

Influencing Factors of Wage Increase Trend in Thailand (2022-2023)

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Abstract

This academic article aims to discuss the factors that affect wage increases in Thailand, particularly in 2022-2023, and suggests improving the workforce's skills to match wage adjustments. It draws from Gerhart and Newman (2020) on organizational competitiveness and wage determination. The analysis also includes trends in Thailand's wage increases and factors influencing wage adjustments in Thailand, as analyzed by the World Bank (2023), Trading Economics (2023), United Nations Development Program (2020), and International Monetary Fund (2020), as well as relevant documents and research. The article proposes recommendations to increase the workforce's skills to manage with wage adjustments and adoptive competitiveness, based on the concepts of Milkovich, Newman, and Gerhart (2017), along with related research. The synthesis and presentation of conclusions align with the relevant concepts and theories in each topic, serving as a framework for analysis.

Findings are as follows: Wage adjustments are influenced by various factors, including economic growth, inflation rates, government policies, industry-specific factors, and internal factors, especially the bargaining of labor unions. Employers with the potential to increase wages during the years 2022-2023 should focus on upgrading the workforce's skills to adapt to wage adjustments and enhance organizational competitiveness.

Keywords: Influencing Factors; Wage Increases; Wage Growth

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ปัจจัยที่มีอิทธิพลต่อการปรับขึ้นค่าจ้างของประเทศไทย ในช่วงปี พ.ศ. 2565-2566

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บทคัดย่อ

บทความวิชาการนี้มีวัตถุประสงค์เพื่อนำเสนอปัจจัยที่ส่งผลต่อการปรับขึ้นค่าจ้างในประเทศไทยในช่วงปี พ.ศ. 2565-2566 และการเตรียมความพร้อมเพื่อยกระดับทักษะแรงงานที่สอดคล้องกับสถานการณ์การปรับขึ้นค่าจ้างในประเทศไทย โดยนำแนวคิดเกี่ยวกับปัจจัยที่มีอิทธิพลต่อการกำหนดค่าจ้างเพื่อความสามารถในการแข่งขันขององค์การในตลาดแรงงานของ Gerhart and Newman (2020) และผลการวิเคราะห์สถานการณ์แนวโน้มการปรับขึ้นค่าแรงของไทยและปัจจัยที่มีอิทธิพลต่อการปรับขึ้นค่าจ้างของประเทศไทยโดย World Bank (2023), Trading Economics (2023), United Nations Development Program (2020) และ International Monetary Fund (2020) ตลอดจนเอกสารและงานวิจัยที่เกี่ยวข้อง โดยได้นำเสนอข้อเสนอแนะในการยกระดับทักษะแรงงานเพื่อรองรับกับสถานการณ์การปรับขึ้นค่าจ้างและสร้างขีดความสามารถในการแข่งขันตามแนวคิดของ Milkovich et al. (2017) และการศึกษาที่เกี่ยวข้อง ซึ่งการสังเคราะห์และนำเสนอข้อสรุปสอดคล้องกับแนวคิดและทฤษฎีที่เกี่ยวข้องทุกหัวข้อและนำมาเป็นกรอบในการวิเคราะห์

ผลการวิเคราะห์ พบว่า การปรับขึ้นค่าจ้างได้รับอิทธิพลจากหลายปัจจัยที่หลากหลาย ได้แก่ การเติบโตทางเศรษฐกิจ อัตราเงินเฟ้อ นโยบายของรัฐบาล ปัจจัยเฉพาะของอุตสาหกรรม และปัจจัยภายในองค์การ โดยเฉพาะอย่างยิ่งการต่อรองของสหภาพแรงงาน สถานประกอบการที่มีศักยภาพในการปรับเพิ่มค่าจ้างในช่วงปี พ.ศ. 2565-2566 ควรมีการยกระดับทักษะของแรงงานเพื่อสอดคล้องกับการปรับขึ้นค่าจ้างและสร้างขีดความสามารถในการแข่งขันขององค์การ

