

WorkAsia™ Country Report: Thailand

Introduction

Employee commitment is an important factor in business success. Committed employees are proud to work for their companies and motivated to help their companies succeed. High-performing companies, however, recognize that commitment alone isn't enough. They seek to build employee engagement. Engagement combines commitment with focus and direction – what Watson Wyatt calls line of sight. Engaged employees understand the organisation's business goals, the steps required to achieve those goals and how their contributions drive them. Moreover, they have a strong desire to participate in company success.

In Thailand, the key drivers of engagement are customer focus, compensation and benefits, and hiring and advancement. The first two drivers are consistent with the findings of the other Asian countries, but differ in the third area where communication is the driver for Asian countries. Customer focus is the top driver of engagement in Thailand. Thais believe that organisations that focus on customer service and satisfaction will be more successful in engaging their employees. On the other hand, WorkThailand™ shows that Thai employees rated their companies unfavourable on three critical drivers of engagement: Strategic Leadership & Direction, Communication, and Compensation and Benefits. Thais need to be confident in the decisions their business leaders make since these decisions impact employees' economic stability and livelihood. Related to leadership is communication, which Thai employees believe should be stronger. In addition, Thais view adequate pay and benefits as highly important due to the economic challenges they face.

Thailand economic and labor market data

In 2007, there was a slow-down in GDP growth due to several factors such as oil price fluctuations, baht appreciation, a downward trend in interest rates, and political change. The latter includes the process of creating a new constitution and a general election at the end of the year. Given this mix of factors, GDP growth is expected to drop from the previous year with lower local consumption and investment. The Bank of Thailand forecasts GDP growth of 3.8 to 4.8 percent.

With the economic downturn, purchasing power has dropped, Thai consumer confidence has declined, businesses have postponed new investment projects, and foreign investors have raised questions about the future of the Thai economy. Many Thai factories, whose revenue is strongly linked to the export market, face serious challenges from a rising baht, including the prospect of downsizing or outright closure. In this business environment, forecasters predict a possible rise in the unemployment rate in the next year. In addition, manufacturing may shift from a labour-intensive to a capital-intensive basis. Workers will also feel the pressure to increase their skill-sets in order to survive in a very competitive labour market.

Key drivers of engagement

	Thailand	Asia-Pacific
Top Driver	Customer Focus	Customer Focus
2nd Driver	Compensation and Benefits	Compensation and Benefits
3rd Driver	Hiring & Advancement	Communication

Customer focus items

Customer focus is important for promoting employee engagement because when employees observe their organization taking good care of customers, they are more likely to be proud of their company, feel greater job security and want to bring others into the organization as well. Employees with high engagement are significantly more likely to say their company makes customer satisfaction its top priority. Moreover, they hold their employees accountable for the quality of their products/services by also providing them the decision making authority to assess and meet their customers' needs. For those companies that struggle, it is important for the companies to demonstrate a commitment to customer service and satisfaction by supporting employees and increasing their accountability in delivering superior quality. Moreover, companies can create programs built around ensuring quality deliverables to customers.

Compensation and benefits items

In Thailand, fair and competitive compensation as well as benefits, represent one of the strongest drivers of engagement. Companies need to look closely at this driver because workers perceptions in this area are low, relative ranking at 14 of 16 (see figure 2). Companies who scored low in this area need to endeavor to more effectively communicate this holistic perspective to increase employees with total rewards statements, by actively integrating and communicating plan design and by being more transparent about the context for various reward decisions and actions. Rewarding outcomes that align with reward promises and actual performance builds employee commitment and engagement. In turn, companies must have effective ways to evaluate performance to deliver, differentiate and communicate performance-based merit increases and short-term incentive awards.

Hiring & Advancement

Attraction and retention, especially of critical-skill & top-performing employees, is a challenge shared by organisations everywhere. Thai employees with high engagement are significantly more likely to say that their companies do a good job of hiring highly qualified employees and of promoting the most qualified employees and that they know what to do to advance in their jobs. By contrast, Thai employees with low engagement levels rate their companies significantly lower in these areas and are unclear on what they need to do to advance in their companies. Employers need to better understand their workforce and target solutions to address ongoing attraction and retention challenges. Identifying current and projected labor supply –and-demand and determining the strategy for recruiting, retaining and re-deploying or retaining through workforce planning will be the key differentiator to drive achievement of business goals.

