) had such additional training. This may or may not have been in-service; the average duration of the further training was one year in the garment trade. In the two other activities, training courses after basic training were not frequent at all.

Need for Training

Except in restaurants, further training was needed by a fair proportion of the entrepreneurs: one-third in garments and one-fourth in metal industries. This need was expressed much more by younger entrepreneurs, showing that further training was wanted more to complement (recent) basic training than to upgrade one's knowledge after a long career (Table 38).

Training was not so much needed in technical fields. Most of the expressed wishes for training involved the design of new products (55 per cent of the wishes), or marketing and management (20 per cent). So training was needed more to add new knowledge in non-technical fields than to complete technical knowledge. Only 12 per cent needed further technical training. In the garment and metals industries, a similar proportion of entrepreneurs asked for training, whatever school level they had, and whatever the size of their enterprise. The fields for which training was wanted, however, were not the same for all kinds of entrepreneurs. The self-employed favoured "designing new products", while those who had employees were more likely to ask for training in management or marketing (Table 40).

Opinions on Training Experience

The opinions of the entrepreneurs on their training show that, on the whole, the best training is on the job (more than 70 per cent of the answers). The second best training is apprenticeship, which is also a training on the job. Other forms of training, especially in institutions, were considered as very useful by only a minority of the

entrepreneurs (Table 43).

This result suggests that training institutions are not very well adapted to the needs of the entrepreneurs, since most of them declared that they acquired their skills mostly on the job. If we break down the entrepreneurs' opinions on their training by the kind of basic training they had (Table 42), the rate of satisfaction ranges from 20 per cent (vocational school) to 34 per cent (apprenticeship). Whatever training they had, more entrepreneurs acquired their skills on the job than in the institution of their basic training.

Although training issues are often stressed by analysts of the "informal sector", it seems that the entrepreneurs involved in these activities are not very aware of their lack of training. They feel confident of their technical skill, despite fast technological development. They do not express much need of further training. If we interpret this as an indication of the dynamics of the informal sector, the entrepreneurs here obviously would not show a great dynamism.

Career Choices

Family background, basic education and training inform us about the population of entrepreneurs but do not explain why entrepreneurs are in their present positions. We shall now examine why the entrepreneurs decided to choose their activity and to set up an enterprise.

Choosing the Activity

The main reason for choosing the activity was skill acquisition (Tables 44-46). In garments and in metals, more than half of the entrepreneurs work in their present activity because they think they have the skills to do so. Although this answer is ambiguous (the question remains why they chose this training), it shows that acquisition of skills is clearly seen in most cases as a condition for entering an activity. The opposite reason (entering this activity does not require difficult training) is also mentioned, but in a few cases only (half of them in restaurants).

The second reason given is quite negative: one entrepreneur out of five said that he or she had no choice. This answer was most commonly given (28 per cent of the respondents) in restaurants, where skill acquisition is not important, but was fairly significant in the two other activities (18 per cent in garments, 12 per cent in metals). It was more typical of older entrepreneurs (both sexes) than of younger ones.

In general, the main reasons were not given in the same proportion by all age categories, except "opportunity from family or friends", which was the main reason for around 15 per cent of the entrepreneurs whatever age they were. Negative or passive reasons, such as "no choice" or "it is easy to find work in this activity", were given by one-third of the older entrepreneurs, but by only 15 per cent of the younger. In contrast, the reason of skill acquisition, or reasons denoting more ambition ("you can earn a lot in this activity"), were more often given by the younger entrepreneurs.

Settling as an Entrepreneur

The reasons for settling as an entrepreneur can be logically related to the reasons for choosing the activity (especially in the case of inheritance), but in many cases, the choice of being self-employed or running an enterprise seems due to a strong sense of independence. "I don't want to depend on anybody" was the first reason given for settling as an entrepreneur in the three activities (Table 47).

In another typical pattern, the position of the self-employed was the result of previous experience. Typically, being a wage-earner for several years had progressively given them the knowledge needed for running a business, or the wage-earner left with subcontracts from the former owner. Actually, there is not much difference between piece-work and self-employed work under subcontract. This explains why more than one out of four entrepreneurs came to their positions because of opportunities from their previous job.

The negative choice ("no choice") was here marginal, showing that although entry into an activity may be forced, this is not the case for accession to the position of entrepreneur, which is more often the result of a decision. Therefore, it appears that the entrepreneurs of our sample were real entrepreneurs. This population of small entrepreneurs is not the one described in "disguised unemployment" theories on the informal sector, where self-employment is the resort of those who, because of a lack of opportunities and qualifications, are unable to enter the modern sector.

The decision to set up an enterprise appears to be much more due to a desire to succeed than is the choice of an activity.

Conclusion

Although questions may be raised on the informal character of these individual enterprises, most of them being well integrated in the economic network, the social characteristics of the entrepreneurs are similar to those shown in many surveys worldwide. The importance of farming background, the low level of education and the importance of apprenticeship as a way of acquiring skills are typical of entrepreneurs of the informal sector.

The major original characteristic of the entrepreneurs of this sample, as compared with those in other countries, is the relatively long experience required before being able to run one's own enterprise. Most of the entrepreneurs had several years' experience in an employee position, and it can be hypothesised that this is a necessary stage before settling as an independent worker. In a country where the mobility of the labour force is very high, even in the modern sector, there are not thousands of ephemeral small-scale activities, but rather a solid and large network of small enterprises run by experienced entrepreneurs.

III THE POSITION OF ENTERPRISES IN VARIOUS MARKETS

Many questions turned on the position of enterprises in the markets for labour, goods and financing. "Position" here means the practice and opinions of entrepreneurs on these markets. This approach proved enlightening, since the practice of small-scale enterprises, the constraints they have to face and their relations with large-scale enterprises vary in the different markets. This chapter will end with a reflection on the position of small-scale industries in the economy of Thailand.

The Labour Market

The Labour Force

Distribution of Enterprises by Size

Only enterprises with fewer than 20 employees were surveyed. The average number of employees was nearly three (2.8) in garments, 4.2 in metals and 0.9 in restaurants. These figures do not include the owner and sometimes his or her spouse. From now on, consideration is given to total manpower in these activities, thus including owner and spouse.

In garments, one out of four owners of the sample was self-employed, without any employee, spouse or family helper. These self-employed persons were nearly all women (while the majority of the owners with employees were men). They were tailors, not working on series, and with only individual customers. A few of them worked sometimes under subcontract, performing specific tasks for another garment enterprise. On the whole, however, this kind of individual workshop had different characteristics than did the enterprises with employees, and worked on different markets (Table 91).

Some of these tailors had one or two employees, often apprentices or family helpers, and so are well represented among the category of enterprises with two to five people (including the owner). Half of the garment enterprises of the sample fall into this category, a mixture of tailoring shops and industries working on subcontract. Actually, the difference can be seen when considering the position of these industries on the goods market (see next section). It is also perceptible in the structure of the labour force: half the owners of enterprises with two to five people worked with spouse and/or family helpers only, without wage-earners (only 10 per cent of bigger enterprises had the same feature). This shows a typical family-run small industry, where the scale of business does not allow the hiring of employees.

The average size of metal industries was greater. There were not many self-employed in this activity, and nearly no family workers, but there were many apprentices (one-third of the employees). (The last is also a characteristic of garment enterprises, especially those of more than five people.)

The labour force in restaurants had opposite characteristics. First of all, the average number of employees was very low; more than half of the owners worked alone (and a few with spouse only). Furthermore, the majority of enterprises used only family labour: only 16 per cent (the largest) had wage-earners.

The three activities therefore have sharply contrasting characteristics as far as the labour force is concerned.

In these small industries, the owner and his or her spouse constituted one-third of the total manpower and more than half of the manpower in restaurants alone. Nearly one-third of entrepreneurs worked with their spouses in the enterprise (in the whole sample, about one out of four entrepreneurs was not married; one-third of the others worked with their spouse -- most commonly in restaurants, then in garments).

Wage-workers were the most important part of the labour force, especially if apprentices are added. Actually, apprentices are low-skilled labour who are training on the job. They are paid, though at a low rate. The proportion of apprentices was high in metals (38 per cent of employees) and, to a lesser extent, in garments (26 per cent).

Apprenticeship is an important means of integrating unskilled labour into the labour market and, of course, of skill acquisition. Apprenticeship was the first source of skill acquisition in the garment and metals industries. The practice is obviously still thriving in these two activities.

Wage-workers were not always workers paid with a regular wage. In garments, most of them were piece workers. This happened also in the metals industry, to a lesser extent, but was irrelevant in restaurants. Wage-earners (and piece workers) were half of the total labour force (including owners and spouses) of small-scale enterprises in garments and metals, while in restaurants, the labour force was mainly familial (Table 95).

Finally, the structure of employment appears to be typically "informal", in the sense that a majority of enterprises do not rely only on wage labour. A minority of enterprises (15 per cent) use only wage workers, and more than half have no wage workers at all (26 per cent, 48 per cent and 84 per cent respectively in metals, garments and restaurants; see Table 95). Such a structure of manpower is very far from what can be found in large-scale industries where wage labour is overwhelming.

Payment of the Workers

Answers regarding payment of workers were only approximates, since payment may depend on the number of pieces, and this may vary with the employees and from one day to the next⁹. Several questions were also asked on fringe benefits.

At the time of the survey, the minimum legal salary was 100 baht per day in Bangkok. In the other regions, the minimum wage varies, but the average was around 85 baht per day¹⁰. On the basis of 25 working days per month, the minimum legal monthly wage was around 2 500 baht in Bangkok and 2 200 baht up-country. The

average salary (not including fringe benefits) in the small-scale industries was over the minimum only in metals industries in Bangkok (3 000 baht per month). In the garment and metals industries up-country, the average salary was at the level of the legal minimum wage, while in restaurants, it was far below, in Bangkok as well as in the provinces (Table 99).

More than one-third of the enterprises in Bangkok and half of those up-country gave average salaries under the minimum legal wage, but we cannot conclude that workers were badly paid. One must consider that many of the employees were apprentices (some not paid at all), and above all, that employees often get advantages in kind, principally food and sometimes lodging. Nearly three workers out of four got food and lodging, or one of the two. These advantages are far from being negligible, especially in Bangkok. When advantages in kind are added to salaries, the payment of employees in small-scale industries cannot be considered on the average as starvation wages, despite some worrying cases.

In fact, the distribution of enterprises by average payment of employees shows that a minority (mainly restaurants) offered low pay, while the majority offered decent wages (as compared with the legal minimum wage, and once fringe benefits were taken in account). The bulk of the garment and metals industries were in this case.

Even if average salaries were slightly inferior in small-scale industries to those in large companies, many factors have to be considered, such as all kinds of fringe benefits, lodging, relations with the owners and the atmosphere at work, training facilities and seasonal opportunities to go home. There is no evidence that employees of these industries would in any case have preferred to work in big factories. The hypothesis of an unsegmented labour market for a given level of qualifications seems stronger than the opposite hypothesis. It is not realistic to consider two kinds of labour supply and demand — one for the "informal" sector, one for the modern sector — with two equilibrium wages.

Opinions and Problems

Finding Employees

The behaviour of small entrepreneurs for hiring employees remained largely "traditional", in the sense that modern ways of hiring employees (official agencies, middlemen) were not much used. More than half of the entrepreneurs relied on kinship (or friendship) to hire employees. Hiring by advertisement was used, however, by one entrepreneur out of four in the garment and metal industries. This was done not through newspapers, but rather by word of mouth (with the employees among others). It is also significant that unemployed people go from one shop to another and that, in the end, this is a not uncommon way of hiring (Table 110).

Half of the entrepreneurs had problems in finding employees. This is essential information found by the survey. There are tensions in the labour market in this period of very high growth, and despite annual growth in the labour force of nearly 4 per cent, many entrepreneurs could not easily find the workers they needed. Of course, the

salaries they offer may be too low, but it can be seen that the demands of the employees were not a major cause of the employers' problem (given by 2 per cent of the respondents; as discussed later, there were not many conflicts on wages). The main problem is a shortage of labour, particularly of skilled labour. Two-thirds of the entrepreneurs who had problems put forth this one. The other significant difficulty in finding employees ("they migrate to other places") was typical of entrepreneurs outside Bangkok, who complained that young boys and girls left the provinces to find jobs in Bangkok (Table 114).

Problems with Employees

The shortage of labour meant that employees could easily find another position in these activities. That is why the entrepreneurs' main problem with employees was the latter's high mobility. In the three activities, this was the main complaint, but it was not related to conflicts on wages, which was not an important problem for the entrepreneurs (Table 116). Other important problems put forth by the employers were insufficient skill, lack of experience and lack of discipline. Conflicts on wages were cited as a main problem by only 2 per cent of the respondents.

The labour situation in the small-scale enterprises does not comfort some theories on the informal sector and excess manpower, owing to the very favourable economic situation in Thailand today. The salaries in small-scale industries follow more or less the practice of the modern sector, and the problems with employment are similar as those of big industries: high mobility and insufficient skill.

The Goods Market

Small-scale industries seem to be further integrated in the modern economic process as far as the goods market is concerned. There are many links with large enterprises, for supply or sale, and a mere exclusion of goods market is very rare. As it is with labour market, the position of small-scale enterprises varies according to size: the self-employed do not have the same kind of integration as enterprises with employees.

There are breakdowns in the goods market, and the survey gave several clues of these, but beyond a universal specialisation of certain types of units to typical markets (like street restaurants to final customers or self-employed tailors to households), it appears that there is no "segmentation" of the goods market. This will be discussed further.

Supply of Materials

In Thailand, hand production of raw materials such as cloth or metal has become very rare, or specialised in very specific products for specific markets. Nearly all small-scale industries get their materials from traders, generally from retail traders; a minority, mostly bigger enterprises, buys from wholesale merchants. Three out of four enterprises bought their raw materials only or mainly from retail merchants, and 25 per cent only or mainly from wholesale merchants. About 12 per cent of the enterprises

also used other means of supply: directly from manufacturing enterprises and, in a few cases, recycled or recuperated products (Tables 49-58).

In all three activities, supply of raw materials came mainly from retail merchants, whatever the size of the enterprise; purchases from wholesale merchants increased slightly among metal enterprises. The same is true for the supply of raw materials from manufacturing industries, small or big. On the whole, there is no major difference between enterprises ranked by size on this matter.

There were differences between activities: more than 80 per cent of the enterprises in garments and restaurants got supplies of raw materials from retail merchants, but only 60 per cent of metal industries. Supply was not very diversified, since only one enterprise in ten had more than one kind of source of supply (and only 6 per cent of the self-employed).

Customers

Final Customers

Final customers were mainly households. While in restaurants, 100 per cent of customers were households, this proportion was 71 per cent for garments and 67 per cent for metals.

In restaurants and in metal industries, the share of each kind of customer was constant irrespective of the size of enterprises, while in garments there was a major difference between self-employed tailors and seamstresses, who worked mainly (92 per cent) for individual customers, and the enterprises with more than five people; in the latter, only one out of five worked mainly for individual customers.

Restaurants and garment industries produce only finished products. In garments, when the process of production is split into several steps, the smallest industries are generally the ones which finish the products. Some homeworkers may even be specialised only in ironing and folding garments before packing. In metal industries, there are some enterprises which deliver intermediate or rather semi-finished products, especially for construction. There are also enterprises producing finished items to be used as equipment by other enterprises; for instance, small-scale metal industries produce aluminium furniture for restaurants.

Subcontracting

Subcontracting has developed in the 1970s, when Thailand opened up to external markets with a policy of taking benefits from its comparative advantages. The survey showed that two-thirds of the larger enterprises (with five workers or more) of the sample were engaged in subcontracting agreements. Subcontracting was not frequent for self-employed (4 per cent) or smaller enterprises with not more than two hired workers (Table 60).

There is a great variety among contractors (Table 61). Retailers became the first

contractors (one-third of the subcontracting agreements) in garment industries, showing the growing importance of the domestic market in the textile sector. Middlemen were not so numerous (one subcontractor out of six in both garments and metals), but their role is probably more important than suggested here. In fact, many contracts with big industries or department stores might have been made through middlemen, but only final contractors are mentioned here. Subcontracts to other enterprises also appeared to be important, especially in metal. Subcontracts with small enterprises already on subcontract is not a rare practice; for instance, it happens when, having obtained an important contract, a small entrepreneur has to share the contract with others in order to respect the deadline. Or, in some cases, some specific tasks are more easily performed by specialised small industries or self-employed. For instance, garment producers may ask others outside to fold, iron and pack the finished products.

It was in the garment industry that the typical pattern of the entrepreneur was the most "informal": farming family background, low average education level, training mainly through apprenticeship. At the same time, this industry is the most integrated in the market economy. This is entirely due to subcontracting, which has played a great role in Thailand in integrating small-scale industries into the economy. Consequently, this has helped maintain a large network of these small industries, thus avoiding a massive "proletarianisation" of the active population. The system of subcontracting explains to a large extent why, despite a dramatic growth led mainly by the export manufacturing sector, small-scale industries have been able to maintain themselves in Thailand.

The institutions have a small role in this system, but the regulations have, in a way, favoured the development of subcontracting by exempting subcontractors of taxes or obligations, when already chargeable to the contractor (conditions of applications of the regulations are however not clear). Several entrepreneurs in the garment industry pointed out that they were not subjected to business tax because their contractor already was.

The Financial Market

While the position of small-scale industries and self-employed in the goods market indicated a fairly good integration, a study of their position in the financial market shows very different results. Small-scale industries do not get much assistance from banks and credit institutions, and do not even have access to the sophisticated tools of the financial market such as the Stock Exchange Board. The survey concentrated on the means of financing different stages of the business and on relations with banks.

Financing Business

At the micro level, financing installation, investment and production of the enterprise is a permanent concern. Informal sector studies throughout the world generally show that lack of funds to finance the business is a major problem of the enterprises in this sector. The case of Thailand appears here to be typical.

Financing First Installation

Except in restaurants, inheritance of a business was not frequent, and the small industries were not the kind where family business is growing. Inheritance is of course related with family background, and in garments, where a farming family background was the most common, inheritance could hardly be found (2 per cent of the sample only). Inheritance had no relation with the age of entrepreneurs, nor with the size of enterprises (Table 134). Thus, those who inherited their businesses did not seem to gain many advantages in the size of business.

When not inherited, the first installation was mostly financed from personal savings (seven entrepreneurs out of ten), and for the remaining, usually by borrowing from friends or relatives. As a consequence, very few had credits from credit institutions, official or otherwise (Table 135).

It should be noticed that the characteristics of age or educational background had no significant influence on this pattern. Bigger enterprises in the sample had to borrow slightly more often from friends or relatives, however, since their installation costs may have been greater than for the self-employed, and as a consequence, beyond their saving capacities (Table 136). Loans from banks or other kinds of credit appeared to be significant only in metal industries (10 per cent of the enterprises, not including self-employed)

Financing Investment

Financing current investment followed the same pattern as financing first installation (Table 140). Relying on personal savings was still more important (more than three-fourths of purchases of machines in the previous 12 months were financed by the personal savings of the entrepreneurs, in all activities) than for first installation. Borrowing from friends or relatives again came in second as a source for financing investment. Other sources were negligible, except leasing from suppliers in the case of metal.

The role of banks in supporting investment in small industries appeared to be negligible. This result is quite worrying, in the sense that financing investment should be the vocation of banks.

For current investment as well as for first installation, informal sources of credit were also negligible (earnings from credit associations are actually not real credit). Despite their importance in Thai society, share associations are obviously not turned toward the financing of business in small-scale activities.

Financing Production

Apart from first installation, and financing investment, there is a need for cash to finance production, that is, to pay for raw materials and wages, before getting the receipts from sales. Different means are used to cope with this always difficult step, but we shall see that in these small-scale industries, only a few of these means were

in fact applicable, and financing production remains a major problem.

The need for cash is more important when the process of production takes a long time. In the case of restaurants, food may be bought in the morning and meals are sold all day, providing receipts the same day (all restaurants of the sample except one paid their suppliers cash). In contrast, some metal industries have to purchase costly materials for an order that can take several weeks to fill. Here, the cash problem is acute.

Credit from suppliers

Most enterprises (90 per cent) had to pay cash for their raw materials, and did not benefit from any credit from suppliers. This is a major gap between small-scale industries and modern industries, where credit from suppliers is widespread. This shows that small industries either have no bargaining power with suppliers or are considered by them as untrustworthy. There was, however, a contrast according to size of enterprise. Nearly all the self-employed had to pay cash for their raw materials, but some larger enterprises enjoyed credit from suppliers, especially in metal industries, where one out of three (among enterprises with five or more people) got some credit from suppliers. Even so, time of payment had to be within one month of delivery in most cases. On the whole, small-scale industries got few credit advantages from suppliers.

These figures apply only to raw materials usually paid for by the enterprise. In many cases, especially in garment industries working on subcontract or with individual orders, cloth was paid for by the contractor or the customer. This is a condition for these industries to face costs of production. Usually, however, raw materials other than cloth (buttons, zips, lining stuff, etc.) were paid by the enterprise, and this could amount to up to one-third of the value of an order.

Advances from customers

Besides supplying some of the raw materials, customers can be asked for an advance against the costs of production. This was not common, probably because of the competition between small-scale industries. Generally, the situation was reversed, and small-scale entrepreneurs had to accept a delay in payment (generally in the month following the delivery).

In no case did customers have a significant role in financing production, except when they supplied some raw materials. On the contrary, delay of payment by customers adds to problems of cash for small-scale enterprises.

Credit from banks

A third means to get over cash problems is to get short-term credit from banks. Though this solution may be costly, it is usual in business. Relations with banks are considered in the next section, but it can be said now that short-term credit from banks (which actually takes the form of an authorised debit balance) was a bit more common

than other (customer or supplier) advances. Some 5 per cent of the entrepreneurs benefited from such facilities from their bank. This figure is not large, but since half of the entrepreneurs did not even have a current account, authorised debit occurred in 10 per cent of enterprises which have relations with banks¹¹. In metals, for instance, 22 per cent of enterprises with 5 people or more benefited from debit balances when requested (though the conditions are not known).

Saving and Borrowing

Thailand's banking network has become fairly well extended, and small entrepreneurs are quite accustomed to banks, although not many benefit from bank loans. Participation in informal money associations is common, however, as it is in all segments of Thai society. This is not related to non-access to bank services, and actually, these "share" associations do not provide credit.

Relations with Banks

About half of the enterprises of the sample had no relations at all with banks, not even a cheque or savings account. Two-thirds of self-employed entrepreneurs, but also one in four entrepreneurs with at least four employees, had no relations with banks. The owners of restaurants had on average fewer relations with banks, whatever the size of their enterprise, than did those in the other activities (Table 141).

Having relations with a bank was related to the position regarding taxes. Among the 172 entrepreneurs who did not pay taxes, only one-third had relations with a bank. Among those who paid taxes, 60 per cent had a cheque account, a loan or a currency account. The difference between these two categories of entrepreneurs (those who paid and those who did not pay taxes) were much more pronounced for getting loans or a deficit balance than for cheque or savings accounts (Table 143).

This was not due to specific requirements of banks. Only a few complained that banks required administrative or fiscal registrations or clearance in order to provide credit. It rather shows a general behaviour of entrepreneurs towards modern institutions. Having relations with banks is an attitude for somebody who is well connected in modern networks, and knowing the regulations and the institutional backgrounds comes about from this attitude.

