# Income Distribution and Mobility in Thailand: The Perceptions of Migrant Workers in Bangkok and Vicinity

***Sittichai Anantarangsi*** [*]
***John Walsh*** [**]

## ABSTRACT

The issue of labour migration in Thailand has been an important one for many years. People move to work for a variety of reasons and provide a high level of remittances for people who remain behind. Migrant flows are generally two-way, insofar as people often move on a temporary basis and are prepared to return home if circumstances are right. Labour migration helps solve problems of mismatch of supply and demand in a dynamic labour market and economy but also has many social consequences as well. Family break ups, risk-taking behaviour and pressure on public services are phenomena commonly associated with migration, while brain drain, discrimination and intensified inequality are related issues which need to be addressed by government. Thailand's economy is changing as it has matured from a low cost factory economy to a midway point towards eventually becoming an advanced economy. However, the current position is one which requires careful government to assure that the economy progresses in the desired way. To achieve this requires understanding of the motivations and aspirations of migrant labour in Thailand and appropriate evidence on which to base policy to encourage the inculcation of skills in the labour market and to provide incentives to encourage social mobility as well as geographical mobility. This research study draws upon a quantitative study of 394 migrant workers in Bangkok and its vicinity with a view to recording baseline information about why people have moved, under what circumstances they will move again and what issues surround the labour migration observed

**Keywords :** *Income distribution, Mobility, Migrant Workers, Investment*

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[*] Ph.D Candidate, Shinawatra International University, Bangkok.
16th Floor, Shinawatra Tower III, Viphawadi-Rangsit Road, Bangkok 10900, THAILAND

[**] Assistant Professor, Shinawatra International University, Bangkok.
16th Floor, Shinawatra Tower III, Viphawadi-Rangsit Road, Bangkok 10900, THALAND

## บทคัดย่อ

ประเด็นความสำคัญของแรงงานอพยพในประเทศไทยนั้นเป็นประเด็นที่เรื้อรังมานานหลายปี โดยที่แรงงานอพยพมีหลายเหตุผลรวมถึงการที่แรงงานอพยพเหล่านี้ต้องส่งเงินกลับไปช่วยเหลือสมาชิกครอบครัวที่บ้านเกิด โดยมากแรงงานอพยพนั้นจะทำการอพยพเป็นการชั่วคราวและจะกลับบ้านเกิดถ้าหากมีความพร้อมหรือเมื่อสถานการณ์นั้นอยู่ในความเหมาะสม แรงงานอพยพนั้นอันที่จริงมีส่วนช่วยบรรเทาปัญหาความไม่สอดคล้องของอุปสงค์และอุปทานด้านแรงงานในสภาวะที่ไม่เคยหยุดนิ่งของตลาดแรงงานและระบบเศรษฐกิจและส่งผลกระทบทางสังคมในเวลาต่อมา ดังเช่น ความแตกแยกของครอบครัว ความเสี่ยงในด้านความประพฤติของแรงงานอพยพอันเนื่องมาจากแรงกดดันของสภาพที่ผู้คนแออัดในสังคมและบริการสาธารณะที่ไม่เพียงพอต่อแรงงานอพยพเหล่านี้ ซึ่งสิ่งเหล่านี้ล้วนแต่มีความเกี่ยวพันในการย้ายถิ่นของแรงงานขณะที่สมองไหล การแบ่งแยกและการความไม่เท่าเทียมกันนั้นเป็นประเด็นที่รัฐบาลไม่สามารถที่จะละเลยหรือมองข้ามได้ เนื่องจากขณะที่เศรษฐกิจของประเทศไทยอยู่ระหว่างการเปลี่ยนแปลงจากการผลิตด้วยต้นทุนที่ต่ำไปสู่เศรษฐกิจที่ก้าวหน้ารัฐบาลจำเป็นที่จะต้องดำเนินการอย่างระมัดระวังเพื่อให้แน่ใจว่าเศรษฐกิจนั้นจะดำเนินไปในทิศทางที่คาดหวัง โดยมีความจำเป็นที่จะต้องเข้าใจความปรารถนาและแรงจูงใจของแรงงานอพยพในประเทศไทยและใช้ข้อมูลที่เหมาะสมเป็นพื้นฐานในการกำหนดนโยบายเพื่อสนับสนุนแรงงานมีฝีมือที่มีอยู่ในตลาดแรงงานจำนวนมากรวมถึงจัดเตรียมสิ่งกระตุ้นในการสนับสนุนการเคลื่อนย้ายทางสังคมดังเช่นการเคลื่อนย้ายทางพื้นที่ งานวิจัยชิ้นนี้ได้ใช้วิธีการศึกษาเชิงปริมาณจากแรงงานอพยพจำนวน 399 คนที่อยู่ในกรุงเทพฯ และ ปริมณฑลพร้อมด้วยบันทึกบทสัมภาษณ์ถึงสาเหตุในการตัดสินใจอพยพหรือเคลื่อนย้ายถิ่นฐานในสถานการณ์และประเด็นต่าง ๆ


