

Thai Current Employment Situation in Connection with COVID-19

Thailand is one of the “rich gets richer and poor gets poorer” countries in the world. Regarding the Gini index, in 2018, the statistical measure of dispersion meant to depict wealth or income inequality within a country or socioeconomic group, in 2016, the top 1 percent of Thais (500,000 persons) controlled 58 percent of the nation's wealth. In 2018, these people held 66.9 percent of the national market. The 10 percent of the poorest Thais, on the other hand, have no wealth (0 percent wealth). The poorest 50 percent of Thais (25 million individuals) controlled 1.7% of the nation's wealth, while the other poor people of 70 percent (35 million) held control over 5 percent. One of the factors that contribute to this social inequality is the government who is responsible for maintaining a good welfare of all walks of life and getting rid of corruption. Regarding Thai policy in connection with decreasing poverty, Thailand's government had not had a country's policy to dealing or reducing poverty until 1975. Still, the strategy was not quite effective because there were many corruptions behind the government themselves (Kamnuansilpa, 2021). To elaborate, as the governing process was still centralized, the government administration still lacked strong governance. The government members could fully not participate in the overall administration system and mechanisms. Therefore, the law implementation was not sufficient or advantageous for achieving efficiency, effectiveness, and fairness in order to prepare for monetary changes. Also, the governmental system prohibited chances for public input into decision-making. Additionally, the legal and judicial institutions were unable to deliver justice to all related parties. In another word, the systems in place to check how state authority is being used are still ineffective. The role of the private sector's checks and balances was still very small, and they were unable to create an effective collective network for monitoring the governing process and its citizens. It results in an inability to distinguish between personal advantage and public benefit when combined with a lack of quality and public consciousness, which causes more complex issues with injustice and corrupt behavior (Sittha, 2012). With the poor performance, adding on with the unexpected global pandemic, COVID-19, they even emphasize on bad administration of the government which affects the domestic people and external trade with foreign countries. In this paper, I would argue that the Thai government's poor administration has a huge influence on people's quality of life, especially unemployment and poverty.

In this paper, it is categorized into five sections. Firstly, I will discuss the life's condition of Thai people in terms of employment and COVID-19. Second, I will further elaborate on Thai main trading industries in connection with employment affected by COVID-19. Thirdly, the paper will be about the current working age in Thailand. Fourth, the adjustment of the minimum rate to reduce inequality. And lastly, the conclusion of the paper.

The life's condition of Thai people in terms of employment and COVID-19

Before the pandemic hit Thailand, the country had officially suffered from poverty. To illustrate, regarding The World Bank, in 2016 and 2018, Thailand's official poverty rate climbed

after the previous three occurrences - 1998, 2000, and 2008 - coincided with financial crises. These two instances were the fourth and fifth times since 1988 that official poverty rates have risen. To elaborate, Thailand's poverty rate went from 7.21 percent to 9.85 percent between 2015 and 2018, while the total number of poor people increased from 4.85 million to more than 6.7 million. Moreover, with a GDP growth rate of just 2.7 percent in October 2019, Thailand has one of the lowest rates in the region for three significant reasons. First off, there has been a drop in tourism. Second, droughts have a negative impact on farmers' livelihoods, who are already among the poorest people. Thirdly, as trade and economic development have slowed internationally, manufacturing exports have been affected across the area.

Thai main trading industries in connection with employment affected by COVID-19

1. Tourism

To give further elaboration, the biggest economic industries in Thailand that contribute to the national GDP and citizens' life are tourism, agriculture, and manufacturing. Firstly, in accordance with the research of Saxon and his team working for McKinsey&Company, in terms of tourism. As foreign visitor arrivals in 2019, Thailand placed eighth that most travelers visit, with China serving as a significant supply market. Thailand had a record 40 million visitors in 2019. The travelers' spendings are mostly from accommodation for 28% of incoming tourists' expenditure, followed by shopping for 24 percent of spending, and food and drinks of 21 percent. In addition, between 2014 and 2019, the Thai tourist industry generated 36 million new employment. Nevertheless, the epidemic and its accompanying limitations have severely affected travel, with a sharp decline in foreign travel. In September 2021, for instance, there were 95% fewer travelers on foreign flights to Thailand than the same month the previous year. On the employees' side, before the epidemic, there were around 38 million people employed in the tourist industry, creating 4.5 million employment (Reuters, 2021).