Figure 1 | Drivers of Employee Engagement

Drivers	High Engagement % Favorable	Low Engagement % Favorable
Customer Focus		
The link between day-to-day work and the impact on external customer is clear.	94%	63%
People are held accountable for the quality of products/services provided to customers.	93%	57%
Customer satisfaction is a company's top priority.	93%	56%
Compensation and Benefits		
My company does a good job providing information on the way my pay is determined.	83%	27%
There is a clear link between my job performance and my pay.	78%	22%
High performing employees in my company are rewarded appropriately for their performance.	74%	18%
Hiring & Advancement		
I know what I need to do to advance in my company.	90%	39%
My company does a good job of hiring highly qualified employees.	79%	25%
My company does a good job of promoting the most qualified employees.	76%	13%

Norms: relative ranking of favorable attitudes by category

The drivers of engagement are most important because the research shows that improvements in these drivers are associated with improvements in business performance. This helps organizations focus and prioritize their change and business improvement programs.

However, it is also useful to understand employees' views of their workplace culture, by reviewing the relative rankings of key categories of workplace culture.

Thai employees rated line of sight, respect in the workplace, and customer focus as the highest favourable categories. Understanding business goals and objectives, being able to give opinions and feedback, and having accountability to improve products/services are important to the Thai worker. Companies need to capitalise on these areas to leverage and empower their employees to the betterment of the organisation and its customers.

On the other hand, Thai employees have least favourable attitudes regarding their companies' strategic leadership and direction, communication, and compensation and benefits. Thais value clear, decisive leadership, information and dialogue.

They want to be informed about current issues and challenges that their companies face, and what management is doing to address them.

They want to have a say and impact, especially on issues that directly affect them. Their employers have to do better, not only in disseminating information, but also in educating and engaging the workforce in meaningful discussions about their concerns.

Compensation and Benefits in Thailand as in other Asian countries is rated one of the lowest favorable. Employees do not fully understand how their pay is determined or what benefits they are entitled to. They are not convinced of the link between job performance and pay. Given the perception that the compensation and benefit levels are generally low in the Philippines, Filipinos are still continuing to migrate to other countries in pursuit of higher wages and better standards of living. Companies would do well to inform their employees on the components of their total remuneration to heighten appreciation and awareness. More importantly, they should also try to provide a clearer link and reward top performers in order to manage and retain key talents.

Figure 2 | Relative rankings of WorkAsia™ categories in Asia Pacific and in Thailand

Category	Thailand	Asia Pacific
Line of Sight	1	1
Respect in the Workplace	2	2
Customer Focus	3	4
Engagement	4	3
Performance Management	5	6
Process Improvement and Innovation	6	7
Integrity	7	5
Supervisor	8	10
Enablement	9	9
Commitment	10	11
Hiring & Advancement	11	12
Training & Development	12	13
Work Environment and Team	13	8
Compensation and Benefits	14	14
Communication	15	15
Strategic Leadership & Direction	16	16

Conclusion

Watson Wyatt's WorkThailand™ study is a key diagnostic tool that helps businesses in two important ways. Firstly it analyses the top drivers of employee engagement. Engagement levels have been repeatedly linked to business financial performance, so this information to enables the organization to take targeted action to increase its competitiveness in the marketplace. Secondly it analyses key categories of workplace culture, so that the organization can develop an employer brand that is compelling and competitive in the labor market.

Drivers of employee engagement vary from one industry to another, from one organization to another and even from one employee group to another. This means that managers and senior leaders need to measure engagement within their own organizations and identify the specific factors for their own employees. Organizations must be able to identify and understand their own unique needs and situation. Only when this information is obtained can they make the correct gap analysis, design the appropriate interventions, and prioritize action steps to tackle their most pressing issues.

Finally, one of the most important things Watson Wyatt research shows is that there is a gap between the design of programs and how well those programs are implemented. By measuring engagement over time, organizations can leverage their own data to design programs that have real impact on engagement. They can also pinpoint differences among employee groups, business units and locations so they can better tailor and target these programs. The results of this measurement process is an enhanced ability to design human capital programs that achieve desired results and deliver a solid return on investment.

If you are interested in conducting an Employee Opinion Survey at your organization, please feel free to contact Watson Wyatt Thailand.

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