คำสำคัญ: ปัจจัยที่มีอิทธิพล; การปรับขึ้นค่าจ้าง; ค่าจ้างเพิ่มขึ้น

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Introduction

Factors that affect to wage increases in Thailand can vary annually with two significant factors economic growth and inflation. Economic growth creates more job opportunities and higher wages, while a decline in growth leads to job losses, reduced wages, and limited access to resources impact on workers' living standards. Inflation erodes the purchasing power of money, resulting in a lower standard of living for workers and their families (Medina, 2022). Government policies, such as minimum wage laws, also play a crucial role in wage increases, as seen in Thailand's recent efforts to address income inequality and promote social equity through minimum wage raises (Leckcivilize, 2015).

Thailand's wage growth is significantly influenced by industry-specific variables. In order to maintain competitiveness, industries that rely on skilled labor typically offer higher wages to attract and retain skilled employees. In contrast, domains characterized by low labor productivity and sluggish demand may struggle to offer competitive pay, resulting in stagnant or declining wages (Medina, 2022).

Internal organizational factors play a significant role in determining wage adjustments within a company. The financial performance of the organization is crucial, as growing and profitable companies are more likely to have the capacity to offer higher wages to their workers. On the other hand, financially troubled companies may face limitations

in raising wages. Organizational goals also influence wage adjustments, as companies strive to maintain competitive in the labor market by allocating resources toward higher wages. The compensation and rewards philosophy of the organization also plays a part, with some companies prioritizing internal equity and performance-based pay, while others benchmark against industry standards and market rates. The presence of labor unions or employee groups is another influential factor. While the impact of unions on salary increases in Thailand is typically limited, they can play a more prominent role in wage negotiations, particularly in industries with strong union membership and effective negotiation processes. In such cases, unions may achieve better outcomes in terms of salaries and benefits (Napathorn & Chanprateep, 2011).

To ensure equitable and sustainable wage policies that foster economic growth and benefit workers, policymakers and businesses in Thailand must consider a range of factors. These include economic expansion rates, inflation rates, government policies, industry characteristics, and the influence of labor unions (Leckcivilize, 2015; Medina, 2022; Napathorn & Chanprateep, 2011). Collaboration between unions, businesses, and policymakers is essential to establish fair wage policies that meet the needs of all stakeholders.

This article stands out for its comprehensive analysis of factors influencing wage

increases in Thailand, its consideration of both economic and non-economic determinants, its tailored focus on the Thai context, and its practical recommendations for policymakers and businesses. Its multi-disciplinary approach and use of current sources contribute to its relevance and potential impact on wage policy discussions and decisions. The findings of this study provide valuable insights for policymakers, enabling them to make informed decisions regarding wage policies based on reliable information.

Related Concepts and Theories

Potential Factors Affecting Wage Increases in Thailand's Economy

There are numerous significant global factors that influence the wage structure. These factors include labor market dynamics and the implementation of a market-driven strategy by organizations, which are influenced by the rising demand for labor caused by economic growth. When economic growth occurs, competition emerges, and companies with high product demand are able to compete effectively in their respective market segments. Additionally, government policies have a direct impact on wage increases for businesses, particularly those paying the lowest wages, primarily in countries with a daily minimum wage. These policies can also have an effect on the competitiveness of labor costs and may lead to an increase in the prices of market-sold goods, thereby reducing consumer demand. Internal company

factors can also have a significant impact on wage adjustments. The financial health and performance of a company play a significant role in determining its capacity to offer wage increases. If a business is experiencing robust financial growth and profitability, it is more likely to have the means to pay its employees higher wages. Moreover, an organization's objectives and strategies can impact its approach to wage adjustments. For example, if a company's competitive strategy focuses on attracting and retaining top talent, it may allocate more resources towards higher wages in order to maintain competitive in the labor market. The organization's compensation philosophy and employee rewards philosophy can also impact wage adjustments. Rather than adopting a market-driven approach that aligns salaries with industry benchmarks and market rates, some organizations prioritize internal equity and performance-based pay. Moreover, employee performance and productivity can influence wage adjustments. Frequently, organizations tie wage increases to individual or team performance, rewarding top performers with merit-based pay increases or performance bonuses. In unionized workplaces, wage adjustments are typically determined through collective bargaining agreements. The magnitude and frequency of wage adjustments can be affected by the strength and bargaining power of labor unions or labor groups within an organization. It is essential to note that these variables are industry- and organization-specific

(Gerhart & Newman, 2020).