Unofficial Saving and Credit

The most common kind of informal credit association is the share association, a simple association between people who contribute every month (in general) for a regular amount. At each stage, one of the contributors gets all contributions. There are of course many variations on this scheme, but it is not the purpose of this study to describe share associations¹². It should be noted that these associations do not provide credit in the sense that banks do, since there is no creation of money. They are only a channel of re-distribution.

Not very many entrepreneurs participated in share associations (one out of four),

but some interesting features appear when one considers who those entrepreneurs were.

First of all, entrepreneurs of all kind of enterprises of the sample, from the self-employed to owners of enterprises with 10 employees, contributed to share associations. Participation in such associations is thus not linked with the importance of the business.

Another, related feature is that participation in these associations was not more frequent for those who had relations with banks — that is, a cheque account, savings account and, in some cases, loans — than for those who had no relations with banks. In other words, share associations are by no means a substitute for banks, and do not constitute an informal credit system.

There was no relation between position regarding the taxes and non-bank credits. Those who had loans outside banks were as numerous, whatever their position with the Department of Revenue (one entrepreneur out of ten, in any case, had a loan not from a bank). The same thing occurred as far as participation in informal credit associations was concerned. Those who paid taxes participated in these associations in the same proportion (one entrepreneur out of four) as those who did not pay taxes. This suggests that, if the position regarding taxes is important for getting loans or a credit balance from the banks, this does not reject other possibilities of borrowing on an informal credit market.

Borrowing

Despite a lack of comprehension of banks, 67 entrepreneurs (13 per cent) had loans from banks (Table 144). These were of course mostly owners of larger enterprises of the sample. A slightly lower share had loans from sources other than banks (there were nine cases of entrepreneurs who obtained loans from both banks and other sources). This practice was more frequent among restaurant owners.

Loans from sources other than banks came mostly from relatives or friends. Unofficial money lending was not frequent, and the survey showed that there is no significant financial informal market as far as financing small businesses is concerned (Table 145).

Conclusion: Competition or Complementarity between Modern and Informal Sectors

The survey results show that there are not separate markets for the informal and formal sectors, but rather a specialisation of the small-scale industries intensified by the subcontracting system and the government's lack of support for small-scale industries.

Unified Market

Despite segmentation of the goods market owing to different consumption habits of

different groups, there is no evidence of any division of this market between formal and informal sectors. Small-scale industries get their raw materials from the current commercial circuits and use manufactured products. Cloth and metal bars are produced by big industries. Even recycled products may follow modern circuits. The exception to this might be found in specialised handicrafts such as bamboo products or handwoven cloth, but even this kind of activity can hardly be considered a separate market, since handicraft products are now commercialised in modern networks. Another exception could be looked for in rural areas, where there are self-sufficient local markets for some food products or a few processed products. These are nothing more than typical local markets, however. Studies show that the dramatic changes in Thailand in the 1980s have now reached rural areas and that farmers use more and more industrial inputs. In any case, one can hardly find regular consumer products, such as soap and cutlery, that are not produced in manufacturing industries.

The final products market is not segmented either, though there may be specialised sub-markets in which small-scale industries are more involved. This would depend on the income of the customers and on the products offered by the enterprises, depending on their scale of production.

As far as customers are concerned, the survey did not investigate beyond the broad categories presented above. In particular, there is no information on the average income of customers, nor on their position or occupation in the modern or informal sector. There is a large range of incomes in Thailand, and this induces varied consumption patterns. Against this, there is no evidence that low-income categories are particularly linked with the informal sector. We have seen that the average income of entrepreneurs and the salaries of employees, though not high, were comparable with the minimum wages of the modern sector. Even if specialisation of small industries in products or services for low-income categories were shown, this would not mean a specialisation in an "informal market".

Specialisation of Production

Although small-scale enterprises may specialise in a kind of production, at the macroeconomic level there is not a full specialisation of production by size of the enterprises. We can find complementarity between small-scale and large industries, as well as competition or full specialisation. Some examples will clarify this statement.

A typical example of complementarity is the making of garments by hand. Despite the dramatic development of mass production of garments, handmade clothes are still common. Many uniforms, suits and dresses are handmade by seamstresses and tailors. Significantly, this kind of production ranges from cheap and easy clothes (such as school uniforms) to luxury dresses. Even policemen may have their uniforms made by self-employed tailors. This kind of production, which is not made in factories, is not at all specialised in an "informal" or low-income market. Iron doors and window frames or bars for individual housing, made in small-scale metal industries, follow the same pattern.

As for competition, the same industries may compete with large-scale production.

Textile factories now produce everyday clothes and suits that can also be ordered from tailors. Meals can be bought in street restaurants or small family-owned restaurants, but also in modern hotels. Consumers will here consider the quality and price of the product or service.

As it appears from the survey, small businesses are overwhelmingly self-financed. In all steps of the business, from installation to production, financing comes mainly from personal savings, i.e. start-up costs are financed from savings of previous activities, and operational costs from savings of the business itself. The second source of financing -- relatives and friends -- indicates that popular savings are used in financing small-scale activities. Since this financing channel is outside the bank network, it is informal, but it should be noted that informal credit associations and money lenders have a tiny role in this process.

In the markets for labour, goods and financing, one cannot state that there is a segmentation between the formal and informal sectors. There are specialisations, original features or characteristics for some kinds of enterprises or products, but in no case a complete split between two sectors.

On the whole, small-scale industries appear to be more complementary than in competition with -- or isolated from -- large-scale industries. Beyond a universal complementarity of production or services due to the scale of production, as given in the examples above, there is, in Thailand, a complementarity between large- and small-scale industries on a wide scale because of the system of subcontracting.

IV SMALL ENTERPRISES AND THE INSTITUTIONAL ENVIRONMENT

The position of small-scale enterprises with respect to the institutional framework was investigated in several fields: first, the general administrative constraints cited by the respondents; then constraints imposed by taxes, labour regulations, hygienic and health standards and regulations on public contracts.

Constraints Imposed by the Government

Administrative Constraints

Half of the entrepreneurs did not complain about any restriction due to government authorities. This is of course the main result on this matter. However, those who did not suffer restrictions imposed by the authorities were mostly self-employed (only three out of ten had complaints). A majority of entrepreneurs with employees had complaints related to restrictions due to the authorities (Table 71).

Not having complaints can be the result of the lack of any relations with the authorities. Those who did not pay any tax (on the average, the smallest enterprises of the sample) were also more likely not to complain about the authorities. Three out of four who did not pay taxes did not feel any constraint imposed by the authorities. Among those who paid taxes, fewer than 40 per cent had the same opinion.

Although tax pressure was not too high, taxation was considered by the entrepreneurs as the main administrative constraint. The other constraints are hygienic standards required by the authorities (mainly in restaurants), restrictions on location, then quality standards and technical standards (these constraints are detailed in the next section). In general, complaints concerned the complexity of procedures and the authorities' apparent lack of interest in small-scale enterprises (especially the lack of financial support).

Only in restaurants did constraints related to taxation come behind other constraints (hygienic and quality standards). In the other activities, entrepreneurs complained about harassment by tax officials when they visit the enterprises in order to estimate the amount of taxes to be levied (Table 72).

Extra Taxation

During the survey, and particularly in qualitative interviews, many cases of bribery or under-the-table payment were found. Given the sensitivity of this issue (more than one entrepreneur must have first believed that the interviewers had connections with officials), the many declared cases show that under-the-table payments are quite widespread. It is not possible to give statistical results, nor to estimate the importance of the practice, but the interviewees provided some interesting information. It should be noted that there were more reports of "extra taxation" more or less imposed by officials than of bribery initiated by entrepreneurs to get some advantages.

Bribery often occurred when an enterprise was fined for not complying regulations (health or security standards, for instance). Bargaining the fine could lead to some arrangement beneficial to both parties. Another delicate matter was the turnover estimate of the officials of the Department of Revenue, upon which the business was assessed. Of course, the entrepreneurs wanted it as low as possible, and some might have been tempted to bribe officials to get a lower estimate. Many complained about what they thought was an arbitrary decision, and also that the procedures of contesting the estimate are heavy and useless.

Although common, "extra taxation" was not the rule, and payments of taxes or other fees were nearly always acknowledged by a receipt. Also, most of the entrepreneurs had no story of bribery to tell. Moreover, it does not seem that, at the level of the small-scale business, "extra taxation" has become a parallel system at the expense of the state authority. Government regulations still provide a framework of rights and duties for entrepreneurs in the activities surveyed, and there is no obligation — because of a sort of blackmail, for instance — to pay additional money to officials.

Tax Requirements

As far as taxes are concerned, the results of the survey may be irrelevant since a VAT has replaced the former business tax. Small-scale industries are not subject to the VAT, but general behaviour and opinions of entrepreneurs towards taxes remain valid.

Situation of the Enterprises Regarding Taxes

Two out of three entrepreneurs paid taxes for their activity. Though the proportion varied with the activity, it reflected in fact the size of enterprises. Less than 50 per cent of the self-employed (with no employees at all) paid taxes, while more than three-fourths of the other groups did (Table 151).

In garments, however, fewer of the bigger enterprises paid taxes. This was due to a large number of enterprises working on subcontract. In many kinds of agreements, subcontractors were not obliged to pay the business tax, which was supposed to be paid by the contractor.

The main tax paid by small enterprises at the time of the survey was the business tax, the most frequent and the most costly of all taxes. Ninety per cent of the enterprises which paid taxes paid the business tax. The bigger the enterprise, the higher the percentage paying the business tax, except in garments, as explained above (Table 153).

Business tax in small-scale industries is a fixed-rate tax based on the estimated turnover. The median (what is paid by the typical enterprise) goes from 150 baht a month for enterprises with a turnover under 5 000 baht to 800 baht a month for enterprises with a turnover over 40 000 baht a month. Knowing that the business tax accounts for 90 per cent of all taxes paid by enterprises in the sample, the tax pressure does not seem very high.

In about two-thirds of the enterprises, taxes -- not including individual income tax -- were under 5 per cent of the value added (for the half of the sample where this calculation was possible and taxes were paid). One should be careful not to misunderstand this figure; since the structure of value added is not the same in small-scale enterprises as in big enterprises, it does not mean that these enterprises should or could pay more taxes. In small-scale enterprises, and especially with the self-employed, nearly all value added goes for the income of the owner and to the payment of labour, and these figures are not especially high.

Forty per cent of the entrepreneurs also paid individual income tax. No figures were asked for in the survey, but this tax may be much higher or more difficult to bear for the entrepreneurs.

Reasons for Not Paying Taxes

For each main tax, the entrepreneurs who did not pay taxes were asked why they did not pay. In most cases, they declared either that they did not know the provisions of the taxes or that they were not concerned by these taxes. A minority of entrepreneurs did not care about paying taxes, though they are supposed to. The reasons given were either that there was no inspection or, less frequently, that they could not pay the tax because it was too high. Since the business tax is the most important of all taxes, the results here apply only to this tax (Table 159).

Half the entrepreneurs failed to pay the business tax for "respectable" reasons: they thought the tax did not concern them or they were not aware of its provisions. The other half includes entrepreneurs who avoided paying this tax, mainly because of the lack of verification. This percentage is surprisingly high, given the sensitivity of the question. It is worth noting that there was no obvious relation between the size of the enterprise and the reasons for not paying the business tax. In all three activities, self-employed persons as well as owners of enterprises with more than five employees gave a wide range of answers.

It is evident from these answers that there was no particular fear of the consequences of not paying taxes. Only a few of those who did not pay taxes mentioned some problems such as the need to change location often or the risk of paying a fine. Generally, banks require invoices of assets rather than tax receipts. Big companies will rarely ensure that their subcontractors are straight with the authorities. To bid for public contracts, however, it is necessary to have fulfilled one's duty on taxes and other fees.

The entrepreneurs who avoided paying tax were mainly in garments and restaurants. In most cases, two main reasons were given: the lack of verification and the fact that the enterprise's turnover did not exceed the minimum rate for the business tax (an enterprise with a monthly turnover of less than 4 000 baht is not subject to this tax). A few entrepreneurs gave different reasons. One restaurant owner said that he avoided paying business tax because of his financial problems. In this case, he negotiated with the tax officer to obtain a postponement (without a penalty)

by declaring that his business had started just eight months previously.

In garments, one owner of a large enterprise also avoided paying tax by declaring to the authorities that his enterprise was rented out to others. The entrepreneur, in this case, had allowed a friend¹³ to take over his factory establishment licence. This situation is supposed to entail mutual obligations between the two people mentioned above, however, since the licensee is, in turn, liable for the business tax.

Perception of the Tax Service

Perception of the Relation between Taxes and Public Expenditure

There was generally a positive perception of the tax service, since most entrepreneurs were aware of the necessity of building roads, paying teachers and so on. The universal mistrust of taxpayers can be seen, of course, in the answers, with many respondents unwilling to pay additional tax for a new or improved service, since they considered they already paid enough. Nearly two-thirds of the entrepreneurs (the proportion was higher among bigger entrepreneurs) would pay a new tax, however, for better sanitary standards, or to improve road access or water and electricity supply — though not for a government training programme (Table 179).

Some also expressed reservations because they thought they did not benefit from government facilities or assistance, as compared with big enterprises. For instance, some respondents thought that if they paid for new training programmes, there would be no return for them, and they preferred to train their employees by themselves. Others stressed that they needed loans at low interest rates, and provided they had credit facilities, they would not need further assistance.

The small entrepreneurs did not live in permanent fear of the fiscal administration. Although there are many complaints about taxation in general (which is universal), the light tax pressure is probably the main reason why this matter was not a main obstacle for the small entrepreneurs. This situation should not change with the introduction of the VAT, since small enterprises are nearly all under the minimum taxable level. Indeed, some small industries will benefit from the new system, since the business tax is no longer applicable, and they are not subject to the new tax. Restaurants particularly will now be exempted from the business tax as well as from the new VAT.

Relations with Tax Officials

Despite many complaints about tax officials, the general feeling was not too bad. The main complaint concerned the arbitrary nature of administrative decisions and the difficulty of contesting them through legal procedures. The estimate of the receipt by tax officials was the main source of contention, because (according to the entrepreneurs) the estimate was increased every year even if income had not improved. As for any fixed-rate tax, the burden looks heavier as soon as the business slows down, and this is very difficult to accept. Still, entrepreneurs had no doubt that officials do not impose their own rules, despite cases of "extra taxation".

The officers of the local office of the Department of Revenue inspect all shops at least once a year, and ask for tax invoices. They do not inform owners in advance. In the case of a new business, they estimate the tax which should be paid.

Entrepreneurs were generally satisfied with the frequency of tax payment, which was generally monthly or quarterly for business tax, and semi-annually for individual income tax. When they complained, it was to ask for longer intervals. Although there are penalties for paying late (a few had been penalised), entrepreneurs may obtain permission from the authorities to postpone the payment.

Labour Regulations

At the time of the survey, the most constraining regulations on labour did not concern industries with fewer than 20 employees, but they should soon be applied to all employers. In a way, the results of the survey show that the entrepreneurs were well prepared to meet these regulations, since they had problems similar to those of large-scale industries in finding manpower. As a consequence, they could not be indifferent to the rights and welfare of employees, though they often invoked their particular situation as small-scale entrepreneurs to explain non-compliance with these regulations.

Regulations and the Informal Sector

The position of small-scale entrepreneurs towards labour regulations was a very delicate matter. Though most of them were not concerned by the labour regulations (since they had no employees, or only family helpers, or were below the level of application of the laws), labour regulation is an important political matter in Thailand. As the country progresses, there is also progress in the protection of workers.

A main trend in recent research on the informal sector has been to demonstrate the bad conditions of the workers and to propose policies for improving conditions of work in this sector. There is no evidence, however, that the small-scale industries covered by the present survey were especially exploitative. Many abuses in the treatment of workers can be found in the modern sector as well (such as child labour and non-respect of working hours), but above all, the worst working conditions are due to illegal use of manpower, which was not covered by our survey.

For reasons of respect due to the interviewee, it cannot be asked in Thailand whether people abide by laws and regulations, even partly. This would be considered insulting. In the Thai version of the questionnaire, therefore, the relevant question refers rather to the idea of agreement with the labour regulations: "Do you agree with the regulations?" (with a list of regulations on labour, work conditions and wages) was asked of those who had hired employees or apprentices (not family helpers).

Agreement with Labour Regulations

The relative results of the quantitative survey on this matter are more interesting than absolute and rough figures, which should not be used. For instance, it is more

interesting to consider which regulations provoke the strongest disagreement than to state that 55 per cent of the entrepreneurs do not agree with a certain regulation.

In the results here, only the entrepreneurs who had hired at least one worker have been considered. This touched half of the garment enterprises and three-fourths of the metal industries, but only 15 per cent of the restaurants.

Half of these entrepreneurs agreed with all labour regulations. The agreement was slightly more frequent among larger enterprises. Agreement was less pronounced in the garment trade, where enterprises with one or two employees were frequent, than in the other activities.

Support of labour regulations was more significant on provisions concerning the security of workers, that is, their health protection¹⁴. There was more reluctance (though the difference was not large) for regulations concerning labour cost or productivity. The ranking of the support for the labour regulations was the same for smaller and larger enterprises, but in all categories, larger enterprises gave more support than did small ones (Table 100).

On average, it seems that there was less agreement with labour regulations than tax regulations. For instance, labour regulations were never considered an obstacle for business, while taxes or other restrictions of the administration were. When considering problems of employment, no reference was made to the laws and regulations for the protection of the workers, although the main problems for the small-scale entrepreneurs came from the situation of the labour market.

Reasons for Non-Compliance with Labour Regulations

Although several reasons could be given for not complying with labour regulations, the main feeling that emerged from the survey is that entrepreneurs thought employees had some advantages that might not correspond exactly to regulations, but could replace them. Another typical feature of the entrepreneurs' responses was that the organisation of work in their enterprises made it difficult to comply with the law as it is now. This suggests that labour laws are not adapted to small-scale enterprises. On the whole, it should be noted that this survey was made at a period of tension in the labour market, characterised by a shortage of labour, especially skilled labour, and the behaviour of entrepreneurs regarding labour regulations should be interpreted in this context.

First of all, a significant share did not answer, and this shows that explanations for non-compliance are not easily given, for obvious reasons. The "not concerned" answer means that the entrepreneur did not fill conditions for the application of the provisions of the law¹⁵. "Other" answers were generally specific cases, comparable with the "not concerned" answer. For instance, other answers in the case of maximum working hours all stressed that while rushing to finish an order, regulations on maximum hours could not be respected.

Positive answers were infrequent, ranging from 22 per cent to 45 per cent of the answers. For social welfare regulations (workers' compensation fund, safety and health regulations or redundancy payment), entrepreneurs claimed that employees had other advantages. They meant that they usually took care of the employees

themselves by taking responsibility for hospital expenses, for instance, in cases of accidents. Although this might appear as equivocating, it is undoubtedly true that labour relations in small-scale enterprises are in many cases more humanised than in large-scale industries. The qualitative survey brought more adequate material on this point (see below).

As for minimum wage regulations, a significant share of respondents claimed that applying the provisions on minimum wages would be too costly. It should be noted that this reason for not paying minimum wages was cited by both small and larger enterprises of the sample, in the three activities.

Minimum Legal Wage

The interviews revealed that most enterprises did not comply with the minimum legal wage. Disagreements with the minimum legal wage were prominent in the metal and garment industries, where most of these enterprises employed apprentices who are actually unskilled labour and training on the job. The main reason given by the entrepreneurs was that the regulation on the minimum wage should apply to larger enterprises rather than smaller enterprises, since the latter have employees who are mainly unskilled. Several interviewees in metal enterprises pointed out, "I can't comply with the minimum legal wage since they are unskilled workers and I have to train them first. Their work may cause problems and damage the machine." Many said that "it is not worth paying the standard wage because the cost is too high." It was not unusual to receive the following answer: "If I pay them [unskilled workers] the standard wage, I can't survive."

Many entrepreneurs expressed the opinion that regulations on the minimum legal wage in particular should not cover small-scale industries. An important point emerges here: the shortage of skilled labour among small enterprises, especially in garments and metals, is quite severe. Most entrepreneurs in garment and metal enterprises complained that it was very hard to get regular workers, since most of them wanted to leave their job for a large-scale industry after they had gained experience as apprentices in a small enterprise.

According to the information obtained from the interviews, it was obvious that restaurant owners were more reluctant to pay the minimum legal wage than were entrepreneurs in the other two sectors. This is because the labour force in this activity was mainly family labour and self-employed. In some cases, also, the owner of a restaurant had employees, but the number of employees was very low. It is evident that they did not comply with the minimum legal wage when they explain that "they [the employees] merely come to help with general work like cleaning tables, washing dishes ..." and "we also provide them with food and accommodation."

In all three activities, entrepreneurs perceived the minimum wage as an obstacle to their business, since it requires a high cost of capital investment.

It may be that non-compliance with the minimum legal wage among the entrepreneurs in the three activities is due to the situation of the labour market, where

the shortage of skilled labour is obvious. However, the agreement was slightly more frequent among larger enterprises in garments than among those working under subcontract to other garment enterprises. In this situation, employees are paid as piece workers, so payment depends on the number of pieces. It was observed that this kind of payment somehow forced employees to work harder. At the time of the survey, owners of garment workshops frequently made the following comment concerning the minimum legal wage: "most employees in my shop get paid even higher than the law specified anyway since I pay them in piece work. If they want to earn more, they have to work harder." In the case of restaurants, however, this consideration is irrelevant.

The degree of agreement with the minimum legal wage among entrepreneurs in different activities depended on the characteristics of the enterprises concerned, for instance, the type of work. In general, the small entrepreneurs complained about the provision of the minimum legal wage, but in practice they did not suffer restrictions imposed by the authorities. A majority of entrepreneurs with employees pointed out that the officials who came to inspect their shops were more concerned about child labour than about the minimum legal wage.

Maximum Working Hours

Labour regulations concerning working conditions specify that industrial workers shall work no more than eight hours a day. According to the survey, almost all entrepreneurs in metals respected this provision. In contrast, agreement with the provision of maximum work hours was less accepted by entrepreneurs in garments and restaurants. In garments, for example, most enterprises (with more than five employees) worked under subcontract to another garment enterprise. Therefore, their work order was restricted by deadlines. The main reason given was that they were not concerned with this provision because "my work is a contract one and it is household manufacturing." Most owners of garment enterprises indicated that the provision of maximum working hours should be applied for large-scale industries only.

In restaurants, several entrepreneurs did not comply with the limit on working hours. This disagreement was prominent among those who had one or two employees or were self-employed.

The conventional expression of disagreement was that "my shop does not have clients all day" and, as a restaurant owner said, "it must depend on the job too". Restaurants, in many cases, have somewhat different working hours. Many start working at 4 a.m and finish at 4 p.m. or when their food has been sold out. According to the survey, the working period of one noodle restaurant with six employees was quite different from the others: there were two shifts, each consisting of three employees; the first shift worked from 6 a.m until 4 p.m., and the second from 6 p.m until midnight.

Typically, restaurants would be quite busy only at a certain time (i.e. at lunchtime or in the evening). Therefore, employees may work only a few hours and then have a rest while waiting for clients. The main reason for non-compliance with the provision of

maximum working hours was that their trade "depends on the clients". One owner said, "I must sell whenever the clients come to my shop." A further reason for non-compliance was: "There is no officer coming to check us and we hire no worker."

