



J. Tang.

GROUPING OF INDUSTRIES FOR INVESTMENT PROMOTION USING CLUSTER ANALYSIS

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by **Sara Suthasut**

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The purpose of the study is to develop a model for grouping of Thailand's industries that contributed to economic and industrial development together in comparison with past BOI practices and then forecast the trend of development to be an aid tool for government and investors to promote or invest in suitable industries. The proposed model is developed by using Cluster Analysis.

Some criteria of industrial promotion have been identified in the study. A survey through questionnaire on the ranking of criteria has been conducted to provide qualitative data for the calculation of relative importance. Quantitative data on the performance of alternative industries under criteria were collected from available sources.

From the results of cluster analysis we can draw the following conclusion:

- The past industrial development of Thailand was mainly based on agricultural based industries and import-substituting industries. Because of this, the government has been actively promoting these industries. Results from cluster analysis also indicate that **Group 1** (*Food, Beverage, Wearing Apparel, Leather&Footwear, Non-Metallic, Fabricated Industries, Machinery&Parts and Transport Equipment*) which is agro-based; and **Group 4** (*Rubber&Plastic, Chemical Products, Electrical Machinery*) which is mostly import - substitution oriented, consist of industries that have been promoted - this validates the multi-criteria model in grouping industries.

- In the future, the government has embalmed on promoting export-oriented industries. These industries can be mainly found in **Group 2** (*Tobacco, Wood&Cork, Furniture&Fixture, Paper&Paper Products and Printing Publishing*) and **Group 3** (*Textile*). Thus, industries in **Group 2** and **Group 3** are potential targets for promotion.

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