From the foregoing, there are a number of potential economic factors that may influence wage growth in Thailand. An essential factor is economic expansion (World Bank, 2021). In 2023, the World Bank's Thailand Economic Monitor report said that Thailand had made a lot of social and economic progress over the past 40 years. It went from being a low-income country to an upper middle-income country in less than a generation. As a result, Thailand has been widely cited as a development success story, with sustained robust growth and an impressive reduction in poverty. Thailand's economy grew at an average annual rate of 7.5% during the peak years of 1960-1996, and at a rate of 5% after the Asian Financial Crisis, between 1999 and 2005. This expansion generated millions of jobs, which enabled millions of people escape poverty. Multiple facets of welfare have experienced impressive gains: more children are receiving more years of education, and virtually everyone now has health insurance, while other forms of social security have grown. As a result of a stagnation in productivity, the export-driven model that once drove so much of Thailand's economic development appears to have significantly diminished growth prospects. The average annual growth rate of total factor productivity (TFP) slowed from an all-time high of 3.6% per year in the early 2000s to 1.3 % between 2009 and 2017 (World Bank, 2023).

Private investment has decreased from

more than 40 % of GDP in 1997 to 16.9 % of GDP in 2019, while foreign direct investment flows and participation in global value chains have stagnated. Moreover, the COVID-19 pandemic has harmed the economy, thereby exacerbating the structural issues. It is anticipated that the economy will contract by 6.1% in 2020. This is the second-worst full-year economic contraction in the past 25 years, trailing only 1998's 7.2% contraction. A rapid phone survey conducted by the World Bank between April and June 2021 estimated that more than 70 percent of households have experienced a decline in income since March 2020, with vulnerable groups being the hardest hit (World Bank, 2023).

The World Bank report also revealed that, according to the Thailand Economic Monitor, Thailand's economy will return to its pre-pandemic level in 2022, but growth will be slower than anticipated in 2023 due to global issues. The economy is projected to expand by 3.4% and 3.6% in 2022 and 2023, respectively. Compared to previous projections, growth for 2023 has been reduced by 0.7 percentage points. This is because global demand is declining more rapidly than anticipated. Tourism sector recovery and private spending will continue to be the primary growth drivers in 2023 (World Bank, 2023).

According to the information above, the economy of Thailand is expected to grow by 3.4% in 2022 and 3.6% in 2023. This growth may lead to a higher demand for workers,

which could cause wages to go up. This trend is especially clear in industries that are growing quickly and need skilled workers, like technology and e-commerce. Also, the government's focus on building up the country's digital economy has led to the growth of new industries and job opportunities. This could increase the demand for workers and help raise wages (Trading Economics, 2023; World Bank, 2023). However, rising inflation may also have an effect on wages. According to the International Monetary Fund (2020), Thailand experienced a rise in inflation in 2020, which may have prompted workers to demand higher wages. In addition, persistent poverty, particularly in rural areas, could create pressure for wage increases in order to reduce income inequality (United Nations Development Program, 2020). Government policies, such as minimum wage laws, are an additional potential factor. The Thai government has implemented minimum wage policies in an effort to reduce income inequality and enhance worker welfare (Samart & Kilenthong, 2021). Nevertheless, this policy's effectiveness in increasing wages and enhancing working conditions is debatable. There may also be a role for industry-specific factors in wage increases. For instance, the demand for skilled labor in specific industries can result in higher wages for workers with the necessary qualifications (Autor, 2019; Card & DiNardo, 2022). In addition, industry competition can result in wage increases to attract and retain skilled workers (Martocchio, 2015).