The regulation limiting working hours did not seem to be the main obstacle for owners of restaurants, since most were small enterprises situated in crowded communities where they did not really catch the eye of the officials concerned. In practice, this regulation is not strictly enforced for certain activities such as restaurants, nor is it a basis for frequent harassment for bribes by authorities. For restaurant owners, it was less constraining than other government regulations, for example, hygienic and quality standards, and restrictions on location. Many owners of noodle restaurants reported that local authorities frequently inspected their shops for cleanliness. Waste disposal, a clean lavatory and washing facilities are compulsory for all restaurants, but most could not afford such facilities since most restaurants were too small. For owners of restaurants, installation of standard facilities was necessary but could only be done at great expense.

The provision on maximum working hours was viewed by entrepreneurs, mainly in restaurants and metals, as an obstacle to profit. They were disturbed by frequent visits from officials of various government agencies, yet they accepted that the visits mostly concerned tax payments or the environmental conditions of their enterprise rather than the legal working hours. As mentioned above, there were more complaints about harassment by tax officials than by officials from the Department of Labour.

Although this provision of the labour regulations is not strictly enforced by authorities in Bangkok, it is quite solid in some provincial areas. According to the survey in Khon Kaen, the owner of a metal workshop reported that he has been fined twice for operating his workshop on a Sunday. An official from the Department of Labour suggested that if he wanted to work on a Sunday he should inform them in advance or close the front door of the workshop. "There is an official from the Labour Department driving past my workshop every day. If I open on Sunday or in excess of the limited hours, I will be fined again", complained the owner of the workshop. Although entrepreneurs generally perceived the provision concerning working hours and holidays as reducing profit, they accepted that this regulation is suitable for certain types of activity such as garments (mainly among enterprises which were not under subcontracting work). One owner of a dress-making shop pointed out, "the limitation of working hours is good because sewing or dress-making needs a great deal of concentration, emotion and skill."

Workmen's Compensation Fund

According to the labour protection law, all employers with 20 employees or more must contribute annually to the Workmen's Compensation Fund at the Department of Labour. If the employee suffers injury, sickness or death during the course of employment, the employer must pay compensation. This provision does not apply, however, to enterprises with fewer than 20 employees. The qualitative survey showed that this provision was not a major problem for enterprises covered in the study, since they had fewer than 20 employees. No serious injury or death during the course of

employment had yet to occur in all the 30 enterprises surveyed.

Almost all entrepreneurs, especially in such activities as restaurants and garments, said that they had never heard about the provision regarding workmen's compensation and did not understand it. Many complained that an official from the Department of Labour gave advice concerning workmen's compensation. Although entrepreneurs were frequently visited by those officials, the visits were mainly for the purpose of inspection and control rather than to give assistance in solving problems.

Entrepreneurs were further asked what happened in cases of illness if their employees were not covered by a social security system. Almost all owners said that their employees were provided with medicine if they were slightly ill. In the case of serious injury during the course of employment, all medical expenses were paid by the owner of the enterprise. It is noticeable that most entrepreneurs, especially in metals, were not reluctant to support labour regulations concerning the Workmen's Compensation Fund, since work in the metals industry was considered more hazardous than work in restaurants and garments. This may explain the lesser degree of acceptance of this regulation among entrepreneurs in the latter two activities.

The Social Security Act, B.E 2533 (1990), does not affect small enterprises at present since it applies only to enterprises with more than 20 employees, but in the near future it will be extended to cover small enterprises with fewer than 20 employees¹⁶. It is observed that almost all entrepreneurs in the surveyed enterprises obtained information concerning the security of workers — that is, the Social Security Act — from newspapers or television. The most widespread complaints concerning this provision were that no details were available and the procedures were very complicated. Comments emphasized that officials should advise small enterprises about the new provision of social security. One may infer that most government officials in charge of visiting firms or enterprises are not well trained in giving advice to small-scale enterprises.

Health and Safety Standards

Health Standards

As regards health standards, the results of the qualitative survey are quite varied depending upon the types of work or activity of enterprises. Entrepreneurs, mainly in restaurants, are required to maintain cleanliness in their shop (i.e. to provide a clean lavatory, washing facilities, drainage system, etc.). Almost all owners of restaurants complained that it was costly to fulfill these requirements. Only a few were able to meet the cost. It is interesting to note that the inspections concerning health standards were more frequent in provincial areas than in Bangkok. In Khon Kaen, for example, owners of restaurants recognised the advantages of inspection concerning health standards. They said, "my shop can be upgraded to attract more customers." "After passing inspection, my shop has received a certificate for cleanliness and hygiene." It was noted by several owners of restaurants in Khon Kaen that officials always came to inspect their restaurants when they learned that very important guests were visiting the province.

The situation was somewhat different for restaurants in Bangkok, where the health standards are not strictly enforced. Otherwise many small restaurants would have been affected. An owner of a small food shop in Khlong Toey was asked about the regulations concerning health standards; she said, "I don't know and I don't understand and don't want to put it in my mind."

In metals, constraints related to health standards were not as serious as other constraints such as safety standards and environmental conditions.

Entrepreneurs in garments had no particular fear of the consequences of not respecting the regulations on health standards. During the field survey, it was found that most entrepreneurs in garment enterprises seemed to be confused when they were asked what officials came to inspect health standards. From the entrepreneurs' point of view, "officials" were those who came from either the Revenue Department or the Department of Labour. In fact, for the surveyed enterprises in garments, the provision on health standards is not a restriction imposed by authorities at all.

Briefly, except for restaurants, the regulations on health standards were not actively enforced by authorities.

Safety Standards

Officials inspect enterprises for compliance with safety standards, mainly in metals and garments. In fact, almost all small enterprises, especially those producing engine parts, are not approved by the Ministry of Industry mainly because of problems related to location and the specification of machinery. Therefore, they do not have factory operation licences. In one case, the owner of a metal workshop (producing engine parts) paid a bribe of 10 000-20 000 baht¹⁷ to officials from the Ministry of Industry so that he could obtain the licence and continue his business. Most surveyed enterprises (mainly in metals and garments) reported that the main reason for not having a factory licence was that they could not meet safety standards and environmental conditions.

The Factories Act contains a number of provisions relating to safety and the prevention of public nuisance, which brought several complaints from the surveyed enterprises. The most widespread complaint was that it cost too much to meet safety standards. One owner of a metal workshop pointed out, "officials from the Department of Industrial Works suggested that we install a new electricity safe-cut with an automatic cut-out and fire-fighting equipment. Although it costs about 40 000-50 000 baht, I was able to afford it." Most entrepreneurs, mainly in metal workshops, were able to comply with this provision. They seemed to recognise the advantage of enforcing the safety standard. One said, "I think it's good that they [officials] made suggestions because there is no fire insurance for my business." Therefore, agreement with the Factories Act was widespread on provisions concerning safety standards (i.e. fire-fighting equipment, proper electricity cut-out).

There was less agreement over restrictions on location and environmental conditions. All the enterprises in metals and garments expressed less support for the

inspections related to location and environmental conditions. The inspection of safety standards is not considered as an obstacle to business, but entrepreneurs in metals complained about harassment when officials from the Department of Industrial Works visited the enterprises to inspect location and environmental conditions.

Most enterprises were not in proper business locations but rather in residential areas. The premises were usually one room with two or three floors (considered as a commercial building). Business location seemed to be a basis for frequent harassment and extortion of bribes by officials. Although garment enterprises and restaurants had no problem, location appeared to be a major constraint among entrepreneurs in large enterprises (metal workshops that produced engine parts). One owner of a metal workshop said, "I was told to expand the shop ... I applied for the factory operation licence but I failed to get it." He complained that his shop had only one room and that it was difficult to expand into two rooms, as required by the Factories Act if one wanted to use the premises for an industrial business. It appeared that many had tried to overcome this problem by paying the "expensive" fee for obtaining the factory operation licence.

Public Contracts

The main indicator of the relationship between small-scale enterprises and the authorities is the participation of these enterprises in public contracts. This also reveals how entrepreneurs in small enterprises perceive their participation in the public order, as well as the national and local governments' interest in or efforts for these enterprises. It is noticeable that small-scale industries are kept away from the public markets.

Statistical Results

Only a few enterprises had ever participated in public contracts, but the proportion was significant among the bigger enterprises of the sample: 18 per cent of enterprises with six to ten employees, and 22 per cent of enterprises with more than ten had already participated in a public contract (Table 82). Most of these were in metals (35 out of 47).

Enterprises generally held public contracts individually (62 per cent of the contracts), while others shared them with other enterprises or were on subcontract.

Surprisingly, the main reason for not participating in public contracts was a matter of compliance with regulations. It is not as if the respondents were outlaws and needed to hide. They merely did not meet conditions regarding status or organisation that are required of an enterprise getting public contracts. For instance, they had no written accounts or were not registered companies (this also means they had no registered capital as a guarantee). This reason was cited by nearly two-thirds of garment industries and restaurants, but less than half the metal enterprises. For the self-employed as well, this was the principal reason for not participating in public contracts. For enterprises with more than five employees, however, it was not the main reason: it came fourth, after the complexity of procedures, the wait for payment

and lack of connections in the administration.

Overall, complexity of procedures and lack of connections were the reasons cited most frequently after failure to comply with regulations. This is a clue to the gap between the world of institutions and the world of small-scale enterprises. In particular, lack of connections hints that public contracts are offered to enterprises close to some executives of the government (including local government). There were several hints of this kind in the survey, but the complexity of procedures was also a major obstacle to getting public contracts.

Small-scale industries felt they did not have the capabilities to meet standards or conditions of public contracts. In all activities, but especially in garments, inability to meet deadlines, quality standards or merely the size of the public contracts were put forward as reasons.

These obstacles were of course felt much more by the self-employed and the smaller enterprises of the sample. The problem of status discussed earlier was also typical of the smaller enterprises. It is worth noting that the problems of procedures and the lack of connections in administration were cited by enterprises of all sizes (Table 83).

Qualitative Results

Almost all restaurant owners surveyed explained, "there is no official coming to ask me." This may imply that most restaurants covered in the survey were quite small and the owners lacked connections in administration: one owner of a noodle shop said, "I have no contact with public agencies, just sell day by day. I am quite old and don't want to work very hard." The main reason given by owners of restaurants, however, was that they did not have enough employees to manage a big order. The owner of a small noodle shop in Khon Kaen stated, "I refused a contract sale at a school because it required a lot of workers and they were difficult to find."

The situation was somewhat different in the case of entrepreneurs in metal. At the time of the survey most of them held no public contract, but they had participated in the last few years. The main reason given by most entrepreneurs for not participating in public contracts anymore was that payment by the official agencies took too long, at least one month. Many recognised the advantage of getting an order from private customers, since they could get a 30 per cent deposit.

Most owners of garment workshops did not participate in public contracts. In many cases, they explained that they already had enough orders from their regular customers. "If I accept a public contract, I will lose my regular customers." The only case of participation in a public contract was indirect: the shop had a subcontract order for 10 to 20 uniforms. "We cannot get a direct order because we do not have enough tailors", said the owner of the workshop.

The proportion of entrepreneurs -- especially in garment and restaurants -- who had ever participated in a public contract was not high, but this was not due to their

illegal status. From the entrepreneurs' point of view, labour supply seemed to be a major constraint on participating in public contracts.

In conclusion, the analysis of actual practises of small-scale enterprises in the institutional environment suggests that there are some ambiguities in the implementation of legal procedures, but this does not appear to be a major constraining factor for operation of small enterprises in Thailand.

V DYNAMICS OF THE INFORMAL ENTREPRENEURS

One of the most striking features of informal enterprises is their apparent inability to expand and to move towards modern medium-scale operations. This fact has been shown in several surveys and largely confirmed in Thailand. Here, consideration is given to the recent evolution of the enterprises, then to the dynamics of the entrepreneurs. Finally, the impact of institutions on the evolution of the small enterprises is assessed.

Recent Evolution of the Enterprises

Evolution of Employment Over the Previous Two Years

The study of the evolution in size of the small enterprises is somewhat complex. Comparisons can easily be made between the average employment of the enterprises at the time of the survey and two years previously, but during this period, some new enterprises appeared (20 per cent in the sample) while others disappeared, and we have no information about them (how many, of what size, etc.). Owing to the lack of information on bankruptcies, it is impossible to offer a full picture of the evolution of these enterprises.

Although the economic background has been very good, specific events had negative effects for some sectors. The garment trade enjoyed a boom in the period 1987-89 that probably contributed a lot to the expansion of small-scale industries. The shrinking of Middle East markets due to the Kuwait war affected some subcontractors. This stresses a major drawback of subcontracting, which is the fragility of the positions of subcontractors in markets. As soon as the market shrinks, the contractors make subcontractors bear the effects, with a dramatic fall in contracts. Small-scale entrepreneurs react quite quickly by laying off workers. Significantly, half of the enterprises with at least five people had fewer employees at the time of the survey than two years previously (only one had more employees). Smaller enterprises (two to five people) did not lay off employees so frequently (32 per cent), and a few (17 per cent) recruited people.

A reduction of employment in the previous two years had also occurred in half the metals enterprises. In restaurants, the trend is reversed, with more enterprises expanding than cutting back on manpower, but there were only a few cases since most restaurants are run by the self-employed.

The major result on the evolution of employment in small-scale industries is a tendency to stagnate. Two-thirds of the enterprises of the sample had neither more nor fewer employees than two years previously (Table 183). It seems that once the enterprise is created, it does not change much. This result supports the hypothesis of non-evolution of enterprises of the informal sector, especially among the self-employed.

The number of new enterprises created during this period may temper this conclusion. The rate of creation (number of enterprises created in the previous two

years/total number of enterprises surveyed) was 15 per cent in garments, 22 per cent in metals and 24 per cent in restaurants. As expected, the rate of creation was highest among the self-employed (31 per cent), but it was higher for enterprises with more than five people (22 per cent) than for enterprises with two to five people (10 per cent). This shows the importance of straight creations of medium-sized enterprises.

Investment of the Enterprises

The study of investment emphasizes the lack of dynamism of the enterprises. Following the start-up phase, enterprises have to invest, at least to replace depreciated tools and machines. The more dynamic will invest in new machines to increase their capacity of production. Nearly half of the self-employed and 37 per cent of the others had not made any investment in the previous 12 months (this does not include enterprises created during this period). Obviously, investment is related to the size of the capital (machines), and on average, the more important the capital, the higher was the investment (Tables 184-85).

Although some enterprises made little profit, and as a consequence could hardly invest, the majority seemed to be profitable. Why in these conditions do they not reinvest their profit in the enterprise? One can only hypothesise at this stage. The first possibility is that when they come to earn more, the entrepreneurs will increase their standards of living (by buying a car, a new house, spending more money on their children's education, etc.). A complementary hypothesis is that they would rather invest their profit elsewhere, either in the creation of a new shop in the same activity (which could be managed by a member of the family) or in other activities. They also could close the present enterprise and open a new one in a better location or with newer machines. This strategy was given by many entrepreneurs when speaking about their prospects, and is consistent with the pattern of creation of enterprises shown above.

It is striking that two-thirds of the owners of enterprises with no more than five people, and a bit more than half of those with more than five people, had no plans to expand their activities. Among those who had such plans, as many wanted simply to create a new branch or to change location as wanted to increase the number of machines or employees (Tables 186-91).

At the macro level, this results in the multiplication of micro-enterprises and the expansion of self-employment, instead of an average growth of enterprises. Although this kind of expansion of the informal sector has helped in providing employment and incomes to the population, it also sets limits to the improvement of productivity. The very small scale of production hinders improvement of the average technical level and confines small industries to labour-intensive production. In no case can the informal sector be the driving force of the economy.

Dynamics of the Entrepreneurs

Though the survey was limited to enterprises with fewer than 20 employees, this range is sufficient to differentiate entrepreneurs according to the size of the enterprise. There is a difference between a self-employed person working alone or with one or two members of his family and the owner of an enterprise with 10 or 15 wage-workers. In other words, the self-employed and owners of small industries with employees are not the same kind of people.

From Table 5, one sees that the self-employed were much older on the average than owners with employees. This gap in ages suggests that many attached features will also be unequally distributed according to the kind of enterprise. As observed previously, more women were self-employed than men, and the characteristics of family background or education were also different (Table 33)¹⁸.

Apart from these characteristics, the three activities have different profiles. In garments, self-employed seamstresses less often came from farming families, while owners of small enterprises, generally men working under sub-contract agreements, came typically from farming families. Significantly, the owners of enterprises with at least five people had nearly all (80 per cent) migrated from their native provinces, while a majority of the self-employed had not moved.

These results show that self-employed entrepreneurs and owners of small industries are typically not the same kind of people. While the self-employed are either old men or women at home, with a low education level, owners of small industries are young and better educated. This discrepancy is very important, for it demonstrates that entrepreneurs of larger enterprises were not formerly self-employed. In other words, there is no established career path from a self-employed position to expansion of the enterprise by investing in machines and hiring employees.

This result, which is similar to that of the ILO survey, has many implications. Since the self-employed are not the same people as those in small-scale industries, and since the former are older and less educated than the latter, there is entrepreneurial pattern of starting on a very small scale and growing gradually. On the contrary, entrepreneurs started their enterprises at their current level, using external resources. This raises doubts on the ability of small entrepreneurs to become medium- and large-scale entrepreneurs.

The lack of evolution of the self-employed on the one hand and the direct creation of medium-scale enterprises on the other demonstrate that the young self-employed do not commonly move towards a larger scale of entrepreneurship. Expanding the activities of the small enterprise seems rather exceptional, while stagnation is the norm.

Impact of the Institutional Framework on the Dynamics of the Informal Sector

The extent to which the institutional framework should be held responsible for the lack of dynamism of small-scale industries, or to which it could explain the particular expansion of the informal sector, can be seen through the opinions of the entrepreneurs themselves, as well as in the practice of the administration towards this sector.

The Entrepreneurs' Opinion of the Institutional Framework

Of the main obstacles the entrepreneurs faced in their business, administrative obstacles came in fourth position, cited by only 16 per cent of the entrepreneurs (Table 194). Obviously, the main problems of small entrepreneurs do not come from the government. It should be noted, however, that administrative obstacles were more important for the larger enterprises of the sample. The self-employed were more characterised by a mere ignorance of the institutional framework, as far as their business was concerned, and logically they did not complain much about the authorities (10 per cent of self-employed).

When asked directly whether they faced any constraint from the authorities, half of the entrepreneurs put forth complaints. The main constraint for their business was taxation in general (people found the taxes too high), but it has been seen that the tax pressure in Thailand is not exaggerated. At the same time, there was a general understanding of the necessity of taxes, and even a not insignificant wish for improvement of public services by means of extra taxes. The other constraints were due to regulations (especially hygienic standards in restaurants and restrictions on locations for metal industries).

The entrepreneurs thought that the government still bore responsibility for their main problems: lack of funds and difficulties in finding skilled workers. During the interviews, several entrepreneurs complained about the lack of adapted financial tools to solve their cash problems or to help with investment. In the same way, some believed that it was the duty of the government to train workers for the needs of their business. Yet others would not trust the government on this matter and preferred to continue training employees by themselves.

Entrepreneurs were quite pessimistic on the possibilities of discussing their problems with officials. They often said that it was not worth complaining since they would not be listened to. The lack of connections or personal relations within the government was often cited as the reason why no advantage (and especially public orders) could be obtained from the administration. Some also pointed out that the lack of representation for small entrepreneurs made it difficult to make themselves heard by the authorities.

Although the range of opinions was wide, overall there was not a negative perception of the institutions, but rather a broad acceptance of the regulations (entrepreneurs complained more about the way they were implemented than about the general principles). At the same time, entrepreneurs did not expect much from the

government. In any case, they did not rely on the institutions either for the daily management of business or for their prospects for expansion. In their opinion, the institutions played a tiny role in the dynamics of their activity. As a consequence, the institutions were not perceived as an obstacle to the development of their enterprise.

Institutional Aspects of the Dynamics of Small-Scale Activities

The opinions of the entrepreneurs were consistent with objective practice of the administration. As already discussed, there are not many specific provisions for small businesses and hardly any incentives for this sector (many government actions on behalf of small industries are implemented under specific projects, and thus are limited to certain areas, activities and time periods). Although several laws provide exemptions for small industries, there are no transitional provisions for small industries that grow. Many entrepreneurs hesitated before expanding their enterprises because they feared they would have more taxes, more constraints and more inspections.

The entrepreneurs were generally not well informed of the provisions of business laws. Small entrepreneurs, who are not organised or represented in the Chamber of Commerce or in the Board of Industries, often felt helpless when they had contacts with officials.

The lack of financial support for small industries is also real. One can hardly blame the government on this issue, however, since it is rather the role of banks.

Despite some specific actions or projects by government agencies or departments, it has to be recognised that economic policy did not bother much about small industries and the self-employed. This sector is not important to the main goals of the government, which are to attract foreign investment and boost exports. This lack of consideration, together with a wide tolerance from the authorities, may partly explain the stagnation of the informal sector. Given the goals of the Seventh Plan, which gives priority to enhancing productivity, it will be necessary to adapt the institutional background for small-scale activities.

VI CONCLUSION

Small-scale industries in Thailand are neither excluded from the institutional framework nor isolated in a separate economic or sociological space. They are economically well integrated in the current process of development. They play an important role, not only by providing jobs and incomes to many people, but also by facilitating the integration of migrant workers in the labour market.

Despite this social and economical integration, small-scale entrepreneurs lack support from government, banks and suppliers. They appear to be in a mostly dependent situation *vis-à-vis* the modern sector. On the whole, their situation is fragile.

The informal sector entrepreneurs of the sample have undoubtedly many "informal" characteristics. A high proportion came from rural areas, from farming families, and have migrated to towns. They have a low average education level, and many had technical training outside the institutional school or training system. Their position as entrepreneurs is the result of several experiences, including several years as hired labour in most cases.

The enterprises also have many characteristics of informality. The structure of labour is typically informal: a high proportion of family labour and apprentices, and no real wage labour (i.e. employees hired with contracts and paid on a monthly basis with at least the legal minimum wage). Apart from expenses for installation, investment seems to be on average quite low, and not many enterprises dared to face the risk. This feature does not indicate that small-scale entrepreneurs make no profit; rather, most of them have no strategy for expanding the existing enterprise.

The constraints and obstacles for the development of their business should be structured accordingly. On the whole, the institutional constraints do not appear to be severe. The main complaint — about taxes — seems not to be justified, considering the low tax pressure. Most of the other government regulations, even when they raise protests in application, seem to be accepted. This is the case for most labour regulations. Though fearing inspections (and complaints about taxes seem to focus more on harassment by officials than on the level of taxes), entrepreneurs widely accepted the reasons for laws and regulations: improvement of quality of production, hygiene or welfare of employees. This is typical of the hygienic requirements for restaurants.

The Thai government seems to have a pragmatic approach to regulations for small-scale industries. Many regulations are implemented gradually, with provisions exempting enterprises under a certain level. This is the case of the new value added tax, for which enterprises with annual turnover of less than 600 000 baht are exempted (nearly all enterprises of our sample are below this level). In a country where the authority of the state is well accepted, this pragmatic approach has probably helped to avoid marginalising small-scale enterprises in a completely informal sector.

The main factor of integration of small-scale enterprises and the self-employed in the national economy remains subcontracting. Subcontracting has been a powerful

tool for disseminating technical progress and modern production standards among nearly all segments of society. Small- and large-scale enterprises are now operating on a sole goods market. Formal and informal sectors do not have separate networks of material supply or distribution of finished goods, apart from some very specific products.

Small-scale industries do not benefit fully from the fruits of the rapid Thailand's growth. First of all, there is a dramatic lack of incentives for small-scale industries. Nearly all incentives set up by the government in the ten years before the survey were aimed at large industries. Some of the provisions in regulations set up to help small-scale industries are in fact aimed towards modern, high-technology medium-scale enterprises. This is the case for the Board of Investment incentives, which demand that applying enterprises be registered as companies.

