

CHAPTER 1

INTRODUCTION



1.1 Background of the Research

After economic crisis occurred in Thailand in 1997, trend of recovering of Thai businesses in the part of industrial sector and agricultural sector are uncertain. That is, instability of economic situation together with high competitions in business world could affect directly to import-export industries. Therefore, many manufacturing industries that cannot adjust themselves to business situation will not be able to complete with other competitors under globalization economy.

Nowadays, there are many important manufacturing industries in Thailand. One of them is textile industry. However, at the present there are internal and external factors being the obstacle for development Thai textile industry such as, employment, technology, education source and trading barrier between countries. As a result, Thai textile industry cannot have the rapid growth as it should be. Thus, in order to increase the ability for competition in the world stage, the critical success factor should be introduced.

The textile industry has usually been one of the highest potential industries because it can create very high income to our country every year. In each year, textile products are exported to other countries around the world. Textile and clothing exports were approximately 235,000 million Baht in 2001, which was 8.1% of share of total exports. Although the value of textile and clothing exports are very high, its growth rate did not increase continuously every year. Moreover, Thai textile and clothing exports still had lower value than other countries in Asia such as, China, Hong Kong, Indonesia, Japan, South Korea and India.

Generally, the structure of textile industry is divided into three main sub-industries, which consists of upstream industry, midstream industry and downstream industry. Upstream industry is the first part of textile industry involving the process of manufacturing natural fiber and man-made fiber. Next, midstream industry, it consists of many complicated activities that concern with the process of spinning, weaving, knitting and dyeing and printing. Finally, it involves clothing industry that can be called downstream industry.

1.2 Statement of Problem

During the past five years, the export volume of textile products had low growth rate especially in downstream industry. Although downstream is not a large industry compare to midstream industry, most of value of export comes from clothing products. Therefore, if clothing industry has higher potential, it results in textile products and clothing products can export increasingly also.

Statistically, Thailand had a growth of clothing exports to the global market approximately 21.0% in 1997 and 27.3% in 1998. Then, in 1999, the growth rate decreased markedly into the negative direction at -9.8%. After that, clothing products had increasingly the growth rate for 13.9% in 2000 before decreasing to 4.9% in 2001.

According to the percentage of growth rate, the figures show that there is the reduction of the potential of Thai clothing products in worldwide market. Thus, to increase the competitiveness and the potential of Thai clothing industry, the problems in this industry need to be considered.

Nowadays, there are many internal and external problems in Thai clothing industry for example, machines used in small and medium factories are not high technology machines and Thailand is still lack of the specialists to develop in particular working process. This can result in the finished products do not have the consistency in quality. Moreover, there is a lack of development in value-added products because most

of products are manufactured as mass production. These problems seem to be the significant weaknesses of Thai clothing industry. However, the becoming of China's WTO membership and uncertainty of world situation can be the threats of industry.

Although Thailand is facing serious internal and external problems, there are many strengths and opportunities that can help Thai Clothing industry still complete with other competitors. Thailand had lower labor cost than other countries such as, Hong Kong, South Korea, Taiwan and Japan. However, Thai labor cost is higher than average wage in some countries such as China, Vietnam and Indonesia but Thai labors have more skill and effectiveness.

Furthermore, Thai government supports the education program involving design and manufacturing process through many curriculums in the universities. This seems to be a good opportunity for development of Thai textile industry in the future.

Due to the future trend of Thai clothing industry is ambiguous, this research will present the critical success factors to help Thai textile industry has more potential in global market competition.

1.3 Objective of the Research

The objective of the research is to determine the critical success factors and their strategies for future growth of Thai textile industry.

1.4 Scope of the Research

The work on this thesis focuses only on Thai clothing industry.

1.5 Research Procedure

1. Study the related literatures.
2. Study the characteristic of Thai textile industry.
3. Collect the information from related document and human experts.
4. Define and select the methodology for analysis.
5. Analyze information from historical data, related document and interviewing human expert.
6. Identify the problems and critical success factors.
7. Conclusion and recommendation.
8. Write up the thesis and submit the thesis form.