The Impact of Government Policies on Wage Increases in Thailand

Government policies, including minimum wage laws, play an important role in setting wage increases in Thailand. In recent years, the Thai government has taken several measures to increase wages, especially for low-income workers. One of the most notable measures is the Minimum Wage Act, which sets a minimum wage that employers must pay their workers. The government has gradually raised the minimum wage over the past decade. In 2011, the government announced a nationwide increase in the minimum wage from 159 baht per day to 300 baht per day, an increase of nearly 90 percent (Wang, 2011). This increase was intended to reduce income inequality and boost domestic consumption. In 2013, a research team led by Yongyuth Chalamwong and Other, supported by the National Research Council of Thailand (NRCT), highlighted that over the preceding decade, the adequacy of the minimum wage for Thai laborers had not kept pace with the rising cost of living. The research report underscored the presence of a workforce exceeding four million individuals who were earning less than the stipulated minimum wage. Moreover, the existing labor safeguards were deemed insufficient to ensure remuneration commensurate with the prevailing cost of living. These findings present a significant challenge to the Thai government in effectively implementing and enforcing the nationwide minimum wage policy of 300 baht across all

provinces (Thailand Development Research Institute, 2013). In 2017, the government introduced a new minimum wage structure in which provinces were divided into four groups based on their economic development and potential (Ministry of Labor, 2022). Minimum wage rates ranged from 308 baht per day in the least developed provinces to 425 baht per day in Bangkok and surrounding areas. In 2018, the government announced another nationwide increase in the minimum wage, with rates ranging from 308 to 330 baht per day depending on the province (Ministry of Labor, 2022). This increase was met with mixed reactions: Some businesses expressed concern about the impact on their competitiveness and ability to hire workers, while labor unions welcomed the increase as a step toward better working conditions and fair wages (The Nation, 2023).

According to the findings of an investigation that was carried out by Samart and Kilenthong (2021). Since 2012, the Thai government has raised the minimum wage on an annual basis, typically by an amount equivalent to 5 % of the previous year's wage. During the Covid-19 period, in the year 2020, the daily minimum wage was established at 313 baht for the majority of the provinces, with higher rates in the provinces that were more developed. According to the findings of the study, an increase in the minimum wage may result in higher costs for businesses; however, it may also result in increased productivity and a lower turnover rate among workers. In the majority

of provinces in Thailand, the minimum wage will increase to 331 baht per day in 2021. The Thai government has recently implemented policies to raise workers' wages, particularly low- and middle-income workers. The 2013 Minimum Wage Act is crucial in this regard. Under this law, provincial committees determine Thailand's minimum wage based on cost of living, productivity, and economic conditions. Bangkok and surrounding provinces have the highest minimum wage, 400 baht per day. In addition to the minimum wage law, the Thai government has implemented tax breaks for low-wage earners, social security benefits, and training programs to boost worker productivity. The industrial sector, which employs most Thais, has been affected by these policies. The Minimum Wage Law has raised labor costs for businesses, especially in labor-intensive sectors like agriculture, textiles, and manufacturing. Government wage policies affect different industries differently. Wage increases have hit low-wage industries like tourism and services harder than others.

Competitive Pressures and Labor Productivity on Wage Increases

The wage growth in Thailand may be significantly influenced by industry-specific factors. Consideration must be given to the level of competition present in a given market sector. The pressure to maintain low prices and profitability can make it difficult for businesses in highly competitive industries to

increase employee wages. It is essential, when investigating the sector-specific factors that may influence wage increases in Thailand, to evaluate the level of competition and worker productivity. Numerous experts in human resource management, such as Gerhart and Newman (2020), Martocchio (2015), Mondy (2012) have observed that wages are higher in highly competitive industries due to the need to attract and retain skilled workers. Employers may be less likely to offer competitive compensation packages in less competitive fields, resulting in lower wages. The productivity of the workforce is an additional factor to consider when determining wages. As stated by Autor (2019) in the American Economic Association's report, a rise in productivity can increase profits and wages for all parties involved. However, if workers produce less, it may be difficult for businesses to pay higher wages.