The main disadvantage for small-scale industries is certainly financial. Up to the time of writing, their activities had to be financed overwhelmingly by the savings of the entrepreneurs themselves, or of their relatives and friends. Not much has been done to change this situation, which is the main hindrance to the expansion of these industries. While institutionalised savings -- through banks -- and tax receipts were re-oriented towards investment by big companies, small-scale enterprises had to rely on the remaining savings from households in order to finance their investment. On a nation-wide scale, then, the saving capacity of the population is not fairly distributed.

Since the economic situation is now very favourable, the lack of incentives from the government and the lack of loans from banks have not held up the development of small-scale industries. Should this situation be reversed, these industries are likely to be on the front line of recession. The subcontracting system contributes to this fragility, since any shrinking of the market is immediately felt by the final subcontractor. Some theories have stressed the "sponge" function of the informal sector, when a decrease of incomes in the modern sector induces a shift of activities to the informal sector. In Thailand, however, the dependence of small-scale industries and the self-employed on the modern economy could lead to opposite effects in the event of a recession.

On the whole, the situation of small-scale industries and self-employed in Thailand, though quite favourable at the moment, seems to be very fragile for the following reasons:

- lack of incentives from government;
- difficult access to credit;
- subordination to large-scale industries and traders;
- competition in the labour market.

Policy should be oriented to strengthen the position of small-scale industries on these matters. It should also provide institutional tools to raise the productivity of this sector. Investment should thus be encouraged, even on a small scale, with financial incentives or leasing facilities. Training (programmes on management for owners, and technical training for employees as well as entrepreneurs) should be developed on a wide scale (continuing the policy initiated by the Department of Labour), but should above all be adapted to the needs and constraints of the entrepreneurs. Apprenticeship should also be promoted as a form of training and given official recognition.

As far as subcontracting is concerned, one could suggest gradual regulations in order to protect small subcontractors, home workers and workers in small enterprises. Although written contracts are becoming more frequent, there is not much jurisprudence on this matter.

Finally, small entrepreneurs should make an effort to unite and make the government listen to them. Their lack of representation appeared frequently in the interviews, and for once, the responsibility for this situation is borne by the entrepreneurs, not by the government.

NOTES

1. NESDB (1987).
2. In 1989, for the first time, there was a survey on the enterprises (not households) in the perspective of studying the informal entrepreneurs and enterprises, at a significant statistical level. This survey was made in eight activities, in Bangkok only, by the ILO/Department of Labour project on "Strategic Approaches Toward Employment Promotion". See Romjin and Mongkornrata (1991).
3. Some information on the enterprises where people worked has also been gathered in general surveys. For instance, a 1985 study by ARTEP (ILO Asian Employment Programme) in two low-living-standard areas of Bangkok affords some material about the size, location and employees of the small enterprises of the area. See ARTEP (1988), and Prachoom and Suwanlee (1982).
4. In a meeting of experts held in Geneva in January 1992, a comprehensive international definition of the informal sector was made, in order to facilitate international comparisons and to improve consistency between different approaches. In this respect, the proposed definition includes all activities of the households sector (in the sense of the National Accounts), that is, economic activities not taken into account in the other sectors (state, companies, financial institutions, international). See International Labour Office (1992).
5. Although in 1989 nearly two-thirds of the active population worked in agriculture, in the previous 20 years the share of the labour force engaged in agriculture had been regularly decreasing, from over 80 per cent in the 1960s to 65 per cent at the time of writing.
6. See Oudin (1991).
7. Department of Labour (1990). Corrections have been made to take into account the self-employed, using the Labour Force Survey of the same year.
8. We are deeply grateful to the National Statistical Office for its assistance in selecting the blocks and supplying the maps. This survey could not have been carried out in such good conditions without these materials. Of course, the National Statistical Office bears no responsibility for possible errors in this survey or its results.
9. The questions were asked for each category of workers. Payment per piece and number of pieces were asked in the case of piece-work.
10. Unpaid family helpers are not taken into account in these calculations.

11. Another 7 per cent of the entrepreneurs have loans from banks, but two-thirds of these are long-term loans (more than five years). Loans from banks are not used for financing production.
12. See Duangmanee (1986).
13. His friend is a clothes exporter whose application for a factory establishment licence was not approved by the Ministry of Industry, due to problems related to the specification of machinery and the location.
14. At the time of writing, the workers' compensation fund does not apply to enterprises with fewer than 20 employees. The results above suggest that the application of this provision to smaller enterprises should not raise too many problems, given the support of the entrepreneurs for this fund. However, this support might change once this provision is applied to them.
15. This is actually true, since several provisions did not apply to enterprises with fewer than 20 employees.
16. According to the Social Security Act, B.E. 2533 (1990), after a three-year period the provision must also be applied to enterprises with fewer than 20 employees.
17. The official fee for the factory operation licence is 1 000 baht. This licence must be renewed every three years.
18. It should be noticed that the average level of education of the entrepreneurs decreases slightly as the size of enterprises increases; this is due to the more important share of owners from farming families among bigger enterprises. Among entrepreneurs who come from farming families, owners of enterprises with five or more employees are more educated than the average.

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OECD DEVELOPMENT CENTRE

Working Paper No. 81 A

SMALL-SCALE INDUSTRIES
AND INSTITUTIONAL FRAMEWORK
IN THAILAND

STATISTICAL ANNEX

by

Naruemol Bunjongjit and Xavier Oudin

Research programme on:
Governance and Entrepreneurship



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RÉSUMÉ

Cet annexe statistique complète le Document Technique No. 81 publié par le Centre de Développement et intitulé "Petites industries et cadre institutionnel en Thaïlande."

SUMMARY

This statistical annex has been prepared to be used in conjunction with Development Centre Technical Paper No. 81, "Small-scale Industries and Institutional Framework in Thailand."

Introduction

Table 1
Employment by Size of Establishments and Industries, 1989

	1-9 emp.		10-49 emp.		50 and more		Total (100)
	thousands	%	thousands	%	thousands	%	thousands
Manufacturing	1 3 4	8.9	266	17.7	1103	73.4	1503
Construction	5	4.2	44	34.9	77	60.9	127
Services	8 9	14.5	139	22.8	384	62.7	612
Commerce	1 7 3	30.2	162	28.3	237	41.5	571
Total	4 0 3	13.6	630	21.3	1929	65.1	2962

Source: Yearbook of Labour Statistics, Department of Labour, Ministry of Interior, 1989. Total includes mining and quarrying, electricity and gas, not shown on the table. Commerce includes restaurants and hotels. Services are : transport, storage and communication; financing, insurance, real estate, business services; community, social and personal services.

Table 2
Index and Absolute Growth of the Labour Force, by Status and Sector, 1972-1988

	ind. 1988 (1972=100)	Diff 88-72 thousands	Number thousands
Wage Labour 2nd Sector	325	1,585	2,290
Wage Labour 3rd Sector	239	1,068	1,840
Government Employees	271	1,174	1,860
Non wag. 2nd Sector	174	390	920
Non wag. 3rd Sector	208	1,581	3,050

Source: Labour Force Survey, National Statistical Office

Table 3
Number of Questionnaires of the Sample, by Region and by Activity

	Garment	Metal	Restaurants	Total
Bangkok	108	77	70	255
Centre	15	9	22	46
North	16	11	26	53
Northeast	31	20	42	93
South	13	15	28	56
Total	183	132	188	503

I. Description of the Entrepreneurs

A- Characteristics of the Entrepreneurs

1. Age and Gender

All Activities

Table 4

Distribution of Entrepreneurs by Gender and Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Males	60	32.8	120	90.9	47	25.0	227	45.1
Females	123	67.2	12	9.1	141	75.0	276	54.9
Total	183	100.0	132	100.0	188	100.0	503	100.0

Table 5

Median Age of Owners by Gender, Activity and Size of Enterprise

	Self employed	2-5 people	Over 5 people	Total
<i>Males</i>				
Garment	52	40	30	37.5
Metal	40.5	35.5	39.5	39
Restaurants	44	43	36	43
<i>Females</i>				
Garment	39	36	34	36
Metal	-	47	34	40
Restaurants	40	40	26	39

Table 6

Age Category by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Under 31	40	21.9	28	21.2	36	19.1	104	20.7
31-35	43	23.5	27	20.5	27	14.4	97	19.3
36-40	53	29.0	29	22.0	35	18.6	117	23.3
41-50	29	15.8	34	25.8	59	31.4	122	24.3
Over 50	18	9.8	14	10.6	31	16.5	63	12.5
Total	183	100.0	132	100.0	188	100.0	503	100.0

Table 7
Distribution of Entrepreneurs by Gender and Age Categories

	Males		Females		Total	
	No.	%	No.	%	No.	%
<i>Age</i>						
Under 31	52	22.9	52	18.8	104	20.7
31-35	37	16.3	60	21.7	97	19.3
36-40	48	21.1	69	25.0	117	23.3
41-50	58	25.6	64	23.2	122	24.3
Over 50	32	14.1	31	11.2	63	12.5
Total	227	100.0	276	100.0	503	100.0

Table 8
Distribution of Entrepreneurs by Gender and Size of Enterprise in Garment Industries and Restaurants

	Males		Females		Total	
	No.	%	No.	%	No.	%
<i>Garment</i>						
Self employed	5	10.9	41	89.1	46	100.0
2-5 people	30	33.0	61	67.0	91	100.0
Over 5 people	25	54.3	21	45.7	46	100.0
<i>Restaurants</i>						
Self employed	16	15.8	85	84.2	101	100.0
2-5 people	26	33.3	52	66.7	78	100.0
Over 5 people	5	55.6	4	44.4	9	100.0

By Activity

Table 9
Garment - Age Category by Gender

	Males		Females		Total	
	No.	%	No.	%	No.	%
Under 31	17	28.3	23	18.7	40	21.9
31-35	10	16.7	33	26.8	43	23.5
36-40	12	20.0	41	33.3	53	29.0
41-50	13	21.7	16	13.0	29	15.8
Over 50	8	13.3	10	8.1	18	9.8
Total	60	100.0	123	100.0	183	100.0

Table 10
Metal - Age Category by Gender

	Males		Females		Total	
	No.	%	No.	%	No.	%
Under 31	26	21.7	2	16.7	28	21.2
31-35	24	20.0	3	25.0	27	20.5
36-40	28	23.3	1	8.3	29	22.0
41-50	30	25.0	4	33.3	34	25.8
Over 50	12	10.0	2	16.7	14	10.6
Total	120	100.0	12	100.0	132	100.0

Table 11
Restaurants - Age Category by Gender

	Males		Females		Total	
	No.	%	No.	%	No.	%
Under 31	9	19.1	27	19.1	36	19.1
31-35	3	6.4	24	17.0	27	14.4
36-40	8	17.0	27	19.1	35	18.6
41-50	15	31.9	44	31.2	59	31.4
Over 50	12	25.5	19	13.5	31	16.5
Total	47	100.0	141	100.0	188	100.0

2. Social Background

All Activities

Table 12
Family Background of Entrepreneurs by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Activity of parents	101	56.1	45	35.2	77	42.3	223	45.5
Farming	9	5.0	20	15.6	7	3.8	36	7.3
Manufacturing & construction	2	1.1	1	0.8	10	5.5	13	2.7
Restaurants and services	62	34.4	53	41.4	81	44.5	196	40.0
Commerce	6	3.3	9	7.0	7	3.8	22	4.5
Government employee	180	100.0	128	100.0	182	100.0	490	100.0
Total								

13 missing values

Table 13
Parents' Main Activity by Age

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
Farming	84	50.0	74	43.8	65	42.5	223	45.5
Manufacturing & constr.	14	8.3	13	7.7	9	5.9	36	7.3
Restaurants and services	3	1.8	4	2.4	6	3.9	13	2.7
Commerce	62	36.9	68	40.2	66	43.1	196	40.0
Government employee	5	3.0	10	5.9	7	4.6	22	4.5
Total	168	100.0	169	100.0	153	100.0	490	100.0

Missing values not included

Table 14
Males - Parents' main Activity by Age

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
Farming	40	52.6	38	51.4	27	38.0	105	47.5
Manufacturing & constr.	11	14.5	6	8.1	5	7.0	22	10.0
Restaurants and services	0	0.0	2	2.7	0	0.0	2	0.9
Commerce	22	28.9	26	35.1	35	49.3	83	37.6
Government employee	3	3.9	2	2.7	4	5.6	9	4.1
Total	76	100.0	74	100.0	71	100.0	221	100.0

Missing values not included

Table 15
Females - Parents' Main Activity by Age

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
Farming	44	47.8	36	37.9	38	46.3	118	43.9
Manufacturing & construction	3	3.3	7	7.4	4	4.9	14	5.2
Restaurants and services	3	3.3	2	2.1	6	7.3	11	4.1
Commerce	40	43.5	42	44.2	31	37.8	113	42.0
Government employee	2	2.2	8	8.4	3	3.7	13	4.8
Total	92	100.0	95	100.0	82	100.0	269	100.0

By Activity

Table 16
Garment - Parents' Main Activity by Gender of the Entrepreneur

	Males		Females		Total	
	No.	%	No.	%	No.	%
No answer	1	1.7	2	1.6	3	1.6
Farming	45	75.0	56	45.5	101	55.2
Manufacturing & construction	2	3.3	7	5.7	9	4.9
Restaurants and services	0	0.0	2	1.6	2	1.1
Commerce	12	20.0	50	40.7	62	33.9
Government employee	0	0.0	6	4.9	6	3.3
Total	60	100.0	123	100.0	183	100.0

Table 17
Metal - Parents' Main Activity by Gender of the Entrepreneur

	Males		Females		Total	
	No.	%	No.	%	No.	%
No answer	4	3.3	0	0.0	4	3.0
Farming	43	35.8	2	16.7	45	34.1
Manufacturing & construction	18	15.0	2	16.7	20	15.2
Restaurants and services	1	0.8	0	0.0	1	0.8
Commerce	46	38.3	7	58.3	53	40.2
Government employee	8	6.7	1	8.3	9	6.8
Total	120	100.0	12	100.0	132	100.0

Table 18
Restaurants - Parents' Main Activity by Gender of the Entrepreneur

	Males		Females		Total	
	No.	%	No.	%	No.	%
No answer	1	2.1	5	3.5	6	3.2
Farming	17	36.2	60	42.6	77	41.0
Manufacturing & construction	2	4.3	5	3.5	7	3.7
Restaurants and services	1	2.1	9	6.4	10	5.3
Commerce	25	53.2	56	39.7	81	43.1
Government employee	1	2.1	6	4.3	7	3.7
Total	47	100.0	141	100.0	188	100.0

3. Migration Characteristics

Table 19
Percentage of Non Native

	Males	Females	Total
Under 31	69.2	63.5	66.3
31-35	56.8	56.7	56.7
36-40	54.2	37.7	44.4
41-50	58.6	42.2	50.0
Over 50	50.0	45.2	47.6
Total	58.6	48.6	53.1

example: 69.2 % of male entrepreneurs aged under 31 were born in the same province as the one they are now.

Table 20
Percentage of Non Native, by Gender, Age and Family Background

Family background	Farming	Commerce	Other	Total
<i>Males</i>				
<38 years	77.8	44.8	41.2	62.0
>37 years	70.6	44.4	50.0	56.2
all	74.3	44.6	45.5	58.8
<i>Females</i>				
<38 years	72.4	43.3	47.1	56.3
>37 years	46.7	41.5	23.8	41.0
all	59.3	42.5	34.2	48.7
<i>Total</i>				
<38 years	75.0	43.8	44.1	58.7
>37 years	57.7	43.0	35.1	48.2
all	66.4	43.4	39.4	53.3

Table 21
Family Background by Migration Status

	Native		Not native		Total	
	No.	%	No.	%	No.	%
Farming	75	32.8	148	56.7	223	45.5
Manufacturing & construction	22	9.6	14	5.4	36	7.3
Restaurants and services	10	4.4	3	1.1	13	2.7
Commerce	111	48.5	85	32.6	196	40.0
Government employee	11	4.8	11	4.2	22	4.5
Total	229	100.0	261	100.0	490	100.0

B- Education and Training

1. Basic Education

All Activities

Table 22
Educational Level by Gender

	Males		Females		Total	
	No.	%	No.	%	No.	%
None	10	4.4	14	5.1	24	4.8
Prathom 4 certificate	101	44.5	132	47.8	233	46.3
Primary certificate	42	18.5	42	15.2	84	16.7
Low secondary or vocational certific.	46	20.3	50	18.1	96	19.1
Upper secondary, vocational diploma and over	28	12.3	38	13.8	66	13.1
Total	227	100	276	100	503	100

Table 23
Education Level by Age Category

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
None	2	1.2	7	4.0	15	9.5	24	4.8
Prathom 4 certificate	57	33.3	83	47.7	93	58.9	233	46.3
Primary certificate	31	18.1	40	23.0	13	8.2	84	16.7
Lower secondary	49	28.7	24	13.8	23	14.6	96	19.1
Upper second. & over	32	18.7	20	11.5	14	8.9	66	13.1
Total	171	100.0	174	100.0	158	100.0	503	100.0

Table 24
Males - Education Level by Age Category

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
None	0	0.0	1	1.3	9	12.2	10	4.4
Prathom 4 certificate	25	32.5	36	47.4	40	54.1	101	44.5
Primary certificate	14	18.2	20	26.3	8	10.8	42	18.5
Lower secondary	23	29.9	11	14.5	12	16.2	46	20.3
Upper second. & over	15	19.5	8	10.5	5	6.8	28	12.3
Total	77	100.0	76	100.0	74	100.0	227	100.0

Table 25
Females - Education Level by Age Category

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
None	2	2.1	6	6.1	6	7.1	14	5.1
Prathom 4 certificate	32	34.0	47	48.0	53	63.1	132	47.8
Primary certificate	17	18.1	20	20.4	5	6.0	42	15.2
Lower secondary	26	27.7	13	13.3	11	13.1	50	18.1
Upper second. & over	17	18.1	12	12.2	9	10.7	38	13.8
Total	94	100.0	98	100.0	84	100.0	276	100.0

Table 26
Level of Education by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
None	5	2.7	7	5.3	12	6.4	24	4.8
Prathom 4 certificate	91	49.7	53	40.2	89	47.3	233	46.3
Primary certificate	35	19.1	24	18.2	25	13.3	84	16.7
Low Secondary certificate	29	15.8	14	10.6	27	14.4	70	13.9
Upper Secondary certificate	6	3.3	11	8.3	8	4.3	25	5.0
Vocational School certificate	7	3.8	10	7.6	9	4.8	26	5.2
Vocational School diploma	5	2.7	9	6.8	8	4.3	22	4.4
University degree or equivalent	5	2.7	4	3.0	10	5.3	19	3.8
Total	183	100.0	132	100.0	188	100.0	503	100.0

Table 27
Level of Education by Family Background

<i>Family background</i>	Farming		Commerce		Other		Total	
	No.	%	No.	%	No.	%	No.	%
<i>Education</i>								
None	6	2.7	13	6.6	1	1.4	20	4.8
Prathom 4 certificate	129	57.8	77	39.3	23	32.4	229	46.3
Primary certificate	42	18.8	31	15.8	10	14.1	83	16.7
Low Secondary certificate	33	14.8	41	20.9	19	26.8	93	19.1
Upper Secondary certific.	13	5.8	34	17.3	18	25.4	65	13.1
Total	223	100.0	196	100.0	71	100.0	490	100.0

Table 28
Farmer Family Background - Education Level by Age Category

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
None	0	0.0	3	4.1	3	4.6	6	2.7
Prathom 4 certificate	38	45.2	46	62.2	45	69.2	129	57.8
Primary certificate	18	21.4	17	23.0	7	10.8	42	18.8
Low Secondary certificate	20	23.8	6	8.1	7	10.8	33	14.8
Upper Secondary certificate	8	9.5	2	2.7	3	4.6	13	5.8
Total	84	100.0	74	100.0	65	100.0	223	100.0

Table 29
Non Farmer Family Background - Education Level by Age Category

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
None	1	1.2	3	3.2	10	11.4	14	5.2
Prathom 4 certificate	19	22.6	36	37.9	45	51.1	100	37.5
Primary certificate	13	15.5	22	23.2	6	6.8	41	15.4
Low Secondary certificate	28	33.3	16	16.8	16	18.2	60	22.5
Upper Secondary certificate	23	27.4	18	18.9	11	12.5	52	19.5
Total	84	100.0	95	100.0	88	100.0	267	100.0

By Activity

Table 30
Garment - Level of Education by Age Category

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
Prathom 4 or less	28	41.8	43	58.1	25	59.5	96	52.5
Comp.primary or lower sec.	30	44.8	25	33.8	16	38.1	71	38.8
Upper sec. & over	9	13.4	6	8.1	1	2.4	16	8.7
Total	67	100.0	74	100.0	42	100.0	183	100.0

Table 31
Metal - Level of Education by Age Category

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
Prathom 4 or less	15	32.6	21	43.8	24	63.2	60	45.5
Comp.primary or lower sec.	19	41.3	20	41.7	9	23.7	48	36.4
Upper sec. & over	12	26.1	7	14.6	5	13.2	24	18.2
Total	46	100.0	48	100.0	38	100.0	132	100.0

Table 32
Restaurants - Level of Education by Age Category

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
Prathom 4 or less	16	27.6	26	50.0	59	75.6	101	53.7
Comp. primary or lower sec.	31	53.4	19	36.5	11	14.1	61	32.4
Upper sec. & over	11	19.0	7	13.5	8	10.3	26	13.8
Total	58	100.0	52	100.0	78	100.0	188	100.0

Table 33
Characteristics of Entrepreneurs by Activity and Size of Enterprise

	Self employed	2-5 people	Over 5 people	Total
<i>% aged less than 35</i>				
Garment	21.7	31.9	60.9	36.6
Metal	18.8	36.8	37.3	34.8
Restaurants	28.7	30.8	55.6	30.9
<i>% from farmer families</i>				
Garment	50.0	53.8	63.0	55.2
Metal	37.5	47.4	20.3	34.1
Restaurants	48.5	33.3	22.2	41.0
<i>% secondary or more</i>				
Garment	39.1	39.6	37.0	38.8
Metal	25.0	38.6	37.3	36.4
Restaurants	26.7	37.2	55.6	32.4

It should be noticed that, if in garment the average level of education of the entrepreneurs is slightly decreasing when enterprises are getting bigger, this is due to the more important share of owners with a farmers family background among bigger enterprises. Owners of enterprises with 5 people or more from farmers families are more educated than the average entrepreneurs with a farmers' family background.