Nonetheless, the government has tried to solve the problem. The Rao Tiew Duay Gun (We Travel Together) initiative was introduced by the Thai government in August 2020, allotted \$640 million in funding to support the growth of domestic tourism. Six million hotel nights overall were paid for by the government at a rate that was 40% below market value. The maximum amount of the subsidy was 3,000 baht for up to five nights. Other services, like meals, might only be subsidized up to 600 baht per room, each night. The second phase of the rollout, which begins in December 2020, abolished the limitation that this subsidy may only be used at facilities outside of the provinces of the visitors. Additionally, domestic flight travelers would be eligible for a government return of 40 percent of the ticket cost. Seven months after the program's start, in February 2021, the six million hotel room nights allotted to it were used up. The Thai economy had grown by at least \$1 billion at that time. By marketing flights and hotels in conjunction with the We Travel Together campaign, several operators took advantage of this opportunity, redirected their attention to the domestic market, and attracted local tourists. Destinations that formerly catered mostly to foreign tourists began to accept more domestic guests, which helped those economies make it through this challenging time. To target the

medium- to high-spend domestic visitor market, several luxury hotels provided steep discounts and alluring promos. Yet, Thailand's overall income from domestic travel decreased significantly despite advertising strategies for domestic travel. Domestic travel-related revenue for the nation fell from \$34.5 billion to \$15.4 billion in 2020. The pandemic's effects on the Thai economy would not be accompanied by a rise in domestic expenditure alone.

2. Agriculture

Secondly, in Thailand, the agricultural industry is both highly competitive and varied. Together with the services sector, agriculture has provided numerous job possibilities for the Thai populace since it has played a significant role in Thailand's growth. Comparing the agricultural industry to other sectors, it had the least influence on Thailand's economic growth and contributed the least to GDP. Although recent years have seen progress, it has been very moderate. Thailand has remained a prosperous agricultural civilization despite periodic economic downturns because of the nation's abundant natural resources, including a wide variety of crops, farms, and fisheries. About 30 percent of the workforce in Thailand is employed in the agricultural industry, which serves 6.4 million homes. Although its share to national revenue has decreased over the previous three decades, accounting for barely 10 percent of GDP in 2019, it also produces the lowest additional value per employee with the slowest growth in comparison to other economic sectors. The industry is plagued by a variety of issues, including poverty. Around 40 percent of agricultural households had yearly incomes that fell below 32,000 Thai baht poverty limit and 10 percent of agricultural households have debt levels that are three times larger than the average yearly farming revenue per person. In comparison to their respective income levels before the pandemic, farm households suffered a loss of income of 39 percent, while general households suffered a loss of income of 16%, according to the FAO's COVID-19 national assessment.

Due to the excess supply and inability to plant the farmers' seeds at the start of the pandemic, the smallholders' revenue also decreased by about 40.3 percent. Farms were more adversely affected by COVID-19 than other households businesses. The increasing education of Thai farmers, particularly the young ones, offers some optimism. However, there seems to be lessons learned and for 2013 that 21.5 percent of agricultural employees had completed at least secondary school education, up from 12.1 percent in 2003.

However, the administration had made an effort to find a solution. In 2020, 10 million farmer families received an injection of 5,000 Thai baht per month for three months from May to July from the Finance Ministry and the Ministry of Agriculture and Cooperatives. The first round of financial assistance is anticipated to be given to registered farmers with accounts at the Bank for Agriculture and Agricultural Cooperatives in the middle of May. In contrast, for the other farmers who have not registered or whose registration was overlooked would be made sure about their money support later (Pattaya Mail, 2020). Still, there was room of improvement. As the COVID-19 and self-isolation came with the technological advancements, many farmers could not access the news and help supported by the government. According to Kenan Foundation Asia (2020), there were approximately 10 million farmers who requested federal COVID-19 help. Yet,

these farmers were unable to sell their goods since they were unaware that selling online would be a possibility, many farmers chose to discard their produce. Hence, only some people and groups established their own Facebook marketplace pages where they provided free promotion for store and page owners. These farmers were able to take advantage of platforms, market their products and services online, and significantly advance the economy.

3. Manufacturing

Lastly, in terms of manufacturing, the National Economic and Social Development Council (NESDC) estimated around 1.5 million people who worked in manufacturing lost their employment. The industries that have suffered the most significant performance declines are the malts and its beverages as well as the automobile sectors. In May 2020, a few vehicle and accessory manufacturers already went out of business. About 5.9 million people are employed in the manufacturing industry.

During the pandemic, according to the United Nations Industrial Development Organization (UNIDO), small and low-tech businesses had been the most severely impacted by the crisis and containment efforts. Additionally, small-size businesses had the least access to the assistance offered by government stimulus programs. Lower revenue flows were the result of fewer orders. While businesses had attempted to secure extra loans to make up for the lack of liquidity, the challenges in doing so had made their position worse. Many businesses had cut costs such as employer wages. In addition, the scarcity of inputs was one of the important factors, especially raw materials. Due to international border closures and local mobility limitations, the containment efforts had caused supply chains to become disrupted. As a result, the vast majority of businesses expect a drastic loss in income. It was discovered that 90 percent or more of businesses anticipated severe revenue losses of over 50 percent in 2020 compared to 2019 regardless of their location—within or outside of areas with high infection rates.