**คำสำคัญ:** การกระจายรายได้ การเคลื่อนย้าย แรงงานอพยพ การลงทุน

**INTRODUCTION**

The Royal Thai Government (RTG) created the National Economic and Social Development board (NESDB) in 1961 with the aim of elevating national wealth and quality of life. Although Thailand has grown economically at the satisfactory annual rate of 7%, its achievements in terms of income equality have been less successful. The Human Development Report 2006, published by the United Nations Development Programme (UNDP), revealed that Thailand was ranked 74th in income distribution from a total of 177 countries and had a Gini Index of 42.0 (Watkins *et al*,. 2006). Whenever inequality exists, incentives exist to stimulate people to seek better opportunities by moving to other areas. This might occur internally (within Thailand) or externally (across the Thai border). Both of these forms of migration have long histories in Thailand, dating back to the pre-industrial period when monarchs required all Thai men not in the aristocracy to submit to an annual period of corvée labour. This paper will evaluate some of the implications of internal labour migration.

Data from Thailand's National Statistic Office (NSO) reveals that there were 2,094,437 migrant workers active during Oct 1st 2006 – Sep 30th 2007, and it is highly possible that the number might actually be higher, which is discussed later in this paper. Most migrant workers gravitate towards the cities and industrial areas which offer attractive jobs, notably in the capital city of Bangkok and its vicinity, the Eastern Seaboard region and provinces with industrial estates. Migrant workers face numerous problems with respect to personal security, access to government services and workplace health and safety standards, while the family members they leave behind also struggle with separation and stress effects. Further, the communities which are left behind by the migrants suffer from lower levels of development. While remittances do benefit people in those communities, the benefits are expended at an individual or family level. By contrast, keeping potential migrants at home but unlocking their potential to create businesses or other organizations can bring benefits at the community level.

This paper explores the perceptions of a sample of migrant workers in Thailand to evaluate their opinions of their working lives, their aspirations and their opinions on the future. It is hoped that the opinions gathered will help provide understanding of the issues facing migrant workers and their role in influencing income inequality. It is also hoped that the research will contribute in some way to reducing the level of division in Thai society and its potential for violence. The paper continues with an evaluation of the role of labour migration in Thailand and its economic impact, before describing the method used to obtain the quantitative sample and the results from that research are then analyzed and discussed.

## REGIONAL INEQUALITY LEADING TO LABOUR MIGRATION

Changes in economic structure over the years have led to the increased importance of industry compared to agriculture, as is common for economic development paradigms of all sorts. Growth centered on manufacturing activities which offered greater value-added and income opportunities than agriculture and also the service sector, since most new jobs created in services tended to be low-skilled and low-salaried positions in sectors such as tourism. This process of development follows the modernizing paradigm favored by the west through the Bretton Woods institutions: that is, export-oriented, import-substituting low-cost manufacturing (Low, 2006). Thailand, in common with most of Southeast Asia, has historically been very open to the rest of the world through the medium of trade. This modernization paradigm was, therefore, a good fit for the state. International investors, many from Japan, were encouraged to establish their factories in the Kingdom and various incentives were provided. The educational system provided a basic level of schooling which was sufficient for workers to work in a factory system and infrastructure was created to facilitate internal migration from rural areas to the factory locations. Investors produced on an Original Equipment Manufacturing (OEM) basis and, customarily, exported the profits. Labor costs were kept low by legal difficulties placed in the way of organization of labour unions and, during some periods in particular, murder and harassment of labor and community activists. At the same time, the continuing nationalism project of the ruling elites helped to promote deference and self-sacrifice under the guise of 'traditional Thai values' (Lee, 1972) – that is, deference, obedience to the state in its various manifestations and self-abnegation in economic terms. This model, focusing on generally outward-oriented, export-oriented, import-substitution and inward investment-encouraging policies characterised by mass manufacturing relying for competitiveness on low labour costs, may be termed the East Asian Economic Model (EAEM). Labour rights are generally repressed in one way or another so that wages do not meet improvements in productivity and, hence, profits remain attractive and further investment is likely (Glassman, 2001). In Thailand, Japanese investment was particularly influential in shaping this competitive advantage and Thailand benefited from the Japanese policy of off-shoring much of its low value-adding manufacturing activities. This development model was cemented in place during the authoritarian reign of Field Marshal Sarit in the late 1950s (Connors, 2007, p.61).