2. Acquisition of Skills

Source of Skills

Table 34
Source of Acquisition of Skills by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Vocational school	5	2.7	13	9.8	2	1.1	20	4.0
Long term training in vocational private agencies	32	17.5	2	1.5	1	0.5	35	7.0
Apprenticeship (training course on the job)	80	43.7	62	47.0	20	10.6	162	32.2
Short term training courses	35	19.1	0	0.0	0	0.0	35	7.0
No training (by oneself, with friends...)	30	16.4	55	41.7	165	87.8	250	49.7
Other	1	0.5	0	0.0	0	0.0	1	0.2
Total	183	100.0	132	100.0	188	100.0	503	100.0

Table 35
Source of Acquisition of Skills by Level of Education

	Prathom 4 or less		Comp.primary or lower sec		Upper sec & over		Total	
	No.	%	No.	%	No.	%	No.	%
Vocational school	0	0.0	12	6.7	8	12.1	20	4.0
Long term training in vocation. private institution	18	7.0	12	6.7	5	7.6	35	7.0
Apprenticeship	103	40.1	51	28.3	8	12.1	162	32.2
Short term training courses	15	5.8	16	8.9	4	6.1	35	7.0
No training (by oneself, with friends...)	121	47.1	88	48.9	41	62.1	250	49.7
Other	0	0.0	1	0.6	0	0.0	1	0.2
Total	257	100.0	180	100.0	66	100.0	503	100.0

Table 36
Characteristics of Former Apprentices, in Garment and Metal

Has been apprentice:	No		Yes		Total	
	No.	%	No.	%	No.	%
<i>Gender</i>						
Males	86	47.8	94	52.2	180	100.0
Females	97	71.9	38	28.1	135	100.0
<i>Age</i>						
Under 35	62	54.9	51	45.1	113	100.0
36-42	70	57.4	52	42.6	122	100.0
Over 42	51	63.8	29	36.3	80	100.0
<i>Family background</i>						
Farmers' family	68	46.6	78	53.4	146	100.0
Other	110	67.9	52	32.1	162	100.0
<i>Education</i>						
Prathom 4 or less	74	47.4	82	52.6	156	100.0
Comp.primary or lower secondary.	76	63.9	43	36.1	119	100.0
Upper secondary. & over	33	82.5	7	17.5	40	100.0

52% of males have been apprentices (28% of females); 45% of entrepreneurs aged under 35 have been apprentices; 53% of entrepreneurs from farmers' families have been apprentices (35% of other Family Background)...

Table 37
Percentage of Entrepreneurs who had Additional Training, by Activity and Age Category

	Garment	Metal	Restaurants	Total
Under 35	6.0	8.7	5.2	6.4
36-42	17.6	2.1	1.9	8.6
Over 42	14.3	0.0	2.6	5.1
Total	12.6	3.8	3.2	6.8

12.6% of all entrepreneurs (6% of younger, 14.3% of elders) in garment industries had additional training, besides basic training...

Needs of Training

Table 38
Percentage of Entrepreneurs who Need Further Training, by Age and Activity

	Garment	Metal	Restaurants	Total
Under 35	52.2	43.5	8.6	35.1
36-42	24.3	18.8	11.5	19.0
Over 42	19.0	10.5	3.8	9.5
Total	33.3	25.0	7.4	21.5

Table 39
Needs of Training by Level of Education (garment and metal)

	Prathom 4 or less		Comp.primary or lower sec		Upper sec & over		Total	
	No.	%	No.	%	No.	%	No.	%
<i>No need of training</i>	111	71.2	83	69.7	27	67.5	221	70.2
Technical basic Skills	3	6.7	7	19.4	1	7.7	11	11.7
Using and repair. machines	1	2.2	3	8.3	1	7.7	5	5.3
Management of the enterpr.	7	15.6	1	2.8	3	23.1	11	11.7
Marketing.	2	4.4	4	11.1	2	15.4	8	8.5
Designing new products	30	66.7	17	47.2	5	38.5	52	55.3
Other*	2	4.4	4	11.1	1	7.7	7	7.4
Total	45	100.0	36	100.0	13	100.0	94	100.0

*accounting, english, computer. Read as so: 111 entrepreneurs with a level of education not over prathom 4 do not need training. Among the 45 who need training, 3 (6.7%) need a technical training.

Table 40
Needs of Training by Size of Enterprise (garment and metal)

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
<i>No need of training</i>	44@@@	71.0	105	70.9	72	68.6	221	70.2
Technical basic Skills	1	5.6	7	16.3	3	9.1	11	11.7
Using and repair. machines	1	5.6	2	4.7	2	6.1	5	5.3
Management of the enterpr.	0	0.0	4	9.3	7	21.2	11	11.7
Marketing	1	5.6	2	4.7	5	15.2	8	8.5
Designing new products	14	77.8	23	53.5	15	45.5	52	55.3
Other*	1	5.6	5	11.6	1	3.0	7	7.4
Total	18	100.0	43	100.0	33	100.0	94	100.0

*accounting, english, computer.

Opinion on Training

Table 41
Most Useful Experience for Skill Acquisition by Level of Education

	Prathom 4 or less		Comp.primary or lower sec.		Upper sec & over		Total	
	No.	%	No.	%	No.	%	No.	%
School	1	0.5	4	2.6	3	5.1	8	2.0
Training institution	12	6.3	4	2.6	1	1.7	17	4.2
Apprenticeship	43	22.4	17	11.3	5	8.5	65	16.2
Friends or relatives	10	5.2	3	2.0	5	8.5	18	4.5
On the job	122	63.5	120	79.5	45	76.3	287	71.4
Other	4	2.1	3	2.0	0	0.0	7	1.7
Total	192	100.0	151	100.0	59	100.0	402	100.0

Table 42
Most Useful Experience for Skill Acquisition, by Kind of Training

	Vocational school		Long training in vocational private agencies		Apprenticeship		Short term training courses		No training (by oneself...)		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
School (incl. vocational)	4	20.0	2	5.9	1	0.7	1	2.9	0	0.0	8	2.0
Training institution	1	5.0	10	29.4	1	0.7	5	14.3	0	0.0	17	4.2
Apprenticeship	1	5.0	2	5.9	52	34.2	7	20.0	3	1.9	65	16.2
Short training courses	0	0.0	1	2.9	0	0.0	0	0.0	1	0.6	2	0.5
Friends or relatives	0	0.0	0	0.0	0	0.0	1	2.9	17	10.6	18	4.5
On the job	13	65.0	17	50.0	97	63.8	21	60.0	139	86.3	287	71.4
Overall experience	1	5.0	2	5.9	1	0.7	0	0.0	0	0.0	4	1.0
Other	0	0.0	0	0.0	0	0.0	0	0.0	1	0.6	1	0.2
Total	20	100.0	34	100.0	152	100.0	35	100.0	161	100.0	402	100.0

Table 43
Most Useful Experience for Skill Acquisition, by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
School (incl. vocational)	5	2.7	2	1.6	1	1.1	8	2.0
Training institution	17	9.3	0	0.0	0	0.0	17	4.2
Apprenticeship	32	17.6	24	18.8	9	9.8	65	16.2
Short training courses	1	0.5	0	0.0	1	1.1	2	0.5
Friends or relatives	7	3.8	3	2.3	8	8.7	18	4.5
On the job	117	64.3	98	76.6	72	78.3	287	71.4
Overall experience	3	1.6	0	0.0	1	1.1	4	1.0
Other	0	0.0	1	0.8	0	0.0	1	0.2
Total	182	100.0	128	100.0	92	100.0	402	100.0

C- Access to the Position of Entrepreneur

Table 44
Reasons for Choosing the Activity, by Age Category

	Under 35 years		36-42 years		Over 42 years		Total	
	No.	%	No.	%	No.	%	No.	%
Activity of my parents/family	21	12.4	19	11.0	17	10.8	57	11.4
Easy to find work	4	2.4	9	5.2	12	7.6	25	5.0
No need difficult training	10	5.9	10	5.8	7	4.5	27	5.4
You can earn a lot in this activ.	17	10.0	11	6.4	12	7.6	40	8.0
I have special Skill	84	49.4	78	45.1	58	36.9	220	44.0
I have friends in this trade	5	2.9	7	4.0	4	2.5	16	3.2
No choice	23	13.5	35	20.2	42	26.8	100	20.0
Other	6	3.5	3	1.7	5	3.2	14	2.8
Total	170	100.0	173	100.0	157	100.0	500	100.0

Table 45
Reasons for Choosing the Activity, by Gender and Activity

	Garment				Metal				Restaurants			
	Males		Females		Males		Females		Males		Females	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Activity of my family	4	6.7	4	3.3	17	14.2	5	41.7	10	21.3	0	0.0
Easy to find work	1	1.7	5	4.2	3	2.5	1	8.3	2	4.3	17	12.7
No need difficult training	2	3.3	8	6.7	3	2.5	0	0.0	3	6.4	13	9.7
You can earn a lot	2	3.3	3	2.5	6	5.0	2	16.7	7	14.9	11	8.2
I have special Skill	37	61.7	77	64.2	66	55.0	2	16.7	7	14.9	20	14.9
I have friends in this trade	3	5.0	1	0.8	7	5.8	0	0.0	3	6.4	31	23.1
No choice	10	16.7	22	18.3	14	11.7	2	16.7	12	25.5	2	1.5
Other	1	1.7	2	1.7	4	3.3	0	0.0	3	6.4	40	29.9
Total	60	100.0	120	100.0	120	100.0	12	100.0	47	100.0	134	100.0

Table 46
Reasons for Choosing the Activity, by Family Background

Family background	Farming		Commerce		Other		Total	
	No.	%	No.	%	No.	%	No.	%
Activity of my family	4	1.8	32	16.4	20	28.2	56	11.4
Easy to find work	9	4.1	10	5.1	5	7.0	24	5.0
No need difficult training	14	6.3	9	4.6	4	5.6	27	5.4
You can earn a lot	20	9.0	10	5.1	8	11.3	38	8.0
I have special Skill	105	47.3	92	47.2	19	26.8	216	44.0
I have friends in this trade	9	4.1	3	1.5	3	4.2	15	3.2
No choice	52	23.4	36	18.5	9	12.7	97	20.0
Other	9	4.1	3	1.5	3	4.2	15	3.0
Total	222	100.0	195	100.0	71	100.0	500	100.0

Table 47
Reasons for Settling as an Entrepreneur, by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Inheritance, parents'business	3	1.7	16	12.2	16	16.3	35	8.5
Sponsored by relatives/friends	12	6.6	14	10.7	5	5.1	31	7.6
I don't want to depend on anybody	77	42.5	38	29.0	39	39.8	154	37.6
It's a way to earn more	32	17.7	22	16.8	25	25.5	79	19.3
Opportunity from a previous job	47	26.0	37	28.2	7	7.1	91	22.2
No choice	5	2.8	2	1.5	3	3.1	10	2.4
Other	5	2.8	2	1.5	3	3.1	10	2.4
Total	181	100.0	131	100.0	98	100.0	410	100.0

Table 48
Reasons for Settling as an Entrepreneur, by Family Background

<i>Family background</i>	Farming		Commerce		Other		Total	
	No.	%	No.	%	No.	%	No.	%
Inheritance, parents'business	0	0.0	20	12.3	14	23.7	34	8.5
Sponsored by relatives/friends	13	7.3	11	6.8	6	10.2	30	7.6
I don't want to depend on anybody	74	41.3	57	35.2	20	33.9	151	37.6
It's a way to earn more	39	21.8	31	19.1	9	15.3	79	19.3
Opportunity from a previous job	42	23.5	36	22.2	8	13.6	86	22.2
No choice	5	2.8	3	1.9	2	3.4	10	2.4
Other	6	3.4	4	2.5	0	0.0	10	2.4
Total	179	100.0	162	100.0	59	100.0	410	100.0

II- Integration on the Goods Market

A- Origin of Supply and Customers

Supply of Raw Materials: All Activities

Table 49
Origin of Raw Materials by Size of Enterprise

	Self employed		2-5 people		6-10 people		Over 10 people		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Supply of raw materials										
1.by retail merchants	146	75.7	165	81.2	63	73.2	9	42.9	383	76.1
2.by wholesale merchants	41	21.3	50	24.6	22	25.6	7	33.3	120	23.8
3.by large industrial enterprises	2	1.6	5	2.7	6	7.0	3	14.3	16	3.9
4.by small industries	2	1.6	6	3.2	3	3.5	3	14.3	14	3.4
5.recycled or recuperated products	5	4.1	3	1.6	1	1.2	2	9.5	11	2.7
6.from farm or households	3	1.5	6	3.0	1	1.2	1	4.8	11	2.2

Total percentages of columns may be higher than 100 because of multiple answers. Lines 2 to 5 not asked to 90 streets restaurants. Supply from these sources only or often (see detailed results under).

Table 50
Frequency of Supply of Raw Materials by Retail Merchants, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Only	126	65.3	117	57.6	50	58.1	8	38.1	301	59.8
Often	20	10.4	48	23.6	13	15.1	1	4.8	82	16.3
Sometimes	7	3.6	3	1.5	3	3.5	0	0.0	13	2.6
Never	40	20.7	35	17.2	20	23.3	12	57.1	107	21.3
Total	193	100.0	203	100.0	86	100.0	21	100.0	503	100.0

Table 51
Frequency of Supply of Raw Materials by Wholesale Merchants, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Only	20	10.4	22	10.8	11	12.8	5	23.8	58	11.5
Often	21	10.9	28	13.8	11	12.8	2	9.5	62	12.3
Sometimes	7	3.6	16	7.9	2	2.3	2	9.5	27	5.4
Never	145	75.1	137	67.5	62	72.1	12	57.1	356	70.8
Total	193	100.0	203	100.0	86	100.0	21	100.0	503	100.0

Table 52

Frequency of Supply of Raw Materials by Large Industrial Enterprises, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Only	1	0.8	2	1.1	5	5.8	1	4.8	9	2.2
Often	1	0.8	3	1.6	1	1.2	2	9.5	7	1.7
Sometimes	1	0.8	0	0.0	1	1.2	0	0.0	2	0.5
Never	119	97.5	179	97.3	79	91.9	18	85.7	395	95.6
Total	122	100.0	184	100.0	86	100.0	21	100.0	413	100.0

Not asked to 90 street restaurants

Table 53

Frequency of Supply of Raw Materials by Small Industries, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Only	1	0.8	3	1.6	3	3.5	0	0.0	7	1.7
Often	1	0.8	3	1.6	0	0.0	3	14.3	7	1.7
Sometimes	1	0.8	2	1.1	3	3.5	0	0.0	6	1.5
Never	119	97.5	176	95.7	80	93.0	18	85.7	393	95.2
Total	122	100.0	184	100.0	86	100.0	21	100.0	413	100.0

Not asked to 90 street restaurants

Table 54

Frequency of Supply of Raw Materials from Recycled or Recuperated Products, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Only	4	3.3	3	1.6	0	0.0	0	0.0	7	1.7
Often	3	2.5	2	1.1	1	1.2	0	0.0	6	1.5
Sometimes	2	1.6	1	0.5	0	0.0	2	9.5	5	1.2
Never	113	92.6	178	96.7	85	98.8	19	90.5	395	95.6
Total	122	100.0	184	100.0	86	100.0	21	100.0	413	100.0

Not asked to 90 street restaurants

Table 55

Frequency of Supply of Raw Materials Directly from Farms or Households, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Only	1	0.5	0	0.0	0	0.0	1	4.8	2	0.4
Often	2	1.0	6	3.0	1	1.2	0	0.0	9	1.8
Sometimes	1	0.5	2	1.0	0	0.0	0	0.0	3	0.6
Never	189	97.9	195	96.1	85	98.8	20	95.2	489	97.2
Total	193	100.0	203	100.0	86	100.0	21	100.0	503	100.0

Supply of Raw Materials, by Activity

Table 56
Garment - Origin of Raw Materials by Size of Enterprise

	Self employed		2-5 people		over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Large industrial enterprises	0	0.0	2	2.2	4	8.7	6	3.3
Small industries	0	0.0	1	1.1	2	4.3	3	1.6
Retail merchants	37	80.4	79	86.8	36	78.3	152	83.1
Wholesale merchants	10	21.7	21	23.1	10	21.7	41	22.4
Farm or households	1	2.2	0	0.0	0	0.0	1	0.5
Recycled or recuperated prod.	1	2.2	1	1.1	0	0.0	2	1.1

For each line, percentage of all enterprises which buy raw materials only or often. So multiple answers may occur and make total percentage over 100.

Table 57
Metal - Origin of Raw Materials by Size of Enterprise

	Self employed		2-5 people		over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Large industrial enterprises	1	6.3	3	5.3	5	8.5	9	6.8
Small industries	1	6.3	4	7.0	4	6.8	9	6.8
Retail merchants	8	50.0	39	68.4	32	54.2	79	59.8
Wholesale merchants	1	6.3	18	31.6	20	33.9	39	29.5
Farm or households	0	0.0	1	1.8	1	1.7	2	1.5
Recycled or recuperated prod.	4	25.0	3	5.3	1	1.7	8	6.1

For each line, percentage of all enterprises which buy raw materials only or often. So multiple answers may occur and make total percentage over 100.

Table 58
Restaurants - Origin of Raw Materials by Size of Enterprise

	Self employed		2-5 people		over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Large industrial enterprises	0	0.0	1	1.7	0	0.0	1	1.0
Small industries	0	0.0	2	3.4	0	0.0	2	2.0
Retail merchants	74	73.3	70	89.7	8	88.9	152	80.9
Wholesale merchants	23	22.8	16	20.5	1	11.1	40	21.3
Farm or households	1	1.0	8	10.3	0	0.0	9	4.8
Recycled or recuperated prod.	0	0.0	3	5.1	0	0.0	3	3.1

For each line, percentage of all enterprises which buy raw materials only or often. So multiple answers may occur and make total percentage over 100.

Customers and Contractors: All Activities

Table 59
Usual Customers, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Households	113	92.6	149	81.0	46	53.5	8	38.1	316	76.5
Retail salers	2	1.6	9	4.9	12	14.0	2	9.5	25	6.1
Processing industries	4	3.3	12	6.5	11	12.8	4	19.0	31	7.5
Wholesalers	3	2.5	14	7.6	16	18.6	7	33.3	40	9.7
Total	122	100.0	184	100.0	85	100.0	21	100.0	412	100.0

Table 60
Proportion of Enterprises Engaged in Subcontracts by Number of Workers, in Garment and Metal

	Garment		Metal		Total	
	No.	%	No.	%	No.	%
0 to 2 workers	11	9.4	10	20.8	21	12.7
More than 2 workers	31	47.0	33	39.3	64	42.7
Total	42	23.0	43	32.6	85	27.0

Table 61
Who are the Contractors, in Garment and Metal industries

	Garment		Metal		Total	
	No.	%	No.	%	No.	%
Big enterprise of the same industry	4	9.5	3	7.0	7	8.2
Big enterprise of another industry	2	4.8	12	27.9	14	16.5
Small enterprise already on subcontract	6	14.3	10	23.3	16	18.8
Licensed traders	2	4.8	3	7.0	5	5.9
Department stores	5	11.9	0	0.0	5	5.9
Retailers	14	33.3	5	11.6	19	22.4
Middlemen	7	16.7	8	18.6	15	17.6
Others	2	4.8	2	4.7	4	4.7
Total	42	100.0	43	100.0	85	100.0

Customers, by Activity

Table 62
Garment - Usual Customers by Size of Enterprise

	Self employed		2-5 people		over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Households	42	91.3	78	85.7	10	21.7	130	71.0
Retail salers	1	2.2	5	5.5	12	26.1	18	9.8
Processing industries	0	0.0	2	2.2	6	13.0	8	4.4
Wholesalers	3	6.5	6	6.6	18	39.1	27	14.8
Total	46	100.0	91	100.0	46	100.0	183	100.0

Table 63
Metal - Usual Customers by Size of Enterprise

	Self employed		2-5 people		over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Households	11	68.8	37	64.9	40	67.8	88	66.7
Retail salers	1	6.3	4	7.0	2	3.4	7	5.3
Processing industries	4	25.0	10	17.5	9	15.3	23	17.4
Wholesalers	0	0.0	6	10.5	7	11.9	13	9.8
Other (inc Government)	0	0.0	0	0.0	1	1.7	1	0.8
Total	16	100.0	57	100.0	59	100.0	132	100.0

Restaurants: 100% of customers of restaurants of all sizes are households.

B- Constraints on Selling Production

All Activities

Table 64
Constraints on Selling Production by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
No problem	61	68.5	156	77.2	61	68.5	11	50.0	289	71.9
Lack of demand	11	12.4	8	4.0	8	9.0	0	0.0	27	6.7
Unstable demand	8	9.0	8	4.0	8	9.0	5	22.7	29	7.2
Stiff competition	7	7.9	28	13.9	8	9.0	5	22.7	48	11.9
Other	2	2.2	2	1.0	4	4.5	1	4.5	9	2.2
Total	89	100.0	202	100.0	89	100.0	22	100.0	402	100.0

Not asked to 90 street restaurants; 10 missing values.

Following tables take in account only those who have problems in selling their productions.

Table 65
Constraints on Selling Production by Kind of Customers

	Households		Retail salers		Processing industries		Wholesalers		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Lack of demand	20	25.0	2	33.3	2	16.7	3	20.0	27	23.9
Unstable demand	16	20.0	2	33.3	6	50.0	5	33.3	29	25.7
Stiff competition	37	46.3	2	33.3	4	33.3	5	33.3	48	42.5
Other	7	8.8	0	0.0	0	0.0	2	13.3	9	8.0
Total	80	100.0	6	100.0	12	100.0	15	100.0	113	100.0

By Activity

Table 66

Garment - Constraints on Selling Production by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of demand	7	70.0	2	20.0	1	6.3	10	27.8
Unstable demand	0	0.0	3	30.0	6	37.5	9	25.0
Stiff competition	2	20.0	4	40.0	6	37.5	12	33.3
Other	1	10.0	1	10.0	3	18.8	5	13.9
Total	10	100.0	10	100.0	16	100.0	36	100.0

Table 67

Garment - Constraints on Selling Production by Kind of Customers

	Households		Retail salers		Processing industries		Wholesalers		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Lack of demand	8	42.1	1	33.3	0	0.0	1	9.1	10	27.8
Unstable demand	1	5.3	2	66.7	1	33.3	5	45.5	9	25.0
Stiff competition	7	36.8	0	0.0	2	66.7	3	27.3	12	33.3
Other	3	15.8	0	0.0	0	0.0	2	18.2	5	13.9
Total	19	100.0	3	100.0	3	100.0	11	100.0	36	100.0

Table 68

Metal - Constraints on Selling Production by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of demand	1	20.0	1	5.0	5	25.0	7	15.6
Unstable demand	3	60.0	5	25.0	7	35.0	15	33.3
Stiff competition	0	0.0	14	70.0	6	30.0	20	44.4
Other	1	20.0	0	0.0	2	10.0	3	6.7
Total	5	100.0	20	100.0	20	100.0	45	100.0

Table 69

Metal - Constraints on Selling Production by Kind of Customers

	Households		Retail salers		Processing industries		Wholesalers		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Lack of demand	2	6.9	1	33.3	2	22.2	2	50.0	7	15.6
Unstable demand	10	34.5	0	0.0	5	55.6	0	0.0	15	33.3
Stiff competition	14	48.3	2	66.7	2	22.2	2	50.0	20	44.4
Other	3	10.3	0	0.0	0	0.0	0	0.0	3	6.7
Total	29	100.0	3	100.0	9	100.0	4	100.0	45	100.0

Table 70
Restaurants - Constraints on Selling Production by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of demand	3	23.1	5	31.3	2	66.7	10	31.3
Unstable demand	5	38.5	0	0.0	0	0.0	5	15.6
Stiff competition	5	38.5	10	62.5	1	33.3	16	50.0
Other	0	0.0	1	6.3	0	0.0	1	3.1
Total	13	100.0	16	100.0	3	100.0	32	100.0

C- Constraints due to Administration

All Activities

Table 71
Percentage of Entrepreneurs Complaining about Restrictions due to Administration by Activity and Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
All	51	31.3	127	56.2	67	58.8	245	48.7
Garment	14	30.4	43	47.3	18	39.1	75	41.0
Metal	6	37.5	38	66.7	42	71.2	86	65.2
Restaurants	31	30.7	46	59.0	7	77.8	84	44.7

In the following tables, the percentage are calculated out of those who have complained about constraints due to administration, i.e. line "have constraints" above.