Labor Unions and Internal Organizational Factors in Wage Increase Negotiations

Internal organizational factors affect wage adjustments within a company. Organizational financial performance is crucial. A company that is growing and profitable can pay its workers more. However, financially troubled companies may be unable to raise wages. Organizational goals also affect wage adjustments. To stay competitive in the labor market, an organization may allocate more resources to higher wages. The company's compensation and rewards

philosophy also matter. Some companies prioritize internal equity and performance-based pay, while others follow industry benchmarks and market rates. Productivity and performance also affect wage adjustments. Many companies reward top performers with merit-based pay raises or bonuses. This approach motivates workers to improve and rewards those who make a difference. Labor unions or employee groups are also important. They are crucial in wage increase negotiations. Collective bargaining agreements determine wage adjustments in unionized workplaces. Union strength affects wage adjustments. Unions negotiate fair wages and working conditions for workers. They work to protect workers' interests during wage negotiations (Gerhart & Newman, 2020; Milkovich et al., 2017; Mondy, 2012). Labor bargaining is a mechanism for resolving conflicts between employers and employees. The Labor Relations Act of 1975 in Thailand has set a framework for labor negotiations to some extent. but still unable to create complete success in negotiations Due to some practices of both sides that create obstacles that lead to inconsistencies and cause labor disputes (Woodtikan, 2013). This article focuses on the power and bargaining role of employee unions, which present a significant challenge in today's labor society and cannot be controlled by organizations. In Thailand, unions, especially in the electrical and electronic manufacturing sectors, play a crucial role in wage negotiations and advocating for the best interests of their

members. According to a survey conducted by the International Labor Organization (2017), these sectors have been instrumental in supporting the Thai economy in terms of export revenue and employment over the past three decades. The same report highlights the respected position of labor unions in these sectors, emphasizing their power, bargaining influence, and generally constructive relationships with management. The ability of unions to negotiate wages and working conditions is influenced by various factors. These include their negotiating power, organizational strength, and the legal and institutional framework that governs their actions. In Thailand, the Labor Relations Act regulates the operations of labor unions, authorizing both strike actions and collective bargaining. However, the law imposes limitations on union activities, which can hinder their effectiveness in bargaining with employers. Research conducted by Napathorn and Chanprateep (2011) reveals that Thai workers join unions primarily for financial assistance, job security, and access to legal counsel. The success of unions in salary negotiations is also dependent on their bargaining power and organizational strength. Unions with larger membership bases and more resources are better positioned to negotiate for higher wages and improved working conditions. Additionally, according to Ivancevich (2010), labor organizations that are more centralized, with better communication and coordination

among their members, tend to be more successful in wage negotiations. The primary function of unions in wage negotiations in Thailand is to represent the interests of their members and strive for higher wages and better working conditions. Despite the constraints imposed by the legal and institutional environment, unions have been effective in achieving wage increases for unionized workers in the industrial and construction sectors. The success of unions in pay negotiations relies on their bargaining power, organizational strength, and the legal and institutional framework that governs their operations. As in other countries, the outcome of wage negotiations in Thailand depends on various factors, including the bargaining power of unions, the strength of their organizations, and the institutional and legal framework governing union operations. These negotiations have resulted in both successes and failures for the unions (Milkovich et al., 2017; Mondy, 2012). Nonetheless, labor unions in Thailand continue to play a critical role in advocating for higher wages and improved working conditions for their members.