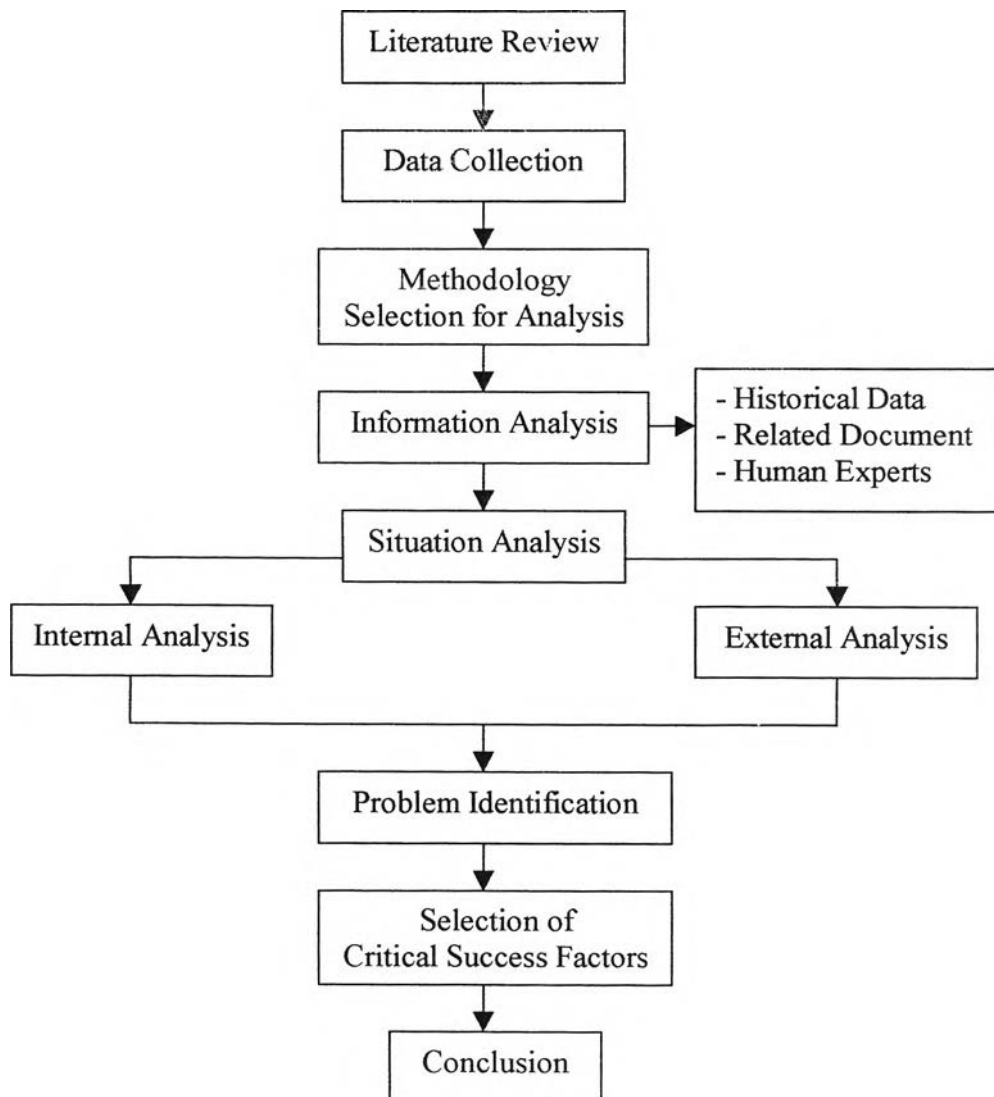


Figure 1.1: Flow chart of research procedure

1.6 Expected Results

There are two expected results shown as follow;

1. To completely understand the strengths, weaknesses, opportunities and threats in Thai textile industry.
2. To provide a guideline for survival and increasing the competitiveness and the potential of Thai textile industry in worldwide market.