Table 72
Restrictions due to the Administration by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Restrictions related to:								
Technical standards	6	3.3	7	5.3	29	15.4	42	8.3
Quality standards	4	2.2	6	4.5	45	23.9	55	10.9
Hygienic standards	12	6.6	19	14.4	62	32.9	93	18.5
Restrictions on locations	6	3.3	25	18.9	25	13.3	56	11.1
Administrative or fiscal requirements on imports	6	3.3	4	3.0	2	1.1	12	2.4
Price control	2	1.1	3	2.3	5	2.7	10	2.0
Taxation in general	61	33.3	63	47.7	38	20.2	162	32.2

Table 73
Restrictions due to the Administration, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Restrictions related to:										
Technical standards	11	21.6	19	15.0	9	17.0	3	21.4	42	17.1
Quality standards	19	37.3	25	19.7	8	15.1	3	21.4	55	22.4
Hygienic standards	28	54.9	44	34.6	15	28.3	6	42.9	93	38.0
Restrictions on locations	11	21.6	30	23.6	10	18.9	5	35.7	56	22.9
Requirements on imports	0	0.0	5	3.9	7	13.2	0	0.0	12	4.9
Price control	0	0.0	7	5.5	2	3.8	1	7.1	10	4.1
Taxation in general	27	52.9	88	69.3	36	67.9	11	78.6	162	66.1

Table 74
Frequency of Inspections, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
No answer	2	3.9	5	3.9	2	3.8	1	7.1	10	4.1
At least once a week	1	2.0	1	0.8	0	0.0	0	0.0	2	0.8
At least once a month	3	5.9	8	6.3	2	3.8	0	0.0	13	5.3
At least once a year	39	76.5	93	73.2	44	83.0	9	64.3	185	75.5
Less than once a year	6	11.8	20	15.7	5	9.4	4	28.6	35	14.3
Total	51	100.0	127	100.0	53	100.0	14	100.0	245	100.0

Table 75
Frequency of Penalty for non Compliance with Standards related to Production, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Fine	4	7.8	16	12.6	5	9.4	1	7.1	26	10.6
Confiscation of materials or products	0	0.0	0	0.0	1	1.9	0	0.0	1	0.4

By Activity

Table 76

Garment - Restrictions Imposed by the Authorities by Size of Enterprise

Restrictions related to:	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Technical standards	1	7.1	1	2.3	4	22.2	6	8.0
Quality standards	1	7.1	0	0.0	3	16.7	4	5.3
Hygienic standards	2	14.3	5	11.6	5	27.8	12	16.0
Restrictions on locations	0	0.0	4	9.3	2	11.1	6	8.0
Requirements on imports	0	0.0	3	7.0	3	16.7	6	8.0
Price control	0	0.0	2	4.7	0	0.0	2	2.7
Taxation in general	13	92.9	35	81.4	13	72.2	61	81.3

Table 77

Garment - Frequency of Inspections for non Compliance to Standards, by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
No answer	0	0.0	3	7.0	0	0.0	3	4.0
At least once a month	0	0.0	1	2.3	0	0.0	1	1.3
At least once a year	12	85.7	34	79.1	14	77.8	60	80.0
Less than once a year	2	14.3	5	11.6	4	22.2	11	14.7
Total	14	100.0	43	100.0	18	100.0	75	100.0

% for those who experience administrative or regulatory restrictions related to production or marketing

Table 78

Metal - Restrictions Imposed by the Authorities by Size of Enterprise

Restrictions related to:	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Technical standards	0	0.0	4	10.5	3	7.1	7	8.1
Quality standards	0	0.0	4	10.5	2	4.8	6	7.0
Hygienic standards	2	33.3	6	15.8	11	26.2	19	22.1
Restrictions on locations	3	50.9	11	28.9	11	26.2	25	29.1
Requirements on imports	0	0.0	1	2.6	3	7.1	4	4.7
Price control	0	0.0	1	2.6	2	4.8	3	3.5
Taxation in general	3	50.0	29	76.3	31	73.8	63	73.3

Table 79

Metal - Frequency of Inspections for non Compliance to Standards, by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
No answer	0	0.0	0	0.0	2	4.8	2	2.3
At least once a month	0	0.0	2	5.3	1	2.4	3	3.5
At least once a year	4	66.7	29	76.3	34	81.0	67	77.9
Less than once a year	2	33.3	7	18.4	5	11.9	14	16.3
Total	6	100.0	38	100.0	42	100.0	86	100.0

% for those who experience administrative or regulatory restrictions related to production or marketing

Table 80

Restaurants - Restrictions Imposed by the Authorities by Size of Enterprise

Restrictions related to:	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Technical standards	10	32.3	14	30.4	5	71.4	29	34.5
Quality standards	18	58.1	21	45.7	6	85.7	45	53.6
Hygienic standards	24	77.4	33	71.7	5	71.4	62	73.8
Restrictions on locations	8	25.8	15	32.6	2	28.6	25	29.8
Requirements on imports	0	0.0	1	2.2	1	14.3	2	2.4
Price control	0	0.0	4	8.7	1	14.3	5	6.0
Taxation in general	11	35.5	24	52.2	3	42.9	38	45.2

Table 81

Restaurants - Frequency of Inspections for non Compliance to Standards, by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
No answer	2	6.5	2	4.3	1	14.3	5	6.0
At least once a week	1	3.2	1	2.2	0	0.0	2	2.4
At least once a month	3	9.7	5	10.9	1	14.3	9	10.7
At least once a year	23	74.2	30	65.2	5	71.4	58	69.0
Less than once a year	2	6.5	8	17.4	0	0.0	10	11.9
Total	31	100.0	46	100.0	7	100.0	84	100.0

% for those who experience administrative or regulatory restrictions related to production or marketing

D- Participation to Public Contracts

All Activities

Table 82

Participation in Public Contracts, by Size of Enterprise

	Self employed		2-5 people		6-10 people		Over 10 people		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Never had public contracts	157	96.3	206	91.2	75	82.4	18	78.3	503	90.7
1- As an individual	5	5.4	13	6.3	13	14.3	5	21.7	36	8.7
2- With enterprises doing the same work	0	0.0	3	1.4	3	3.3	0	0.0	6	1.5
3- With enterprises in complementary activity	1	1.1	3	1.4	1	1.1	0	0.0	5	1.2
4- Under subcontract of a contractor	2	2.2	5	2.4	3	3.3	1	4.3	11	2.7

Multiple answers

Table 83

Reasons for not Participating in Public Contracts, by Size of Enterprise

	Self employed		2-5 people		6-10 people		Over 10 people		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Lack of information about public proposals	25	27.2	45	21.7	25	27.5	6	26.1	101	24.5
Illegal status or not in order	67	72.8	134	64.7	35	38.5	8	34.8	244	59.1
Safety, hygiene or quality standards too strict	10	10.9	21	10.1	16	17.6	1	4.3	48	11.6
Lack of connections in administration	33	35.9	63	30.4	33	36.3	9	39.1	138	33.4
Procedures too complex	32	34.8	79	38.2	38	41.8	10	43.5	159	38.5
Payment too long	25	27.2	70	33.8	33	36.3	10	43.5	138	33.4
Order too big	29	31.5	51	24.6	15	16.5	1	4.3	96	23.2
Deadline too short	25	27.2	45	21.7	18	19.8	2	8.7	90	21.8

Multiple answers

By Activity

Table 84

Number of Enterprises Having already Participated to Public Contracts, by Size and Activity

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Garment	1	2.2	5	5.5	1	2.2	7	3.8
Metal	3	18.8	13	22.8	19	32.2	35	26.5
Restaurants	2	6.7	2	3.4	1	11.1	5	5.1
Total	6	6.5	20	9.7	21	19.0	47	11.4

Table 85
Garment - Participation in Public Contracts, by Size of Enterprise (% of all Enterprises)

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
As an individual	1	2.2	4	4.4	1	2.2	6	3.3
With enterprises doing the same work	0	0.0	1	1.1	0	0.0	1	0.5

Table 86
Garment - Reasons for not Participating in Public Contracts, by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of information about public proposals	15	32.6	27	29.7	19	41.3	61	33.3
Illegal status or not in order	37	80.4	65	71.4	23	50.0	125	68.3
Safety, hygiene or quality standards too strict	6	13.0	8	8.8	9	19.6	23	12.6
Lack of connections in administration	18	39.1	32	35.2	22	47.8	72	39.3
Administrative procedures too complex	17	37.0	39	42.9	26	56.5	82	44.8
Payment by public agencies too long	16	34.8	39	42.9	23	50.0	78	42.6
Order too big	22	47.8	36	39.6	8	17.4	66	36.1
Deadlines too short	18	39.1	32	35.2	13	28.3	63	34.4

Multiple answers

Table 87
Metal - Participation in Public Contracts, by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
As an individual	2	12.5	7	12.3	16	27.1	25	18.9
With enterprises doing the same work	0	0.0	2	3.5	3	5.1	5	3.8
With enterprises in complementary Activity	1	6.3	3	5.3	1	1.7	5	3.8
Under subcontract of a contractor	2	12.5	5	8.8	4	6.8	11	8.3

Multiple answers

Table 88
Metal - Reasons for not Participating in Public Contracts, by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of information about public proposals	4	25.0	5	8.8	9	15.3	18	13.6
Illegal status or not in order	8	50.0	30	52.6	18	30.5	56	42.4
Safety, hygiene or quality standards too strict	0	0.0	3	5.3	5	8.5	8	6.1
Lack of connections in administration	5	31.3	11	19.3	15	25.4	31	23.5
Administrative procedures too complex	8	50.0	16	28.1	20	33.9	44	33.3
Payment by public agencies too long	6	37.5	14	24.6	19	32.2	39	29.5
Order too big	3	18.8	8	14.0	7	11.9	18	13.6
Deadline too short	4	25.0	8	14.0	7	11.9	19	14.4

Multiple answers

In restaurants, the 5 enterprises having already participated in public contracts all did it as individual.

Table 89
Restaurants - Reasons for not Participating in Public Contracts, by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of information about public proposals	6	20.0	13	22.0	3	33.3	22	22.4
Illegal status or not in order	22	73.3	39	66.1	2	22.2	63	64.3
Safety, hygiene or quality standards too strict	4	13.3	10	16.9	3	33.3	17	17.3
Lack of connections in administration	10	33.3	20	33.9	5	55.6	35	35.7
Administrative procedures too complex	7	23.3	24	40.7	2	22.2	33	33.7
Payment by public agencies too long	3	10.0	17	28.8	1	11.1	21	21.4
Order too big	4	13.3	7	11.9	1	11.1	12	12.2
Deadline too short	3	10.0	5	8.5	0	0.0	8	8.2

Multiple answers

III- Integration on the Labour Market

A- Employment and Salaries

1. Structure of Employment

Table 90
Total Employment

	Garment		Metal		Restaur.	
	All	Empl.	All	Empl.	All	Empl.
Average	4.0	2.8	5.4	4.2	2.0	0.9
Stand.dev.	3.3	3.1	3.4	3.4	1.6	1.6
Maximum	14	13	19	18	11	10
Median	3	2	5	4	1	0

col 1 (all): including owner and spouse; col 2 (Empl.) : workers, including family helpers, but not owner and spouse

Table 91
Distribution of Enterprises by Number of Employees and by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Self employed	46	25.1	16	12.1	101	53.7	163	32.4
2-5 people	91	49.7	57	43.2	78	41.5	226	44.9
6-10 people	35	19.1	48	36.4	8	4.3	91	18.1
Over 10 people	11	6.0	11	8.3	1	0.5	23	4.6
Total	183	100.0	132	100.0	188	100.0	503	100.0

Table 92
Average Number of Different Categories of Workers by Activity

	Garment	Metal	Restaur.	Total
Owner and spouse	1.3	1.2	1.2	1.2
Family helpers	0.1	0.1	0.4	0.2
Apprentices	0.7	1.6	0.0	0.7
Wage workers	2.0	2.6	0.5	1.6
Total	4.0	5.4	2.0	3.6

Table 93
Average Composition of Manpower by Activity

	Garment	Metal	Restaur.	Total
Owner and spouse	31.1	21.4	57.1	32.8
Family helpers	3.4	1.4	17.8	5.6
Apprentices	16.5	29.8	0.5	18.4
Wage workers	49.0	47.3	24.6	43.3
Total	100.0	100.0	100.0	100.0

(in % of whole employment)

Table 94
Distribution of Enterprises by Position of Spouse and Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
No spouse	45	24.6	27	20.5	24	24.5	96	23.2
Spouse work in enterprise.	47	25.7	21	15.9	30	30.6	98	23.7
Spouse does not work in ent.	91	49.7	84	63.6	44	44.9	219	53.0
Total	183	100.0	132	100.0	98	100.0	413	100.0

Not asked to 90 street restaurants

Table 95
Structure of Employment

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Owner alone	46	25.1	16	12.1	101	53.7	163	32.4
Owner with spouse only	14	7.7	0	0.0	16	8.5	30	6.0
Fam.help. & apprent. only	28	15.3	18	13.6	41	21.8	87	17.3
Wage-worker less than 50%	8	4.4	28	21.2	0	0.0	36	7.2
Wage-workers 50 to 99%	54	29.5	33	25.0	22	11.7	109	21.7
Only wage workers	33	18.0	37	28.0	8	4.3	78	15.5
Total	183	100.0	132	100.0	188	100.0	503	100.0

2. Salaries and Fringe Benefits

Table 96
Distribution of Enterprises by Location and Average Expense per Employee

	Bangkok		Upcountry		Total	
	No.	%	No.	%	No.	%
Less than 1500 B	14	9.7	11	10.4	25	10.0
1500-2500 B	43	29.9	50	47.2	93	37.2
2500-3500 B	40	27.8	32	30.2	72	28.8
3500-4500 B	24	16.7	8	7.5	32	12.8
4500-5500 B	13	9.0	4	3.8	17	6.8
Over 5500 B	10	6.9	1	0.9	11	4.4
Total	144	100.0	106	100.0	250	100.0

Table 97
Part of Food in Total Expense for Manpower, by Activity, in Bangkok and Upcountry

	Garment	Metal	Restaurants
Bangkok	15.8	13.8	27.5
Upcountry	14.1	16.8	44.8

Table 98
Percentage of Workers with Board and Lodging, by Activity and Size of Enterprise

	Garment	Metal	Restaurants
<i>Food</i>			
Less than 5 employees	49.4	69.3	61.0
Over 4 employees	83.9	58.8	90.7
<i>Lodging</i>			
Less than 5 employees	29.0	57.9	59.7
Over 4 employees	70.3	51.6	87.0

Table 99
Average Salaries and Food Expenses for Employees by Activity, in Bangkok and Upcountry

	Garment	Metal	Restaurants
<i>Average salaries</i>			
Bangkok	2582	3033	1600
Upcountry	2113	2180	1003
<i>Average food expenses</i>			
Bangkok	485	486	608
Upcountry	346	440	813

Baht per month

B- Agreement of Labour Regulations

All Activities

Table 100
Agreement with Labour Regulations by Kind of Regulation and Number of Workers

	1-2 workers		3-5 workers		over 5 workers		Total	
	No.	%	No.	%	No.	%	No.	%
safety and health regulations	66	73.3	61	73.5	71	86.6	198	77.6
workers' compensation fund	61	67.8	59	71.1	67	81.7	187	73.3
minimum wage	56	62.2	51	61.4	54	65.9	161	63.1
maximum working hours	55	61.1	49	59.0	54	65.9	158	62.0
redundancy payment	39	43.3	43	51.8	48	58.5	130	51.0

Hired workers, including apprentices but excluding owner and spouse, and family labour.

By Activity

Table 101

Agreement with Labour Regulations by Size of Enterprise - Garment

	2-5 Empl.		Over 5 Empl.		Total	
	No.	%	No.	%	No.	%
Minimum wage for employees	41	69.5	28	73.7	72	71.3
Maximum working hours	36	56.3	23	53.5	63	56.8
Workers' compensation fund	47	71.2	34	77.3	85	74.6
Safety and health regulations	48	73.8	38	88.4	90	80.4
Redundancy payment	26	44.8	24	58.5	53	51.5

Table 102

Agreement with Labour Regulations by Size of Enterprise - Metal

	2-5 Empl.		Over 5 Empl.		Total	
	No.	%	No.	%	No.	%
Minimum wage for employees	41	78.8	38	70.4	79	74.5
Maximum working hours	42	77.8	44	77.2	86	77.5
Workers' compensation fund	41	77.4	47	81.0	88	79.3
Safety and health regulations	43	81.1	48	82.8	91	82.0
Redundancy payment	29	61.7	36	69.2	65	65.7

Table 103

Agreement with Labour Regulations by Size of Enterprise - Restaurants

	2-5 Empl.		Over 5 Empl.		Total	
	No.	%	No.	%	No.	%
Minimum wage for employees	15	62.5	4	50.0	21	60.0
Maximum working hours	13	52.0	4	50.0	19	52.8
Workers' compensation fund	18	69.2	5	62.5	26	70.3
Safety and health regulations	21	75.0	5	62.5	29	74.4
Redundancy payment	14	58.3	4	50.0	21	60.0

C- Reasons for not Following Labour Regulations

All Activities

Table 104

Reasons for not Following Labour Regulations - All Enterprises

		Too costly	Proce- dures too complex	I dont know them	No inspec- tions	Empl. have oth advant	Not con- cerned	Other	No answer	Total
Maximum working hours	No.	2	4	2	6	5	27	20	21	87
	%	2.3	4.6	2.3	6.9	5.7	31.0	23.0	24.1	100.0
Minimum wage	No.	17	6	-	1	7	7	13	21	72
	%	23.6	8.3	-	1.4	9.7	9.7	18.1	29.2	100.0
Redundancy payment	No.	1	-	3	3	25	35	11	21	99
	%	1.0	-	3.0	3.0	25.3	35.4	11.1	21.2	100.0
Safety and health regulations	No.	1	-	-	1	17	9	2	21	51
	%	2.0	-	-	2.0	33.3	17.6	3.9	41.2	100.0
Workers' compensation fund	No.	1	1	-	3	23	10	4	21	63
	%	1.6	1.6	-	4.8	36.5	15.9	6.3	33.3	100.0

Table 105

Reasons for not Following Labour Regulations - Enterprises with 2 to 5 People

		Too costly	Proce- dures too complex	I dont know them	No inspec- tions	Empl. have oth advant	Not con- cerned	Other	No answer	Total
Maximum working hours	No.	2	3	1	2	4	10	14	15	51
	%	3.9	5.9	2.0	3.9	7.8	19.6	27.5	29.4	100.0
Minimum wage	No.	8	3	-	-	3	4	6	15	39
	%	20.5	7.7	-	-	7.7	10.3	15.4	38.5	100.0
Redundancy payment	No.	1	-	2	-	13	21	9	15	61
	%	1.6	-	3.3	-	21.3	34.4	14.8	24.6	100.0
Safety and health regulations	No.	-	-	-	-	11	7	1	15	34
	%	-	-	-	-	32.4	20.6	2.9	44.1	100.0
Workers' compensation fund	No.	-	1	-	-	14	6	3	15	39
	%	-	2.6	-	-	35.9	15.4	7.7	38.5	100.0

Table 106

Reasons for not Following Labour Regulations- Enterprises with over 5 people

		Too costly	Proce- dures too complex	I dont know them	No inspec- tions	Empl. have oth advant	Not con- cerned	Other	No answer	Total
Maximum working hours	No.	-	1	1	4	1	17	6	6	36
	%	-	2.8	2.8	11.1	2.8	47.2	16.7	16.7	100.0
Minimum wage	No.	9	2	-	1	4	3	6	6	31
	%	29.0	6.5	-	3.2	12.9	9.7	19.4	19.4	100.0
Redundancy payment	No.	-	-	1	3	12	14	1	6	37
	%	-	-	2.7	8.1	32.4	37.8	2.7	16.2	100.0
Safety and health regulations	No.	1	-	-	1	6	2	1	6	17
	%	5.9	-	-	5.9	35.3	11.8	5.9	35.3	100.0
Workers' compensation fund	No.	1	-	-	3	9	4	1	6	24
	%	4.2	-	-	12.5	37.5	16.7	4.2	25.0	100.0

By Activity

Table 107

Garment - Reasons for not Following Labour Regulations

		Too costly	Procedures too complex	I dont know them	No inspections	Empl. have other advantages	Not concerned	Other	No answer	Total
Maximum working hours	No.	1	1	1	4	1	19	10	11	48
	%	2.1	2.1	2.1	8.3	2.1	39.6	20.8	22.9	100.0
Minimum wage	No.	7	2	-	-	4	3	4	11	31
	%	22.6	6.5	-	-	12.9	9.7	12.9	35.5	100.0
Redundancy payment	No.	-	-	1	2	10	20	7	11	51
	%	-	-	2.0	4.0	19.6	39.2	13.7	21.6	100.0
Safety and health regulations	No.	-	-	-	-	-	5	6	11	22
	%	-	-	-	-	-	22.7	27.3	50.0	100.0
Workers' compensation fund	No.	1	-	-	2	8	7	1	11	30
	%	3.3	-	-	6.7	26.7	23.3	3.3	36.7	100.0

Table 108

Metal - Reasons for not Following Labour Regulations

		Too costly	Procedures too complex	I dont know them	No inspections	Empl. have other advantages	Not concerned	Other	No answer	Total
Maximum working hours	No.	-	1	-	2	4	6	5	6	24
	%	-	4.2	-	8.3	16.7	25.0	20.8	25.0	100.0
Minimum wage	No.	8	1	-	1	3	3	5	6	27
	%	29.6	3.7	-	3.7	11.1	11.1	18.5	22.2	100.0
Redundancy payment	No.	-	1	2	1	10	12	2	6	34
	%	-	2.9	5.9	2.9	29.4	35.3	5.9	17.6	100.0
Safety and health regulations	No.	1	-	-	1	9	1	1	6	19
	%	5.3	-	-	5.3	47.4	5.3	5.3	31.6	100.0
Workers' compensation fund	No.	1	-	-	1	11	2	1	6	22
	%	4.5	-	-	4.5	50.0	9.1	4.5	27.3	100.0

Table 109

Restaurants - Reasons for not Following Labour Regulations

		Too costly	Procedures too complex	I dont know them	No inspections	Empl. have other advantages	Not concerned	Other	No answer	Total
Maximum working hours	No.	1	2	1	-	-	2	5	4	15
	%	6.7	13.3	6.7	-	-	13.3	33.3	26.7	100.0
Minimum wage	No.	2	3	-	-	-	1	4	4	14
	%	14.3	21.4	-	-	-	7.1	28.6	28.6	100.0
Redundancy payment	No.	-	-	-	-	5	3	2	4	14
	%	-	-	-	-	35.7	21.4	14.3	28.6	100.0
Safety and health regulations	No.	-	-	-	-	3	2	1	4	10
	%	-	-	-	-	30.0	20.0	10.0	40.0	100.0
Workers' compensation fund	No.	-	-	-	-	4	1	2	4	11
	%	-	-	-	-	36.4	9.1	18.2	36.4	100.0