Strengthening Labor Skills to Align with Wage Growth and Foster Competitiveness

Today's fast-changing economy requires skilled workers. As technology and industries change, workers need new skills to meet market demands. Retaining skilled workers requires competitive wages and benefits. To address

these issues, governments, businesses, and schools worldwide are increasing labor skills and wages. This includes investing in education and training programs, offering incentives for skill upgrades, and creating a supportive work environment that promotes career growth. Employers should pay market rates and the government-mandated minimum wage. Skilled worker wages retain and recruit this group for customer satisfaction and competitiveness. Businesses should do this. Industries can raise wages in several ways. First, they can invest in training and retraining their employees to increase productivity and marketability and negotiate higher wages. Workers can earn more by retraining or upskilling. Employers can boost employee productivity and value, increasing salaries (Milkovich et al., 2017). Second, performance-based pay systems can boost worker productivity and income (Atigala, Maduwanthi, Gunathilake, Sathsarani, & Jayathilaka, 2022; Ivancevich, 2010; Lazear, 2000). Performance-based compensation systems encourage workers to improve (Lawler, 2012; Milkovich et al., 2017). Sales, production, and customer satisfaction determine employee pay. Performance-based pay systems can motivate employees to work harder and perform better, but they are risky and difficult to implement (Martocchio, 2015). Third, flexible wage policies that consider economic conditions and financial performance can balance employee and firm interests (Milkovich et al., 2017). Flexible wages benefit employers

and employees. Economic wage changes can improve employee and employer satisfaction. Businesses may struggle to pay high wages during recessions. Financial performance-based wage reductions can prevent layoffs. Thus, it can survive economic downturns and retain employees (Milkovich et al., 2017; Rosenbloom & Milkovich, 1991).

Despite many institutions predicting economic growth in Thailand in the coming year, businesses must be cautious about wage increases. They must first ensure that wage increases are sustainable and do not cause financial instability or bankruptcy. Second, to avoid legal and reputational risks, they must follow labor laws like minimum wage laws. Finally, they must work with unions and employees to make sure their wage policies are fair and equitable to avoid labor disputes and strikes (Napathorn & Chanprateep, 2011; Samart & Kilenthong, 2021). According to the discussion, wage increases in Thailand should take into account the organization's goals, its financial ability to pay higher wages, and the need to attract skilled workers in a competitive labor market. Training and skills development for workers can boost productivity and business growth alongside wage increases.

Analysis framework

This article focuses on two main objectives: analyzing the factors influencing wage increases in Thailand in 2022 and 2023, and proposing recommendations to align the skills of the

labor force with wage adjustments. The analysis framework draws upon the perspectives of Gerhart and Newman (2020) to examine wage determination for organizational competitiveness. Various sources, including the International Monetary Fund (2020), Trading Economics (2023), United Nations Development Program (2020), World Bank (2023) and other relevant research, are utilized to explore trends and factors affecting wage adjustments in Thailand. Based on the concepts presented by Milkovich et al. (2017) and related studies, the article offers recommendations to enhance workers' capabilities in managing wage changes and promoting competitiveness. A comprehensive conceptual framework guides the synthesis and presentation of conclusions, incorporating relevant theories and concepts. The analysis reveals that wage adjustments in Thailand are influenced by economic growth, inflation, government policies, industry-specific considerations, and internal factors of organizations particularly, the role of labor unions. Employers capable of increasing wages should prioritize investing in the professional development of their workforce to successfully adapt to wage increases and improve overall competitiveness.

Results

This paper presents the following data analysis and synthesis findings.

1. Economic factors affect Thailand's wage growth. Over the past four decades, it

has gone from low-income to upper middle-income (World Bank, 2021). The economy grew 7.5 % from 1960 to 1996 and 5% from 1999 to 2005. However, Thailand's export-driven model is challenged by stagnant productivity and declining private investment (World Bank, 2023). It's noteworthy that economic growth has the potential to significantly impact both demand and wages, especially in technology and e-commerce sectors (Trading Economics, 2023; World Bank, 2023). Additionally, it's reasonable to expect that as inflation reates, workers might seek higher wages to maintain their purchasing power (International Monetary Fund, 2020). The interpretation of these trends reveals that the complex relationship between economic growth and aspirations for higher wages highlights the multifaceted nature of wage dynamics in Thailand. This intricate dance between macroeconomic forces and individual wage expectations demonstrates the delicate balance that policymakers and stakeholders must establish in order to achieve equitable compensation. Moreover, poverty reduction, especially in rural areas, can boost wages and reduce income inequality (United Nations Development Program, 2020). This highlights the potential benefits of addressing regional disparities and the interconnectedness of poverty alleviation efforts and wage dynamics. Although their efficacy is uncertain, minimum wage laws aim to improve working conditions and raise wages (Samart & Kilenthong, 2021). Industry-specific factors like skill requirements

