

Research Title : Factors Affecting Foreign Investment in
the Northern Industrial Estate.

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Abstract

The objective of the independent study on "Factors Affecting Foreign Investment in the Northern Industrial Estate" areas follows:

1. To study the investmental characteristics of the foreign investment in the Northern Industrial Estate.
2. To study the factors affecting foreign investment in the Northern Industrial Estate.
3. To study the problems of foreign investors.

The samplings for this study are the foreign investors of twenty-one companies who have already opened factories in the Northern Industrial Estate in Lampoon province. The selection was based on a purposive sampling. The instrument for data collection is the questionnaire for the investmental characteristics, the factors affecting foreign investment and the problems of foreign investors in the Northern Industrial Estate. The data was

analyzed by microcomputer of the ready-made statistics programme (SPSS/PC⁺). The analysis included the finding of percentage value and Friedman Test for Two-way Analysis of Variance by Rank. Then the result of the research was reported by the descriptive analysis as follows.

1. The investmental characteristics of the foreign investment in the Northern Industrial Estate. The foreign investors have begun to operate their business in the Northern Industrial Estate since 1989. The investors are from Japan, European such as France, Belgium, Switzerland and Asian investors from The People's Republic of China, Hong Kong and Taiwan. The industrial types that the investors have done include the electronic appliances and the parts of those appliances, food, leather, auto-parts, plastics, lenses, ornaments, textiles, machinery, pulp and paper. Most of European and Asian investors have operated in the export zone. The registered capital is about 1-10 million baht which is the medium industry with 50-199 labours and the average sale volume is less than 50 million baht per annum. The one hundred percent of the sale average volume is the export to Japan, Europe and the newly industrial countries; Singapore, South Korea, Hong Kong and Taiwan. Most of investment has been promoted by Board of Investment. For each Japanese investors have operated the large scale of investment which invest more than 20 million baht and the sale average volume is about 50-200 million baht. The joint venture of the foreign investors and Thai investors is 47.6 percent. The objective of the joint venture is to require the co-operation to supply the raw-material, to follow the regulations of Board of Investment, to require the financial, marketing and management co-operation.

2. The factors affecting foreign investment in the Northern Industrial Estate.

2.1 The significant factor for the foreign investors invested in the Northern Industrial Estate is the return on investment. The foreign investors accept that the cost of investment in Thailand is lower than in their countries and the return on investment is higher than other countries.

2.2 The significant factor is the factors in Thailand related to the economy, infrastructure and investment situation, political event and the Thai people's positive attitude towards the foreign investment.

2.3 The significant factor is the factors in the foreign investors' countries particularly the high wages, the increase of money value, tariff's barrier and the quota limitations on imported in the developed countries also the investment situation in their countries can't be expanded.

3. The problems of foreign investors.

3.1 The finding problems before operating the business in the Northern Industrial Estate is the language communication, the cultural differences, the regulations related to foreign nationalities taking up residency in Thailand, the bureaucratic delays and taxation obstacles.

3.2 The finding problem after operating the business in the Northern Industrial Estate is the higher wages, the insufficient efficiency of labours, the higher production cost, the insufficient infrastructure, many complicated laws, to control the foreign business, the insufficient labours, the insufficient utility supplies with low qualities and the problem of the labour relations.