D- Interventions and Opinions on the Labour Market

1. Recruiting and Selecting Employees

Table 110
Recruitment of Employees by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Through friends/relatives (or employees)	62	55.4	48	42.9	26	74.3	136	52.5
Through middlemen	0	0.0	2	1.8	0	0.0	2	0.8
Advertisement	30	26.8	26	23.2	5	14.3	61	23.6
They come here	18	16.1	35	31.3	2	5.7	55	21.2
Through official agencies	0	0.0	0	0.0	1	2.9	1	0.4
Other	2	1.8	1	0.9	1	2.9	4	1.5
Total	112	100.0	112	100.0	35	100.0	259	100.0

Table 111
Recruitment of Employees by Size of Enterprise

	2-5 people		6-10 people		Over 10 people		Total	
	No.	%	No.	%	No.	%	No.	%
Through friends/relatives (or employees)	81	55.9	44	50.6	9	39.1	136	52.5
Through middlemen	0	0.0	2	2.3	0	0.0	2	0.8
Advertisement	32	22.1	21	24.1	7	30.4	61	23.6
They come here	29	20.0	19	21.8	7	30.4	55	21.2
Through official agencies	1	0.7	0	0.0	0	0.0	1	0.4
Other	2	1.4	1	1.1	0	0.0	4	1.5
Total	145	100.0	87	100.0	23	100.0	259	100.0

Table 112
Main Criteria to Select Employees by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Level of education	2	1.8	1	0.9	1	2.9	4	1.5
Kinship (or same origin)	19	16.8	8	7.1	13	37.1	40	15.4
Skill	69	61.1	71	63.4	5	14.3	145	55.8
Experience	13	11.5	21	18.8	6	17.1	40	15.4
Trustworthiness	9	8.0	9	8.0	9	25.7	27	10.4
Other	1	0.9	2	1.8	1	2.9	4	1.5
Total	113	100.0	112	100.0	35	100.0	260	100.0

Table 113
Main Criteria to Select Employees by Size of Enterprise

	2-5 people		6-10 people		Over 10 people		Total	
	No.	%	No.	%	No.	%	No.	%
Level of education	2	1.4	2	2.3	0	0.0	4	1.5
Kinship (or same origin)	30	20.7	8	9.1	1	4.3	40	15.4
Skill	77	53.1	55	62.5	11	47.8	145	55.8
Experience	19	13.1	15	17.0	6	26.1	40	15.4
Trustworthiness	13	9.0	8	9.1	5	21.7	27	10.4
Other	4	2.8	0	0.0	0	0.0	4	1.5
Total	145	100.0	88	100.0	23	100.0	260	100.0

2. Problems with the Labour Force

Table 114
Problems in Finding Employees by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of labour force	17	15.2	19	17.0	8	23.5	44	17.1
They migrate to other places	9	8.0	18	16.1	2	5.9	29	11.2
Lack of skilled labour force	22	19.6	20	17.9	0	0.0	42	16.3
They ask too much money	1	0.9	3	2.7	2	5.9	6	2.3
Other	1	0.9	2	1.8	0	0.0	3	1.2
No problem	62	55.4	50	44.6	22	64.7	134	51.9
Total	112	100.0	112	100.0	34	100.0	258	100.0

Table 115
Problems in Finding Employees by Size of Enterprise

	2-5 people		6-10 people		Over 10 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of labour force	23	15.9	17	19.3	4	17.4	44	17.1
They migrate to other places	12	8.3	13	14.8	4	17.4	29	11.2
Lack of skilled labour force	24	16.6	13	14.8	3	13.0	42	16.3
They ask too much money	3	2.1	2	2.3	1	4.3	6	2.3
Other	1	0.7	1	1.1	1	4.3	3	1.2
No problem	82	56.6	42	47.7	10	43.5	134	51.9
Total	145	100.0	88	100.0	23	100.0	258	100.0

Table 116
Main Problem with the Employees by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of discipline	5	4.5	16	14.3	1	2.9	22	8.5
Lack of experience	8	7.1	6	5.4	0	0.0	14	5.4
Unsufficient Skill	11	9.8	12	10.7	1	2.9	24	9.3
Low education level	4	3.6	2	1.8	2	5.9	8	3.1
Untrustworthyness	0	0.0	2	1.8	2	5.9	4	1.6
Conflicts on wages	3	2.7	1	0.9	1	2.9	5	1.9
High mobility	18	16.1	28	25.0	6	17.6	52	20.2
Other	2	1.8	0	0.0	0	0.0	2	0.8
No problem	61	54.5	45	40.2	21	61.8	127	49.2
Total	112	100.0	112	100.0	34	100.0	258	100.0

Table 117
Main Problem with the Employees by Size of Enterprise

	2-5 people		6-10 people		Over 10 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of discipline	13	9.0	4	4.5	5	21.7	22	8.5
Lack of experience	6	4.1	8	9.1	0	0.0	14	5.4
Unsufficient Skill	11	7.6	11	12.5	2	8.7	24	9.3
Low education level	6	4.1	2	2.3	0	0.0	8	3.1
Untrustworthyness	1	0.7	2	2.3	1	4.3	4	1.6
Conflicts on wages	1	0.7	3	3.4	0	0.0	5	1.9
High mobility	23	15.9	22	25.0	7	30.4	52	20.2
Other	1	0.7	0	0.0	0	0.0	2	0.8
No problem	83	57.2	36	40.9	8	34.8	127	49.2
Total	145	100.0	88	100.0	23	100.0	258	100.0

IV- Financial Market

A- Needs and Means of Cash on the Short Term

All Activities

Table 118

Conditions of Payment from Customers, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
In cash, at time of delivery	84	91.3	192	92.8	66	72.5	16	69.6	358	86.7
In advance	0	0.0	3	1.4	2	2.2	0	0.0	5	1.2
Under 1 month after deliv.	7	7.6	8	3.9	14	15.4	5	21.7	34	8.2
Between 1 and 3 m. after	0	0.0	4	1.9	7	7.7	2	8.7	13	3.1
More than 3 months after	1	1.1	0	0.0	2	2.2	0	0.0	3	0.7
total	92	100.0	207	100.0	91	100.0	23	100.0	413	100.0

Table 119

Setting Prices by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Depending on costs of production	134	82.2	172	76.1	51	56.0	11	47.8	368	73.2
By reference to prices of competitors	17	10.4	26	11.5	5	5.5	1	4.3	49	9.7
By bargaining	6	3.7	12	5.3	11	12.1	3	13.0	32	6.4
Prices fixed by contractor	5	3.1	16	7.1	24	26.4	8	34.8	53	10.5
Other	1	0.6	0	0.0	0	0.0	0	0.0	1	0.2
total	163	100.0	226	100.0	91	100.0	23	100.0	503	100.0

Table 120

Conditions of Paying Suppliers by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
In cash, at time of delivery	150	94.9	203	92.3	73	80.2	16	69.6	442	89.8
Before delivery	0	0.0	1	0.5	0	0.0	0	0.0	1	0.2
Under 1 month after delivery	0	0.0	10	4.5	11	12.1	4	17.4	25	5.1
Between 1 and 3 m. after	1	0.6	2	0.9	5	5.5	0	0.0	8	1.6
More than 3 months after	0	0.0	0	0.0	1	1.1	0	0.0	1	0.2
Other (paid by customers)	7	4.4	4	1.8	1	1.1	3	13.0	15	3.0
total	158	100.0	220	100.0	91	100.0	23	100.0	492	100.0

Table 121
Conditions of Paiement by Customers, by Kind of Customers

	Households		Retail salers		Processing or construction ind		Wholesalers		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
In cash at time of delivery	302	95.6	19	76.0	15	48.4	21	52.5	357	86.7
In advance	3	0.9	0	0.0	0	0.0	2	5.0	5	1.2
Less than 1 month after del.	8	2.5	3	12.0	11	35.5	12	30.0	34	8.3
Between 1 and 3 m. after	1	0.3	3	12.0	5	16.1	4	10.0	13	3.2
More than 3 m. after deliv.	2	0.6	0	0.0	0	0.0	1	2.5	3	0.7
Total	316	100.0	25	100.0	31	100.0	40	100.0	412	100.0

Table 122
Conditions of Setting Prices, by Kind of Customers

	Households		Retail salers		Processing or construction ind		Wholesalers		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Depending on costs of production	265	84.1	3	12.0	14	45.2	9	22.5	291	70.8
By reference to prices of competitors	31	9.8	0	0.0	3	9.7	2	5.0	36	8.8
By bargaining	18	5.7	1	4.0	7	22.6	5	12.5	31	7.5
Prices fixed by contractor	1	0.3	21	84.0	7	22.6	24	60.0	53	12.9
Total	315	100.0	25	100.0	31	100.0	40	100.0	411	100.0

By Activity

Table 123
Garment - Conditions of Paying Suppliers by Size of Enterprise

	Self employed		2-5 employees		Over 5 employees		Total	
	No.	%	No.	%	No.	%	No.	%
In cash at time of delivery	42	93.3	88	98.9	41	89.1	171	95.0
Under one month after del.	0	0.0	0	0.0	4	8.7	4	2.2
Between 1 and 3 m. after	1	2.2	0	0.0	1	2.2	2	1.1
Other (paid by customers)	2	4.4	1	1.1	0	0.0	3	1.7
Total	45	100.0	89	100.0	46	100.0	180	100.0

Table 124
Metal - Conditions of Paying Suppliers by Size of Enterprise

	Self employed		2-5 employees		Over 5 employees		Total	
	No.	%	No.	%	No.	%	No.	%
In cash at time of delivery	10	66.7	41	73.2	39	66.1	90	69.2
Before delivery	0	0.0	1	1.8	0	0.0	1	0.8
Under one month after del.	0	0.0	9	16.1	11	18.6	20	15.4
Between 1 and 3 m. after	0	0.0	2	3.6	4	6.8	6	4.6
Over 3 months after deliv.	0	0.0	0	0.0	1	1.7	1	0.8
Other (paid by customers)	5	33.3	3	5.4	4	6.8	12	9.2
Total	15	100.0	56	100.0	59	100.0	130	100.0

Table 125
Restaurants - Condition of Paying Suppliers by Size of Enterprise

	Self employed		2-5 employees		Over 5 employees		Total	
	No.	%	No.	%	No.	%	No.	%
In cash at time of delivery	98	100.0	74	98.7	9	100.0	181	99.5
Under one month after del.	0	0.0	1	1.3	0	0.0	1	0.5
Total	98	100.0	75	100.0	9	100.0	182	100.0

B- Kind of Tenure of Premises

The questions of this section were not asked to 90 street restaurants

All Activities

Table 126
Entrepreneurs Living in the Same Premises, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Yes	81	88.0	185	89.4	83	91.2	21	91.3	370	89.6
No	11	12.0	22	10.6	8	8.8	2	8.7	43	10.4
Total	92	100.0	207	100.0	91	100.0	23	100.0	413	100.0

Table 127
Kind of Tenure of Premises, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Personal property	33	35.9	64	30.9	27	29.7	10	43.5	134	32.4
Free occupancy	2	2.2	9	4.3	4	4.4	0	0.0	15	3.6
Renting (with contract)	49	53.3	115	55.6	41	45.1	10	43.5	215	52.1
Contract with key money	8	8.7	19	9.2	19	20.9	3	13.0	49	11.9
Total	92	100.0	207	100.0	91	100.0	23	100.0	413	100.0

Table 128
Entrepreneurs Living in the same Premises by Kind of Tenure of Premises

Living in the same premises:	Yes		No		Total	
	No.	%	No.	%	No.	%
Personal property	128	95.5	6	4.5	134	100.0
Free occupancy	10	66.7	5	33.3	15	100.0
Renting (with contract)	188	87.4	27	12.6	215	100.0
Contract with key money	44	89.8	5	10.2	49	100.0
Total	370	89.6	43	10.4	413	100.0

By Activity

Table 129
Entrepreneurs Living in the same Premises by Activity

	Self employed		2-5 employees		Over 5 employees		Total	
	No.	%	No.	%	No.	%	No.	%
Garment	40	87.0	84	92.3	40	87.0	164	89.6
Metal	15	93.8	50	87.7	57	96.6	122	92.4
Restaurants	26	86.7	51	86.4	7	77.8	84	85.7

Table 130
Garment - Kind of Tenure of Premises

	Self employed		2-5 employees		Over 5 employees		Total	
	No.	%	No.	%	No.	%	No.	%
Personal property	16	34.8	27	29.7	8	17.4	51	27.9
Free occupancy	1	2.2	2	2.2	2	4.3	5	2.7
Renting (with contract)	26	56.5	55	60.4	31	67.4	112	61.2
Contract with key money	3	6.5	7	7.7	5	10.9	15	8.2
Total	46	100.0	91	100.0	46	100.0	183	100.0

Table 131
Metal - Kind of Tenure of Premises

	Self employed		2-5 employees		6-10 employees		Total	
	No.	%	No.	%	No.	%	No.	%
Personal property	5	31.3	18	31.6	24	40.7	47	35.6
Free occupancy	0	0.0	4	7.0	1	1.7	5	3.8
Renting (with contract)	8	50.0	27	47.4	18	30.5	53	40.2
Contract with key money	3	18.8	8	14.0	16	27.1	27	20.5
Total	16	100.0	57	100.0	59	100.0	132	100.0

Table 132
Restaurants - Kind of Tenure of Premises

	Self employed		2-5 employees		6-10 employees		Total	
	No.	%	No.	%	No.	%	No.	%
Personal property	12	40.0	19	32.2	5	55.6	36	36.7
Free occupancy	1	3.3	3	5.1	1	11.1	5	5.1
Renting (with contract)	15	50.0	33	55.9	2	22.2	50	51.0
Contract with key money	2	6.7	4	6.8	1	11.1	7	7.1
Total	30	100.0	59	100.0	9	100.0	98	100.0

C- Financing the Enterprise

The questions of this section were not asked to 90 street restaurants

All Activities

Table 133
Inheritance or Creation of Enterprise, by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Inheritance	4	2.2	11	8.4	15	15.3	30	7.3
Own creation	179	97.8	120	91.6	83	84.7	382	92.7
Total	183	100.0	131	100.0	98	100.0	412	100.0

Table 134
Inheritance or Creation of Enterprise, by Size of Enterprise

	Self employed		2-5 people		over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Inheritance	6	6.5	15	7.2	9	8.0	30	7.3
Own creation	86	93.5	192	92.8	104	92.0	382	92.7
Total	92	100.0	207	100.0	113	100.0	412	100.0

Following tables (135 to 139) apply only to those who created their enterprise.

Table 135
Financing First Installation, by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Own savings	130	72.6	73	60.8	61	73.5	264	69.1
Borrowing (or gifts) from friends / relatives	41	22.9	36	30.0	16	19.3	93	24.3
Loans from banks	1	0.6	8	6.7	3	3.6	12	3.1
Loans or leasing from suppliers	2	1.1	2	1.7	1	1.2	5	1.3
Earnings from credit associations	2	1.1	0	0.0	1	1.2	3	0.8
Other	2	1.1	0	0.0	1	1.2	3	0.8
Loans from unofficial money lenders	1	0.6	1	0.8	0	0.0	2	0.5
Total	179	100.0	120	100.0	83	100.0	382	100.0

Table 136
Financing First Installation by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Own savings	59	68.6	140	72.9	56	67.5	9	42.9	264	69.1
Loans from banks	2	2.3	5	2.6	1	1.2	4	19.0	12	3.1
Loans or leasing from suppliers	2	2.3	2	1.0	1	1.2	-	-	5	1.3
Borrowing (or gifts) from friends or relatives	19	22.1	42	21.9	24	28.9	8	38.1	93	24.3
Loans from unofficial money lenders	-	-	2	1.0	-	-	-	-	2	0.5
Earnings from credit associations	2	2.3	-	-	1	1.2	-	-	3	0.8
Other	2	2.3	1	0.5	-	-	-	-	3	0.8
Total	86	100.0	192	100.0	83	100.0	21	100.0	382	100.0

By Activity

Table 137

Garment - Financing First Installation by Size of Enterprise

	Self employed		2-5 people		over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Own savings	34	75.6	68	76.4	28	62.2	130	72.6
Loans from banks	1	2.2	0	0.0	0	0.0	1	0.6
Loans or leasing from suppliers	1	2.2	1	1.1	0	0.0	2	1.1
Borrowing (or gifts) from friends or relatives	6	13.3	19	21.3	16	35.6	41	22.9
Loans from unofficial money lenders	0	0.0	1	1.1	0	0.0	1	0.6
Earnings from credit associations	1	2.2	0	0.0	1	2.2	2	1.1
Other	2	4.4	0	0.0	0	0.0	2	1.1
Total	45	100.0	89	100.0	45	100.0	179	100.0

Table 138

Metal - Financing First Installation by Size of Enterprise

	Self employed		2-5 people		over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Own savings	9	56.3	34	65.4	30	57.7	73	60.8
Loans from banks	0	0.0	3	5.8	5	9.6	8	6.7
Loans or leasing from suppliers	0	0.0	1	1.9	1	1.9	2	1.7
Borrowing (or gifts) from friends or relatives	7	43.8	13	25.0	16	30.8	36	30.0
Loans from unofficial money lenders	0	0.0	1	1.9	0	0.0	1	0.8
Total	16	100.0	52	100.0	52	100.0	120	100.0

Table 139

Restaurants - Financing First Installation by Size of Enterprise

	Self employed		2-5 people		over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Own savings	16	64.0	38	74.5	7	100.0	61	73.5
Loans from banks	1	4.0	2	3.9	0	0.0	3	3.6
Loans or leasing from suppliers	1	4.0	0	0.0	0	0.0	1	1.2
Borrowing (or gifts) from friends or relatives	6	24.0	10	19.6	0	0.0	16	19.3
Earnings from credit associations	1	4.0	0	0.0	0	0.0	1	1.2
Other	0	0.0	1	2.0	0	0.0	1	1.2
Total	25	100.0	51	100.0	7	100.0	83	100.0

Table 140
Financing Current Investment, by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Own savings	79	78.2	77	78.6	61	85.9	217	80.4
Borrowing from friends or relatives	16	15.8	8	8.2	10	14.1	34	12.6
Loans or leasing from suppliers	1	1.0	6	6.1	0	0.0	7	2.6
Loans from banks	3	3.0	2	2.0	0	0.0	5	1.9
Earnings from credit associations	1	1.0	3	3.1	0	0.0	4	1.5
Loans from unoffic. money lenders	1	1.0	2	2.0	0	0.0	3	1.1
Total	101	100.0	98	100.0	71	100.0	270	100.0

This table shows the number of incidences of purchase of new machines, and the kind of financing for these purchases. Purchases of machines are the bulk of Total investment (around 85%), the remaining being purchase of vehicles, of tools or works in the premises.

D- Relations with the Banks and Credit

All Activities

Table 141
Relations with Banks

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Yes	54	33.1	122	54.0	65	71.4	18	78.3	259	51.5
No	109	66.9	104	46.0	26	28.6	5	21.7	244	48.5
Total	163	100.0	226	100.0	91	100.0	23	100.0	503	100.0

Table 142
Kinds of Relations with Banks

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Money deposit (check or saving account)	45	27.6	98	43.4	54	59.3	13	56.5	210	41.7
Loan	11	6.7	31	13.7	18	19.8	7	30.4	67	13.3
Currency account (debit balance authorised)	2	1.2	8	3.5	13	14.3	3	13.0	26	5.2

Table 143
Kind of Service from Banks, by Position Regarding Taxes Payment

	No taxes paid		Taxes paid		Total	
	No.	%	No.	%	No.	%
<i>A- Have relation with banks</i>						
Yes	59	34.3	200	60.4	259	51.5
No	113	65.7	131	39.6	244	48.5
<i>B- Kind of service</i>						
Money deposit only (check or saving account)	52	30.2	158	47.7	210	41.7
Loan	7	4.1	60	18.1	67	13.3
Currency account with debit balance authorised	3	1.7	23	6.9	26	5.2
Total	172	100.0	331	100.0	503	100.0

Table 144
Frequency of Borrowing, by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
from banks	23	12.6	29	22.0	15	8.0	67	13.3
outside banks	11	6.0	10	7.6	30	16.0	51	10.1

Table 145
Frequency and Origin of Loans outside Banks, by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
No loan	143	88.3	203	90.2	84	92.3	22	95.7	452	90.2
Kinship	6	3.7	16	7.1	4	4.4	1	4.3	27	5.4
Friends	6	3.7	4	1.8	3	3.3	0	0.0	13	2.6
Money lenders	7	4.3	2	0.9	0	0.0	0	0.0	9	1.8
Total	162	100.0	225	100.0	91	100.0	23	100.0	501	100.0

Table 146
Membership of Rotating Credit Association by Size of Enterprise

	Self employed		2-5 employees		6-10 employees		Over 10 employees		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Yes	34	21.5	53	23.5	25	27.5	7	30.4	119	23.7
No	129	78.5	173	76.5	66	72.5	16	69.6	384	76.1
Total	163	100.0	226	100.0	91	100.0	23	100.0	503	100.0

Table 147
Percentage of Entrepreneurs who are a Member of a Credit Association by Activity

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Garment	14	30.4	25	27.5	12	26.1	51	27.9
Metal	1	6.3	10	17.5	16	27.1	27	20.5
Restaurants	19	18.8	18	23.1	4	44.4	41	21.8

By Activity

Table 148
Garment - Relations with Banks

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Relations with bank	20	43.5	52	57.1	28	60.9	100	54.6
Money deposit (check or saving account)	18	39.1	44	48.4	23	50.0	85	46.4
Loan	4	8.7	13	14.3	6	13.0	23	12.6
Currency account (debit balance authorised)	1	2.2	1	1.1	3	6.5	5	2.7

Table 149
Metal - Relations with Banks

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Relations with bank	7	43.8	34	59.6	48	81.4	89	67.4
Money deposit (check or saving account)	4	25.0	28	49.1	37	62.7	69	52.3
Loan	3	18.8	8	14.0	18	30.5	29	22.0
Currency account (debit balance authorised)	0	0.0	4	7.0	13	22.0	17	12.9

Table 150
Restaurants - Relations with Banks

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Relations with bank	27	26.7	36	46.2	7	77.8	70	37.2
Money deposit (check or saving account)	23	22.8	26	33.3	7	77.8	56	29.8
Loan	4	4.0	10	12.8	1	11.1	15	8.0
Currency account (debit balance authorised)	1	1.0	3	3.8	0	0.0	4	2.1

V- Taxes

A- Taxes Paid by Enterprises

All Activities

Table 151

Percentage of Entrepreneurs who Pay at least one Tax, by Activity

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
All	75	46.0	169	74.8	89	78.1	333	66.2
Garment	20	43.5	67	73.6	24	52.2	111	60.7
Metal	12	75.0	47	82.5	58	98.3	117	88.6
Restaurant	43	42.6	55	70.5	7	77.8	105	55.9

Table 152

Proportion of Enterprises which Pay different Taxes by Size of Enterprise

		Self employed	2-5 people	Over 5 people	Total
Individual income tax	No.	27	110	65	202
	%	16.6	48.7	57.0	40.2
Business tax	No.	61	160	83	304
	%	37.4	70.8	72.8	60.4
Sign tax	No.	18	49	41	108
	%	11.0	21.7	36.0	21.5
District tax	No.	24	44	34	102
	%	14.7	19.5	29.8	20.3
Other taxes	No.	12	35	26	73
	%	7.4	15.5	22.8	14.5

Table 153

Percentage of Entrepreneurs who Pay Business Tax, by Activity and Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Garment	16	34.8	61	67.0	20	43.5	97	53.0
Metal	10	62.5	47	82.5	56	94.9	113	85.6
Restaurants	35	34.7	52	66.7	7	77.8	94	50.0

Table 154
Proportion of Enterprises Registered at the Ministry of Commerce, by Size of Enterprise