and competition for skilled workers affect wage levels (Autor, 2019; Card & DiNardo, 2022). The ongoing discourse surrounding the effects of minimum wage legislation highlights the intricate nature of reconciling labor market regulations with the objectives of achieving economic parity. To navigate wage increases in 2022-2023, Thai policymakers, businesses, and workers must understand these factors (Autor, 2019; Card & DiNardo, 2022; Gerhart & Newman, 2020; International Monetary Fund, 2020; Samart & Kilenthong, 2021; United Nations Development Program, 2020; World Bank, 2021, 2023). Given the complexity of these factors, collaborative efforts between stakeholders are essential to the formulation of effective wage strategies that align with broader socioeconomic goals.

2. Government policy influences wage growth. Recent minimum wage increases in Thailand have reduced income inequality and increased domestic consumption. The minimum wage was raised 90% from 159 baht to 300 baht in 2011 to reduce income inequality and boost domestic spending (Wang, 2011). In 2017, a new minimum wage structure based on economic development and potential was implemented, ranging from 308 baht in the poorest provinces to 425 baht in Bangkok and surrounding areas (Ministry of Labor, 2022). This development could signify the study's inclination towards the potential positive effects of wage adjustments on regional economic dynamics. Samart and Kilenthong

(2021) found that Thailand has raised the minimum wage by 5% annually since 2012. Most provinces had a daily minimum wage of 313 baht during the 2020 The 2013 Minimum Wage Act is one of several Thai government policies to raise wages for low- and middle-income workers. Social security, low-wage worker tax breaks, and productivity-boosting training are included. However, labor costs have risen significantly in labor-intensive industries due to these wage increases. These minimum wage hikes have also affected tourism and services.

3. Internal organizational factors play a significant role in wage adjustments within companies. These adjustments are influenced by organizational goals and strategies. To maintain competitive in the labor market, organizations may allocate more resources towards higher wages. The compensation and rewards philosophy of a company also matters, with some prioritizing internal equity and performance-based pay, while others consider market rates and industry benchmarks (Gerhart & Newman, 2020; Milkovich et al., 2017; Mondy, 2012). In the context of the article, this analysis underscores the multifaceted nature of wage determination within organizations, with decisions influenced by strategic considerations, compensation philosophies, and market considerations. In addition, performance and productivity are crucial factors in wage adjustments. Many companies provide merit-based pay raises or performance bonuses to

top performers, which serves as an incentive for employees to improve and acknowledges their contributions (Gerhart & Newman, 2020; Milkovich et al., 2017; Mondy, 2012). This observation aligns with the idea that performance-based incentives can enhance employee motivation and productivity, linking individual contributions to wage adjustments. Furthermore, labor unions have a significant impact on wage increases as well. In unionized companies, wages are determined through collective bargaining agreements. The strength of unions and their bargaining power can influence wage adjustments. Labor unions advocate for fair wages and better working conditions, representing the interests of employees during wage negotiations (Gerhart & Newman, 2020; Milkovich et al., 2017; Mondy, 2012). In Thailand, labor unions play a crucial role in wage negotiations, particularly in the electrical and electronic manufacturing sectors. According to the International Labour Organization (2017), labor unions in these industries are strong and have good labor relations, allowing them to negotiate higher wages. Effective communication and coordination within centralized labor organizations also contribute to successful wage negotiations (Ivancevich, 2010). This point underscores the importance of organizational structure and communication strategies in achieving successful wage negotiation outcomes.