This policy continued until the 1990s, when the economy was shocked by the 1997 financial crisis, referred to locally as the Tom Yum Crisis. Factors contributing to the crisis in Thailand included excessive leverage of local companies in foreign-denominated debt, unsustainable asset-price inflation (particularly in the real estate sector), inefficiencies in the banking and finance industries and the policy of the central bank towards exchange rate changes. The results included numerous bankruptcies and retrenchments of workers, many of whom were obliged to enter the informal sector or return from closed factories to village family homes and subsequent under-employment. Confidence was shaken at every level of society and the economy. A new Constitution promulgated in the same year explicitly focused on the need to foster local, indigenous skills and capacities instead of the large-scale promotion of inward investment that had been the previous focus.

In 2001, the Thai Rak Thai (TRT) party of Thaksin Shinawatra swept aside the Democrat government of Chuan Leekphai and its neoliberalist response to the crisis, which was widely believed to be inadequate. Prime Minister Thaksin had created a set of economic policies which became known as Thaksinomics and which was based on the understanding that productivity had been falling in Thailand during the 1990s (suggesting the end of the usefulness of the East Asian Economic Model)[1] and the potential impact of the continued rise of China, which was increasingly a source of low cost manufactured items and a magnet for inwards investment (Looney, 2004). The Thaksinomics program recognised that the extreme openness of Thailand (in common with many Southeast Asian countries) made the country overly vulnerable to external shocks which affected export sales. While not closing the country to the continued effects and changes brought about by globalisation, Thaksin placed a much greater emphasis on developing internal competencies and sources of competitive advantage, especially in the provinces outside of the capital Bangkok, thereby dampening the impact of internal migration in the country and its negative effect on social cohesion. Other policies focused on the promotion of Small and Medium Sized Enterprises (SMEs), especially those which offered the potential for competitive advantage through the use of indigenous knowledge and skills, village level funding aimed at identifying projects which would boost local income and careers opportunities, local community production schemes including One Tambon One Product (OTOP) and the promotion of privatization. Second stage policies included the de Soto-esque (De Soto, 2001) plan to reclassify assets, including intangible assets, to enable people to leverage them efficiently; this built on earlier policies which were aimed at enabling what were considered to be under-leveraged consumers the ability to boost their consumption of household goods by providing greater levels of consumer credit.

[1] Aggregate productivity growth during the 1990s was attributed to capital accumulation rather than total factor productivity (TFP) increases.

It is widely assumed that the motives for labour migration remain the same through time. That is, opportunities for obtaining higher incomes encourage people to travel to different areas in order to earn that income, which is remitted in whole or part until such time as some predetermined objective has been met. However, the dynamic nature of migration should also be considered. Not only are new skills required from migrant workers (which then influences the demographic nature of the migrants concerned) but the geographical areas have also changed. The promotion of industrial estates in the north of Thailand and the burgeoning industrial areas in the Eastern Seaboard region, for example, have provided new areas apart from the vicinity of Bangkok to attract workers, temporarily or in the long-term. These new projects are more attractive to some potential migrants and less attractive to others. This must be considered in the context of changing agricultural conditions, commodity prices and the terms of trade, each of which has an impact on the motivations and objectives of migrant and potential migrant workers. Research around the world indicates that the processes of globalization have changed the ways in which migration has traditionally taken place and that emergent patterns seem to be dependent on specific local features (Gunter and Van Der Hoeven, 2004). The research reported on here, therefore, represents an early attempt to determine which new processes are important in contemporary Thai labour migration and which are consistent with those seen in the past.

## TWO MAJOR RTG MEASURES TO ENCOURAGE INVESTMENT THROUGHOUT THAILAND

Two major measures have been enacted by the RTG to encourage investment throughout the Kingdom.