		Self employed	2-5 people	Over 5 people	Total
Garment	No.	4	20	7	31
	%	8.7	22.0	15.2	16.9
Metal	No.	2	17	20	39
	%	12.5	29.8	33.9	29.5
Restaurants	No.	9	16	6	31
	%	8.9	20.5	66.7	16.5
Total	No.	15	53	33	101
	%	9.2	23.5	28.9	20.1

Table 155
Median Amount of Business Tax, by Activity and Monthly Turnover

	0-5000 B.	5001- 10000 B	10001- 20000 B	20001- 40000 B.	Over 40000 B.
Garment	148	165	325	300	240
Metal	164	214	449	400	800
Restaurants	150	135	115	300	560

Bahtper month

By Activity

Table 156
Garment - Proportion of Enterprises which Pay different Taxes by Size of Enterprise

		Self employed	2-5 people	Over 5 people	Total
Individual income tax	No.	10	41	18	69
	%	21.7	45.1	39.1	37.7
Business tax	No.	16	61	20	97
	%	34.8	67.0	43.5	53.0
Sign tax	No.	5	19	8	32
	%	10.9	20.9	17.4	17.5
District tax	No.	8	14	7	29
	%	17.4	15.4	15.2	15.8
Other taxes	No.	0	3	8	11
	%	0.0	3.3	17.4	6.0

Table 157

Metal - Proportion of Enterprises which Pay different Taxes by Size of Enterprise

		Self employed	2-5 people	Over 5 people	Total
Individual income tax	No.	5	35	44	84
	%	31.3	61.4	74.6	63.6
Business tax	No.	10	47	56	113
	%	62.5	82.5	94.9	85.6
Sign tax	No.	2	15	30	47
	%	12.5	26.3	50.8	35.6
District tax	No.	2	16	24	42
	%	12.5	28.1	40.7	31.8
Other taxes	No.	4	17	17	38
	%	25.0	29.8	28.8	28.8

Table 158

Restaurants - Proportion of Enterprises which Pay different Taxes by Size of Enterprise

		Self employed	2-5 people	Over 5 people	Total
Individual income tax	No.	12	34	3	49
	%	11.9	43.6	33.3	26.1
Business tax	No.	35	52	7	94
	%	34.7	66.7	77.8	50.0
Sign tax	No.	11	15	3	29
	%	10.9	19.2	33.3	15.4
District tax	No.	14	14	3	31
	%	13.9	17.9	33.3	16.5
Other taxes	No.	8	15	1	24
	%	7.9	19.2	11.1	12.8

B- Non Respect of Taxes Provisions

1- Reasons for not Paying Taxes

All Activities, by Size of Enterprise

Table 159

Reasons why Business Tax is not Paid, by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Ignorance of provisions	13	15.1	7	36.8	20	21.5	40	20.2
I am not concerned	26	30.2	1	5.3	20	21.5	47	23.7
Procedures too complex	1	1.2	1	5.3	1	1.1	3	1.5
No verifications-sanctions	35	40.7	9	47.4	43	46.2	87	43.9
Too expensive, unfair	8	9.3	0	0.0	6	6.5	14	7.1
I am below level	1	1.2	1	5.3	1	1.1	3	1.5
Other	2	2.3	0	0.0	2	2.2	4	2.0
Total	86	100.0	19	100.0	93	100.0	198	100.0

Table 160
Self employed - Reasons why Taxes are not Paid

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific. or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	25	25	-	35	10	2	3	100
	%	25.0	25.0	-	35.0	10.0	2.0	3.0	100.0
Sign tax	No.	17	42	-	17	4	-	-	80
	%	21.3	52.5	-	21.3	5.0	-	-	100.0
District taxes	No	27	51	1	40	6	-	2	127
	%	21.3	40.2	0.8	31.5	4.7	-	1.6	100.0

Table 161
Self employed - Reasons why Commerce Registration is not Paid, by Activity

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific. or no sanctions	Too expensive unfair	below level	Other	Total
Garment	No	4	18	-	14	4	-	-	40
	%	10.0	45.0	-	35.0	10.0	-	-	100.0
Metal	No.	6	6	-	1	-	-	-	13
	%	46.2	46.2	-	7.7	-	-	-	100.0
Restaurants	No	8	8	-	4	-	-	1	21
	%	38.1	38.1	-	19.0	-	-	4.8	100.0
Total	No	18	32	-	19	4	-	1	74
	%	24.3	43.2	-	25.7	5.4	-	1.4	100.0

Table 162
2-5 people - Reasons why Taxes are not Paid

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific. or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	6	13	1	44	2	1	1	68
	%	8.8	19.1	1.5	64.7	2.9	1.5	1.5	100.0
Sign tax	No	13	100	2	43	2	-	1	161
	%	8.1	62.1	1.2	26.7	1.2	-	0.6	100.0
District taxes	No	20	96	1	48	2	-	2	169
	%	11.8	56.8	0.6	28.4	1.2	-	1.2	100.0

Table 163
2-5 people - Reasons why Commerce Registration is not Paid, by Activity

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific or no sanctions	Too expensive unfair	below level	Other	Total
Garment	No	6	40	1	19	2	-	-	68
	%	8.8	58.8	1.5	27.9	2.9	-	-	100.0
Metal	No.	6	18	1	12	1	-	3	41
	%	14.6	43.9	2.4	29.3	2.4	-	7.3	100.0
Restaurants	No	11	17	-	13	-	-	1	42
	%	26.2	40.5	-	31.0	-	-	2.4	100.0
Total	No	23	75	2	44	3	-	4	151
	%	15.2	49.7	1.3	29.1	2.0	-	2.6	100.0

Table 164
Over 5 people - Reasons why Taxes are not Paid

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	9	9	2	8	2	-	-	30
	%	30.0	30.0	6.7	26.7	6.7	-	-	100.0
Sign tax	No	14	45	1	11	-	-	1	72
	%	19.4	62.5	1.4	15.3	-	-	1.4	100.0
District taxes	No	13	44	-	14	1	-	1	73
	%	17.8	60.3	-	19.2	1.4	-	1.4	100.0

Table 165
Over 5 people - Reasons why Commerce Registration is not Paid, by Activity

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific or no sanctions	Too expensive unfair	below level	Other	Total
Garment	No	10	23	1	6	-	-	-	40
	%	25.0	57.5	2.5	15.0	-	-	-	100.0
Metal	No	8	20	-	6	-	-	2	36
	%	22.2	55.6	-	16.7	-	-	5.6	100.0
Restaurants	No	-	1	-	2	-	-	-	3
	%	-	33.3	-	66.7	-	-	-	100.0
Total	No	18	44	1	14	-	-	2	79
	%	22.8	55.7	1.3	17.7	-	-	2.5	100.0

Garment

Table 166

Self employed - Reasons why Taxes are not Paid (Garment)

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific. or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	3	10	-	10	4	1	2	30
	%	10.0	33.3	-	33.3	13.3	3.3	6.7	100.0
Sign tax	No	5	20	-	12	4	-	-	41
	%	12.2	48.8	-	29.3	9.8	-	-	100.0
District taxes	No	4	16	-	13	3	-	1	37
	%	10.8	43.2	-	35.1	8.1	-	2.7	100.0

Table 167

2-5 people - Reasons why Taxes are not Paid (Garment)

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific. or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	2	8	-	18	2	-	-	30
	%	6.7	26.7	-	60.0	6.7	-	-	100.0
Sign tax	No	4	45	1	22	1	-	-	73
	%	5.5	61.6	1.4	30.1	1.4	-	-	100.0
District taxes	No	6	49	-	17	1	-	1	74
	%	8.1	66.2	-	23.0	1.4	-	1.4	100.0

Table 168

Over 5 people - Reasons why Taxes are not Paid (Garment)

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific. or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	8	8	1	7	2	-	-	26
	%	30.8	30.8	3.8	26.9	7.7	-	-	100.0
Sign tax	No	9	20	1	8	-	-	-	38
	%	23.7	52.6	2.6	21.1	-	-	-	100.0
District taxes	No	9	18	-	8	-	-	-	35
	%	25.7	51.4	-	22.9	-	-	-	100.0

Metal

Table 169

Self employed - Reasons why Taxes are not Paid (Metal)

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific. or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	5	-	-	1	-	-	-	6
	%	83.3	-	-	16.7	-	-	-	100.0
Sign tax	No.	5	8	-	1	-	-	-	14
	%	35.7	57.1	-	7.1	-	-	-	100.0
District taxes	No	4	7	1	1	-	-	-	13
	%	30.8	53.8	7.7	7.7	-	-	-	100.0

Table 170

2-5 people - Reasons why Taxes are not Paid (Metal)

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific. or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	1	-	1	8	-	1	-	11
	%	9.1	-	9.1	72.7	-	9.1	-	100.0
Sign tax	No	5	23	1	9	1	-	1	40
	%	12.5	57.5	2.5	22.5	2.5	-	2.5	100.0
District taxes	No.	4	19	1	12	1	-	1	38
	%	10.5	50.0	2.6	31.6	2.6	-	2.6	100.0

Table 171

Over 5 people - Reasons why Taxes are not Paid (Metal)

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific. or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	1	1	-	-	-	-	-	2
	%	50.0	50.0	-	-	-	-	-	100.0
Sign tax	No	4	22	-	1	-	-	1	28
	%	14.3	78.6	-	3.6	-	-	3.6	100.0
District taxes	No	3	24	-	4	-	-	1	32
	%	9.4	75.0	-	12.5	-	-	3.1	100.0

Restaurants

Table 172

Self employed - Reasons why Taxes are not Paid (restaurants)

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	17	15	-	24	6	1	1	64
	%	26.6	23.4	-	37.5	9.4	1.6	1.6	100.0
Sign tax	No	7	14	-	4	-	-	-	25
	%	28.0	56.0	-	16.0	-	-	-	100.0
District taxes	No	19	28	-	26	3	-	1	77
	%	24.7	36.4	-	33.8	3.9	-	1.3	100.0

Table 173

2-5 people - Reasons why Taxes are not Paid (restaurants)

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	3	5	-	18	-	-	1	27
	%	11.1	18.5	-	66.7	-	-	3.7	100.0
Sign tax	No.	4	32	-	12	-	-	-	48
	%	8.3	66.7	-	25.0	-	-	-	100.0
District taxes	No	10	28	-	19	-	-	-	57
	%	17.5	49.1	-	33.3	-	-	-	100.0

Table 174

Over 5 people - Reasons why Taxes are not Paid (restaurants)

		Ignorance of provisions	I am not concerned by this tax	Procedures too complex	No verific or no sanctions	Too expensive unfair	below level	Other	Total
Business (trade) tax	No	-	-	1	1	-	-	-	2
	%	-	-	50.0	50.0	-	-	-	100.0
Sign tax	No	1	3	-	2	-	-	-	6
	%	16.7	50.0	-	33.3	-	-	-	100.0
District taxes	No	1	2	-	2	1	-	-	6
	%	16.7	33.3	-	33.3	16.7	-	-	100.0

2- Consequences for non Paying Taxes

Table 175
Self employed - Consequences of not Paying Taxes

		No consequ. or don't know	Need to hide or change location often	Need to bribe officials	Closing public of markets(cannot bid)	Difficult access to public facilities	Fine	Total
Business (trade) tax	No.	100	1	-	-	1	-	102
	%	98.0	1.0	-	-	1.0	-	100.0
Sign tax	No.	78	1	-	-	-	-	79
	%	98.7	1.3	-	-	-	-	100.0
District taxes	No.	125	-	-	-	1	-	126
	%	99.2	-	-	-	0.8	-	100.0

Table 176
2-5 people - Consequences of not Paying Taxes

		No consequ. or don't know	Need to hide or change location often	Need to bribe officials	Closing public of markets(cannot bid)	Difficult access to public facilities	Fine	Total
Business (trade) tax	No.	63	1	-	1	-	2	67
	%	94.0	1.5	-	1.5	-	3.0	100.0
Sign tax	No.	159	1	-	1	-	-	161
	%	98.8	0.6	-	0.6	-	-	100.0
District taxes	No.	161	1	-	1	1	-	164
	%	98.2	0.6	-	0.6	0.6	-	100.0

Table 177
Over 5 people - Consequences of not Paying Taxes

		No consequ. or don't know	Need to hide or change location often	Need to bribe officials	Closing public of markets(cannot bid)	Difficult access to public facilities	Fine	Total
Business (trade) tax	No.	26	1	1	-	-	2	30
	%	86.7	3.3	3.3	-	-	6.7	100.0
Sign tax	No.	73	-	-	-	-	-	73
	%	100.0	-	-	-	-	-	100.0
District taxes	No.	74	-	-	-	-	-	74
	%	100.0	-	-	-	-	-	100.0

Table 178
Consequences of not Registering at the Ministry of Commerce

		Self-empl.	2-5 people	Over 5 p.	Total
No consequence. or dont know	No.	73	145	78	296
	%	98.7	96.7	98.7	97.7
Need to hide. or change location often	No.	1	3	-	4
	%	1.4	2	-	1.3
Closing of public markets (cannot bid)	No.	-	1	-	1
	%	-	0.7	-	0.3
Fine	No.	-	1	1	2
	%	-	0.7	1.3	0.7
Total	No.	74	150	79	303
	%	100.0	100.0	100.0	100.0

C- Perception of Relation between Taxes and Public Expenditures

All Activities

Table 179
Proportion of Enterprises which would Pay new Taxes for Improved or New Public Service

		Self employed	2-5 people	Over 5 people	Total
Water or electricity supply	No.	85	141	71	297
	%	52.1	62.4	62.3	59.0
Road access	No.	88	154	78	320
	%	54.0	68.1	68.4	63.6
Assistance agency	No.	102	125	66	293
	%	62.6	55.3	57.9	58.3
Better sanitary or hygenic standards	No.	110	158	81	349
	%	67.5	69.9	71.1	69.4
Government Training	No.	52	78	57	187
	%	31.9	34.5	50.0	37.2

By Activity

Table 180

Garment - Proportion of Enterprises which would Pay new Taxes for Improved or New Public Service

		Self employed	2-5 people	Over 5 people	Total
Water or electricity supply	No.	24	59	31	114
	%	52.2	64.8	67.4	62.3
Road access	No.	28	65	32	125
	%	60.9	71.4	69.6	68.3
Assistance agency	No.	36	52	26	114
	%	78.3	57.1	56.5	62.3
Better sanitary or hygienic standards	No.	32	60	32	124
	%	69.6	65.9	69.6	67.8
Government training	No.	20	35	25	80
	%	43.5	38.5	54.3	43.7

Table 181

Metal - Proportion of Enterprises which would Pay new Taxes for Improved or New Public Service

		Self employed	2-5 people	Over 5 people	Total
Water or electricity supply	No.	10	36	35	81
	%	62.5	63.2	59.3	61.4
Road access	No.	8	41	40	89
	%	50.0	71.9	67.8	67.4
Assistance agency	No.	9	33	34	76
	%	56.3	57.9	57.6	57.6
Better sanitary or hygienic standards	No.	9	42	42	93
	%	56.3	73.7	71.2	70.5
Government training	No.	4	21	28	53
	%	25.0	36.8	47.5	40.2

Table 182

Restaurants - Proportion of Enterprises which would Pay new Taxes for Improved or New Public Service

		Self employed	2-5 people	Over 5 people	Total
Water or electricity supply	No.	51	46	5	102
	%	50.5	59.0	55.6	54.3
Road access	No.	52	48	6	106
	%	51.5	61.5	66.7	56.4
Assistance agency	No.	57	40	6	103
	%	56.4	51.3	66.7	54.8
Better sanitary or hygienic standards	No.	69	56	7	132
	%	68.3	71.8	77.8	70.2
Government training	No.	28	22	4	54
	%	27.7	28.2	44.4	28.7

VI- Dynamics of the enterprises

A- Evolution of Employment since 2 Years

Table 183
Evolution of Employment in 2 Years, by Size of Enterprise and by Activity

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
GARMENT								
Equal	40	95.2	41	51.9	16	47.1	97	62.6
Less employees now	2	4.8	25	31.6	17	50.0	44	28.4
More employees now	0	0.0	13	16.5	1	2.9	14	9.0
Total	42	100.0	79	100.0	34	100.0	155	100.0
METAL								
Equal	16	100.0	16	37.2	20	45.5	52	50.5
Less employees now	0	0.0	26	60.5	19	43.2	45	43.7
More employees now	0	0.0	1	2.3	5	11.4	6	5.8
Total	16	100.0	43	100.0	44	100.0	103	100.0
RESTAURANTS								
Equal	75	98.7	36	60.0	4	66.7	115	81.0
Less employees now	1	1.3	8	13.3	1	16.7	10	7.0
More employees now	0	0.0	16	26.7	1	16.7	17	12.0
Total	76	100.0	60	100.0	6	100.0	142	100.0
ALL								
Equal	131	97.8	93	51.1	40	47.6	264	66.0
Less employees now	3	2.2	59	32.4	37	44.0	99	24.8
More employees now	0	0.0	30	16.5	7	8.3	37	9.3
Total	134	100.0	182	100.0	84	100.0	400	100.0

Not included enterprises created last 24 months.

B- Investment in the Last twelve Months

Table 184
Investment in the Last 12 Months, by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
No investment	43	49.4	68	35.1	31	29.5	142	36.8
Under 2000 baht	23	26.4	41	21.1	15	14.3	79	20.5
2000-12000 baht	9	10.3	50	25.8	23	21.9	82	21.2
Over 12000 baht	12	13.8	35	18.0	36	34.3	83	21.5
total	87	100.0	194	100.0	105	100.0	386	100.0

Not included enterprises created last 12 months and 90 street restaurants; 12 missing values

Table 185
Investment in the Last 12 Months, by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
No investment	55	30.9	43	35.5	44	50.6	142	36.8
Under 2000 baht	47	26.4	19	15.7	13	14.9	79	20.5
2000-12000 baht	40	22.5	25	20.7	17	19.5	82	21.2
Over 12000 baht	36	20.2	34	28.1	13	14.9	83	21.5
Total	178	100.0	121	100.0	87	100.0	386	100.0

Not included enterprises created last 12 months and 90 street restaurants; 12 missing values

C- Prospects

Table 186
Having Prospects by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Yes	59	36.2	74	32.7	42	46.2	175	36.4
No	104	63.8	152	67.3	49	53.8	305	63.5
Total	163	100.0	226	100.0	91	100.0	480	100.0

Table 187
Number of Entrepreneurs who have Prospects, by Activity and Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Garment	13	28.3	35	38.5	16	34.8	64	35.0
Metal	7	43.8	24	42.1	34	57.6	65	49.2
Restaurants	39	38.6	15	19.2	4	44.4	58	30.9

From table 188 to 191, percentage are calculated among those who have prospects; multiple answers

Table 188
Main Prospects by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Expanding premises or creating a new branch	49	83.1	52	70.3	41	75.9	142	75.9
Changing location to a better place	43	72.9	46	62.2	39	72.2	128	68.4
Buying new machines	32	54.2	57	77.0	47	87.0	136	72.7
Hiring more employees	34	57.6	64	86.5	47	87.0	145	77.5

Table 189
Garment - Main Prospects by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Expanding premises or creating a new branch	11	84.6	25	71.4	14	87.5	50	78.1
Changing location to a better place	9	69.2	17	48.6	10	62.5	36	56.3
Buying new machines	9	69.2	31	88.6	14	87.5	54	84.4
Hiring more employees	12	92.3	32	91.4	15	93.8	59	92.2

Table 190
Metal - Main Prospects by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Expanding premises or creating a new branch	6	85.7	17	70.8	24	70.6	47	72.3
Changing location to a better place	6	85.7	20	83.3	26	76.5	52	80.0
Buying new machines	6	85.7	17	70.8	31	91.2	54	83.1
Hiring more employees	5	71.4	20	83.3	28	82.4	53	81.5

Table 191
Restaurants- Main Prospects by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Expanding premises or creating a new branch	32	82.1	10	66.7	3	75.0	45	77.6
Changing location to a better place	28	71.8	9	60.0	3	75.0	40	69.0
Buying new machines	17	43.6	9	60.0	2	50.0	28	48.3
Hiring more employees	17	43.6	12	80.0	4	100.0	33	56.9

D- Obstacles

All Activities

Table 192

Number of Entrepreneurs Facing Obstacles by Activity

	Garment		Metal		Restaurants		Total	
	No.	%	No.	%	No.	%	No.	%
Yes	163	89.1	125	94.7	164	87.2	452	89.9
No	20	10.9	7	5.3	24	12.8	51	10.1
Total	183	100.0	132	100.0	188	100.0	503	100.0

Table 193

Number of Enterprises Facing Obstacles by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
yes	148	90.8	200	88.5	104	91.2	452	89.9
no	15	9.2	26	11.5	10	8.8	51	10.1
total	163	100.0	226	100.0	114	100.0	503	100.0

Following tables apply only to those who declare they face obstacles

From table 194 to 196, percentage are calculated among those who face obstacles; multiple answers

Table 194

Main Obstacles by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of funds	108	73.0	126	63.0	69	66.3	303	67.0
Lack of labour or skilled lab	26	17.6	76	38.0	53	51.0	155	34.3
Administrative obstacles	15	10.1	37	18.5	22	21.2	74	16.4
Bad location or premises	30	20.3	38	19.0	13	12.5	81	17.9
Personal problems (old age..)	17	11.5	15	7.5	3	2.9	35	7.7
Raw materials/machines	3	2.0	0	0.0	2	1.9	5	1.1
Lack of demand	5	3.4	13	6.5	5	4.8	23	5.1

By Activity

Table 195

Garment - Main Obstacles by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of funds	25	61.0	53	64.6	28	70.0	106	65.0
Lack of labour or skilled lab	14	34.1	41	50.0	25	62.5	80	49.1
Administrative obstacles	4	9.8	11	13.4	5	12.5	20	12.3
Bad location or premises	9	22.0	14	17.1	4	10.0	27	16.6
Personal problems (old age..)	10	24.4	7	8.5	2	5.0	19	11.7
Raw materials/machines	0	0.0	0	0.0	1	2.5	1	0.6
Lack of demand	0	0.0	3	3.7	1	2.5	4	2.5

Table 196
Metal - Main Obstacles by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of funds	11	73.3	41	75.9	35	62.5	87	69.6
Lack of labour or skilled lab	3	20.0	27	50.0	25	44.6	55	44.0
Administrative obstacles	5	33.3	8	14.8	15	26.8	28	22.4
Bad location or premises	4	26.7	6	11.1	8	14.3	18	14.4
Personal problems (old age..)	1	6.7	2	3.7	1	1.8	4	3.2
Raw materials/machines	1	6.7	0	0.0	1	1.8	2	1.6
Lack of demand	1	6.7	6	11.1	3	5.4	10	8.0

Table 197
Restaurants - Main Obstacles by Size of Enterprise

	Self employed		2-5 people		Over 5 people		Total	
	No.	%	No.	%	No.	%	No.	%
Lack of funds	72	78.3	32	50.0	6	75.0	110	67.1
Lack of labour or skilled lab	9	9.8	8	12.5	3	37.5	20	12.2
Administrative obstacles	6	6.5	18	28.1	2	25.0	26	15.9
Bad location or premises	17	18.5	18	28.1	1	12.5	36	22.0
Personal problems (old age..)	6	6.5	6	9.4	0	0.0	12	7.3
Raw materials/machines	2	2.2	0	0.0	0	0.0	2	1.2
Lack of demand	4	4.3	4	6.3	1	12.5	9	5.5