For the support from the government, at 49 percent and 35 percent, respectively, tax rate reductions and a reduction in social contributions were the most favored government assistance measures among businesses. Additionally, 32 percent of respondents selected lower rent and utility expenses as a way to save operating costs, while 27 percent preferred better loan terms. Still, due to their dependence on the Global Value Chain (GVC), most businesses, especially smaller ones, prepare for such a drastic income loss. Companies involved in GVCs depend on the conditions in the nations where their business partners are based; unfortunately, regarding the UNIDO research, the situation globally may not get better in the near future.

The current working age in Thailand

During the pandemic, due to an early shutdown and successful contact tracing tactics, the Thai Government was able to keep the number of COVID-19 cases low for as late as September 2020. However, though the government's actions delayed the pandemic's growth in Thailand, there were the cost of lost employment, money, companies, food security for families, and educational opportunities for kids (The World Bank, 2021). According to the labor force data of Thailand National Statistics Office (NSO), the COVID-19 has significantly affected jobs and

workers in quarter two of 2020. To elaborate, during April to June 2020, 7,450,000 Thai citizens were officially reported unemployed. This dramatically increased from 2018 to 2020 quarter one of 3,750,000 people at the average. When looking at changes by age groups, the youth that age between 15 to 24 years old showed the most notable unemployment changes between quarter one of 2020 and quarter of 2020. For the youth, the unemployment percentage sharply rose from 5 to 8.6 percent. On the other hand, the unemployment rate changes in the adult of 25 years and above increased from 0.6 percent to 1.2 percent. Once the labor market lacks employees for 2-3 years, there will be quite high competition. Most of the recruitment criteria are looking for people with Soft Skills because they can be used to solve problems at work.

The adjustment of the minimum rate to reduce inequality

As evidenced by a decline in the number of new applicants for unemployment benefits, unemployment in the mainstream economy continued to decline. The minimum daily pay was recently raised in January 2020, going from 313 baht to 336 baht. The current minimum wage varies by province. The three southernmost provinces of Narathiwat, Pattani, and Yala have the lowest daily rates at 331 baht, while Chon Buri and Phuket have the highest at 336 baht a day (Chau, 2022). Nevertheless, the Ministry of Labor is considering raising the daily minimum wage. The maximum daily wage that has been suggested is 492 baht, however this is just for certain provinces and is not yet official. To be more specific, there is a proposal for some occupations in connection with their salary. For example, for the construction workers, the draftsmen at level 1 are suggested to receive their income 645 baht per day while the building painters at level 1 will receive their income for 465 baht per day and at level 2 of 600 baht per day. As for the service line, for the front office receptionists at level 1, they should receive 440 baht per day and at level 2 of 565 baht per day. For Thai Hand therapists at level 1, they should get 460 baht per day and at level 2 of 475 baht per day. Last, in terms of industrial arts industry, the decorative item workers at Level 1 should receive 450 baht per day, at level 2 of 550 baht per day, and at level 3 of 650 baht per day in order to make their income balances with the cost of living and accelerate financial equality among Thai citizens (Thai PBS world, 2022). However, the minister said that he anticipates the new rate to be revealed by September, along with the provinces where it would be implemented (THE NATION, 2022).

Conclusion

To conclude, Thailand is one of the developing countries that has been struggling with providing good welfare to its people, especially in terms of jobs and inequality. There are many Thai citizens who have suffered from the ineffective administration of getting rid of poverty. To elaborate, there are more than half the population in Thailand that are marked as having a low level of salary compared with the rest of the population. To be specific, the biggest group of the population that are hardly supported by the government is the group of young individuals who age around 15-24 years old. Apart from insufficient support from the government such as education, many companies and firms are likely to consider that these people lack some skills

and hands-on experiences, so they are not prone to recruit these people to their companies. On the other hand, the older have a less chance to be unemployed or lose their jobs. Though some youth have jobs, the salary is usually not enough to cover the bare minimum of the cost of living. Also, the people without specific skills are discarded or taken advantage of from the labor market because they do not have enough knowledge and the companies have no time to train them. These might be rejected from job recruitment or might be hired but paid the income less than they should receive. Plus, the unexpected long-lasting event or COVID-19 pandemic, impacting not only the national but also the global economy, also contributes to experience unemployment, job loss, or to get an unfair salary. This raises the issue of the minimum wage Thai citizens should receive. Still, the Thai government announced officially to maximize the minimum wage but the plan had not been implemented at the current time yet. Therefore, in my opinion, it is still unsure to confirm clear-cut that increasing the minimum wage will encourage inequality and reduce poverty to some positive extent but to hope, based on the mutually agreed proposal of increasing the legal lowest amount of income, that the increase of minimum wage will reduce the disparity.

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