4. Wage growth and competitiveness in today's rapidly changing economy are

contingent on labor skills (Milkovich et al., 2017). To maintain competitive, workers require new skills (McMahon, 2019; Milkovich et al., 2017). Businesses have a role to play in enhancing labor skills and wages. This includes investing in education and training, promoting skill upgrades, and fostering career-supportive work environments. There are various methods for increasing wages in industries. Firstly, retraining workers can enhance productivity and marketability, enabling negotiations for higher wages (Milkovich et al., 2017). Aligning worker capabilities with evolving industry demands becomes crucial in this context, paving the way for wage increases and sustained competitiveness. Future, performance-based pay has been found to boost productivity and income (Atigala et al., 2022; Ivancevich, 2010; Lazear, 2000) and motivate workers (Lawler, 2012; Milkovich et al., 2017). This dynamic relationship between individual effort, reward, and overall performance creates a synergy that has the potential to positively influence wage structures. Additionally, flexible wage policies that consider economic conditions and firm performance can strike a balance between employee and firm interests (Martocchio, 2015; Milkovich et al., 2017). Through the strategic adaptation of wages in accordance with the prevailing contextual circumstances, organizations can effectively navigate obstacles and uphold a balanced state of equilibrium between the compensation of their employees and the overall prosperity of the organization.

Conclusions

1. Thailand's wage growth is shaped by various economic factors, as the country has made significant progress in transitioning from a low-income to an upper middle-income status in recent decades (World Bank, 2021). However, the nation faces challenges such as stagnant productivity and declining private investment, which present obstacles to its export-oriented model (World Bank, 2023). Wage increases and income inequality are influenced by factors such as economic growth, inflation rates, poverty reduction efforts, and minimum wage legislation (Autor, 2019; Card & DiNardo, 2022; International Monetary Fund, 2020; Samart & Kilenthong, 2021; Trading Economics, 2023; United Nations Development Programme, 2020).

2. Thai minimum wage laws have experienced significant increases in recent years to address income inequality and stimulate domestic consumption (Ministry of Labor, 2022; The Nation, 2023; Wang, 2011). Raising the minimum wage has implications for business costs, worker productivity, turnover, and industries such as agriculture, textiles, manufacturing, tourism, and services (Samart & Kilenthong, 2021).

3. Internal organizational factors have a significant impact on wage adjustments. The financial health and performance of an organization are crucial considerations in determining its ability to provide competitive wages. In Thailand, labor unions, especially

in the electrical and electronic manufacturing sector, play a vital role in negotiating wages and improving working conditions (International Labour Organization, 2017; Ivancevich, 2010; Napathorn & Chanprateep, 2011). The outcomes of wage negotiations are influenced by various factors, including the bargaining power of unions, the strength of the organization, and the legal and institutional framework in place (Milkovich et al., 2017; Mondy, 2012).

4. To ensure wage growth and competitiveness, it is important to focus on improving labor skills. Investments in education, training, skill upgrades, and creating supportive work environments are crucial for countries, businesses, and schools (Milkovich et al., 2017). Compliance with minimum wage and market rate laws, along with strategies such as training, performance-based pay, and flexible wage policies, can contribute to boosting wages (Atigala et al., 2022; Lawler, 2012; Lazear, 2000; Martocchio, 2015; Rosenbloom & Milkovich, 1991). Collaboration between unions and employees is necessary to establish fair wage policies and avoid labor disputes (Napathorn & Chanprateep, 2011; Samart & Kilenthong, 2021).

Recommendations

It's advised that a multifaceted approach should be used to address wage increases in Thailand. The government should raise the minimum wage and enforce labor laws more strictly to address income inequality and social justice issues. Industry players should also

invest in employee training and development. Increased productivity and wages result from employee skill development. Companies must weigh the impact of automation on job security against training investments. Fairer and more sustainable wage policies require increased collaboration between labor unions,

companies, and policymakers. This collaboration will facilitate dialogue and cooperation, taking into account all stakeholders' needs and perspectives. Moreover, stakeholders can address all parties' diverse needs and concerns. This collaboration will benefit employers and employees.

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