

Abstract

During the economic crisis, some of large enterprises went bankrupt because of the huge loan but there are some kinds of enterprises that can survive during this tough time. One of them is SMEs or Small and Medium Enterprises. As a result, the government turned to pay more attention to SMEs because they could help improve the Thai economy. In addition, the Thai economy is mainly depending on manufacturing sector in order to contribute to the nation's economic recovery. The government turned to pay more attention and supported SMEs in manufacturing sector. However, SMEs themselves should improve their own performance in order to be efficient and competitive in the future. To improve their own performance, productivity measurement can be a way to begin.

This research is aimed to measure labour, and capital productivity in selected SMEs and large public enterprises in Bangkok and its suburb. The study also attempts to find the relationship between labour, and capital productivity and net profit. Representative data are collected in 10 selected SMEs, 10 selected large enterprises in textile industry, 10 selected large enterprises in food and beverage industry, and 10 selected large enterprises in machinery and auto parts industry. The period for calculation productivities for this study is between 1998 and 2001, and they are analyzed by using independent sample t-test at the level of a $\alpha = 0.05$, and simple linear regression.

The result of analysis indicates that there is no difference between labour, capital productivity in the selected SMEs and large enterprises during the period 1998-2001. The results from the simple linear regression analysis shows that the labour, capital

productivity have positive relationship with net profit in both SMEs and large enterprises. It means when labour or capital productivity increases, net profit tends to increase, too. However, there might be some external effects that firms cannot control for example, the crisis or economic disaster that could have some impact on the relationship between labour, capital productivity and net profit.

This research would be beneficial to SMEs and large public enterprises for improving their performance, by using and comparing labour, and capital productivity across years and across firms. The ratios of labour and capital productivity indicate favorable or unfavorable effects of capital and labour factors in the wealth creation process, and building competitive edge.

