

Call in for a Coffee

RSM Nelson Wheeler, Thailand

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Introduction

Welcome to RSM's "Call in for a Coffee" Monthly Newsletter. One of the greatest headaches currently facing Employers in Thailand is that of what can be termed as "job hopping". During the past twelve months the Thai Economy has experienced substantial growth which has resulted in significant movement in the job market. This edition addresses employee retention plans, the importance of company and individual insurance cover audits and alien land purchase issues.

Employee turnover is bad news; what's your retention plan?

Recent improved economic times have resulted in significant job-market turbulence. Typically, when the economy picks up after a few down years, the employment floodgates open as new job opportunities emerge and workers flee their jobs for greener pastures.

A successful company can't survive without an effective retention program. Unplanned turnover is expensive and can cost up to four times the departing employee's salary, plus lost productivity, quality, institutional knowledge and employee morale. Therefore, you need a plan that takes into account the vulnerability of key losses, reduces employee turnover, lowers expensive replacement costs and increases motivation to achieve company growth objectives and maximize profit potential.

An effective retention strategy should address four principal components:

1. **Hiring** – Retention begins even before an employee starts working at your company. Identify why your company is attractive to potential employees and what impressions people have even if they're not hired. The hiring process should define the vision, mission, culture and values of the organization. This serves as the foundation for recruiting employees who share and can work effectively with those values. The process should include well-defined position descriptions, behavior-based interview processes, competency and personality testing and comprehensive reference checking.
2. **Assessment** – Assess the effectiveness of current programs, such as the exit interview process. Also, identify key people and evaluate management's ability to create a positive work environment. A survey can provide a benchmark on what employees like about your organization and give management an opportunity to make changes. Also, find out why employees leave your organization, follow-up interviews tend to reveal the truth about reasons for leaving.

3. **Effective management** – Management should create techniques to attract and retain key staff. An employee's relationship with his immediate supervisor is the most critical actor affecting retention. Managers who are in touch with their employees will hold on to them. Managers need to ask: What keeps employees here? They should know what's important to each worker and then manage the intangibles under their control, such as answering; What do people like about their jobs? Do they feel they can make a difference? Do they have the tools they need to do their jobs?

4. **Rewards** - Develop a strategic compensation philosophy to determine if your organization's current compensation levels are competitive with the market. Align compensation with results and consider long-term rewards, such as equity participation.

5. **Conclusion** - Ultimately, retention is the result of strong employee-centered management practices that permeate the organization. By developing a retention strategy around the right employees, you will effectively retain your human capital during any economic period. Implementing compensation and benefit programs that reward results will help keep your best employees and attract the right people to your company.

Insurance Cover Audits - Adequacy

Value for money is something that companies and individuals seek constantly; you work extremely hard for your money, so why spend it unwisely on expensive or outdated items?

By Law each Company has to produce audited figures for the tax authorities and most professionals know that from time to time fees for this work come under increasing pressure.

The same could be said of insurance premiums; very often what was right a few years ago may now be out of date or expensive. In order to check that you are receiving value for money, why not take advantage of our insurance audit. We will report on your current situation at no cost to either you or your company.

Please contact **Barry Scaife** or **Christopher Coleridge Cole** for details on 02 670 9002.

LAND ACQUIRED BY ALIENS

A. Individual

An alien can purchase land for residential purposes but not exceeding 1 rai in area (approximately 400 square yards) based on the following rules as set out in the Land Code:

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1. Investment

If an Alien brings in 40 million Baht or more to the Kingdom for investment purposes that Alien may be granted permission to purchase land provided that the investment criteria are in accordance with the rules, procedures and conditions prescribed in the Ministerial Regulation. Such funds shall be maintained for not less than 5 years.

The land to be acquired shall be located in Bangkok, Pattaya City, or Tessaban (Municipality), or in an area specified as a residential zone according to the law on Town and Country Planning but shall not be located in a military safety zone according to the laws on Military Safety Zones.

2. Inheritance

An alien may acquire land by inheritance as a statutory heir. The land devolved when combined with the land already acquired shall not exceed that specified by law (not more than 1 rai for residential purposes).

3. Thai Spouse

An alien whose spouse is a Thai national, either legitimate or illegitimate, can purchase land but the alien spouse of that Thai national must give a joint written confirmation that the money used to purchase the land belongs to the Thai national and does not become Sin Som Ros (community property) or property jointly acquired.

B. Juristic Person

4. Establishment of Company

A juristic person involved with alien shareholders shall maintain the share proportion of 61% (Thai) : 39% (Aliens) in order to be eligible for a land purchasing transaction.

5. Board of Investment

A BOI promoted person shall be permitted to own land in order to carry on the promoted activity to such extent as the Board of Investment deems appropriate, even in excess of the permissible limit under other laws.

RSM News

Mr. Mike Holloway has been recruited to head up RSM's new Recruitment and Executive Search Division which will be officially launched in April 2005.

Furthermore, RSM is in the process of developing its own website which will be independent of the one currently shared with its founders in Hong Kong. It is expected that this website will be fully operational in May 2005.

Finally, RSM would like to congratulate **Mr. Stephen Darley** on his election as a Committee Member and Treasurer to the Board of the Australian Thai Chamber of Commerce (AustCham).

Upcoming RSM Sponsored Events

<u>Date</u>	<u>Event</u>	<u>Contact Details</u>
12.03.05- 13.03.05	Inter-Societies Golf Tournament 2005, Imperial Lakeview Cha-Am	gareth.hughes@rsmnw.com
11.05.05	Lighthouse Club Gathering Bull's Head, Sukhumvit 33/1	sunisa.makotpate@rsmnw.com
6.07.05	Sundowners by AustCham JW Marriott Hotel, Sukhumvit 2	gareth.hughes@rsmnw.com

Free Consultation

If your company has any issues requiring clarification with respect to legal, financial, taxation, accounting, auditing, wealth management or other areas of consulting expatriate, please contact the RSM Team and "Call In For A Coffee" for a free consultation.

Translation of business ideas into realistic projects requires expert advice. RSM can assist you in formulating practical solutions to obstacles which may be encountered while undertaking business in Thailand.

Contact Details

We are located at:
26th Floor, Sathorn City Tower,
175 South Sathorn Road,
Bangkok 10120, Thailand

Telephone: 66 (0) 2670-9002-6

Facsimile: 66 (0) 2670-9027-8

Website: www.rsmnw.com

Email Address: askus.bangkok@rsmnw.com