1) The Board of Investment (BOI) offers privileges to investors filing approved projects. The type and extent of privileges varies according to location and Thailand is divided into three categories for this purpose on a province by province basis. The BOI's promotion to each project includes tax reduction or tax exemption measures in machinery, materials, operational expenses, profits and permitting the import of skilled foreign (i.e. non Thai workers from outside Thailand) workers. The differences among the zones include the rate and duration of tax reductions and exemptions (BOI, 2008).

2) The imposition of the Minimum Wage Rate (MWR). Although the MWR is a measure introduced by the RTG aiming at labour protection, it is also a measure that might be used to distribute the investments throughout Thailand, since the MWR varies across the country. The table below shows the current MWR by province.

**Table 1** MWR as of 1st June 2008. Source: Ministry of Labour. 2008

| MWR | Provinces | MWR | Provinces |
|---|---|---|---|
| 203 | Bangkok, Nakhon Phatom, Nonthaburi, Patum Thani, Samut Prakarn, Samut Sakorn | 197 | Phuket |
| 180 | Chonburi | 179 | Saraburi |
| 173 | Chachengsao, Ayutthaya, Rayong | 170 | Nakhon Ratchasima |
| 169 | Ranong | 168 | Phang-nga, Chiang Mai |
| 165 | Krabi, Kanchanaburi | 164 | Phetchaburi, Ratchburi |
| 163 | Chanthaburi, Prachinburi, Lopburi | 162 | Loei |
| 161 | Singburi, Angthong | 160 | Prachuab Khiri Khan, Samut Songkhram, Sakaew |
| 158 | Chumphon, Uthai Thani | 157 | Chiang Rai, Trang, Songkhla, Nong Khai, Udon Thani |
| 156 | Kamphaengphet, Trat, Nakorn Nayok, Lamphun | 155 | Kalasin, Nakhon Sit Tammarat, Nakhon Sawan, Buriram, Pattani, Phattalung, Phetchabun, Yasothon, Yala, Sakorn Nakorn, Satun, Surat Thani |
| 154 | Khon Kaen, Chainat, Roi-et, Lamphang, Suphanburi, Nongbualamphu, Ubon Rachathani | 153 | Nakhon Phanom, Narathiwat, Mukdaharn, Amnatcharoen |
| 152 | Phitsanulok | 151 | Tak, Nan, Mahasarakham, Mae Hong Sorn, Sukhothai, Surin |
| 150 | Phayao, Pichit, Phrae, Srisaket | 149 | Uttaradit |
| 148 | Chaiyaphum | | |

Despite the success of attempts to foster economic development in Thailand, continued and in some cases in creased disparity in income distribution remains a significant contributory factor to labour migration. Income per capita is highest in Bangkok and vicinity, second is the eastern region, third is the central region, fourth is the western region, fifth is the southern region, sixth is the northern region and seventh is the northeastern region. There is variation within each region which may be greater than the variation between the regions. For example, the three southern border regions in which an insurgency has raged since 2004 are rather poorer than the remainder of the region and poorer than most other regions (Warr, 2007). In any case, the first three areas of highest income per capita are also those regions that have the highest density of factories and industrial zones. These facilities make it more convenient for business activities to take place and represent a form of business infrastructure which is necessary in addition to physical infrastructure. Especially noticeable are the provinces with the highest density of factories, which include Samut Sakhon, Samut Prakarn, Ayutthaya, Saraburi, Rayong and Chonburi. However, those provinces which do not have any prominent tourism or industrial sectors tend to find themselves with very low ranks. Sakaeo province, for example, is ranked at 63 out of 76 provinces, even though Sakaeo is located in the second highest rank of income per capita overall.

**Table 2** Income per capita, Categorized by Highest & Lowest Provinces in Each Region, 2006.

| 2006 | Highest Ranking | Provinces | 2006 | Lowest Ranking | Provinces |
|---|---|---|---|---|---|
| 295,500 | 1 | Bangkok and Vicinities | 295,500 | 1 | Bangkok and Vicinities |
| 539,346 | 2 | Samut Sakhon | 137,856 | 13 | Nakhon Pathom |
| 420,388 | 3 | Samut Prakan | 87,977 | 21 | Nonthaburi |
| 180,946 | 3 | Central Region | 180,946 | 3 | Central Region |
| 401,972 | 4 | Ayutthaya | 69,488 | 35 | Angthong |
| 181,270 | 11 | Saraburi | 66,065 | 37 | Chainat |
| 285,068 | 2 | Eastern Region | 285,068 | 2 | Eastern Region |
| 996,079 | 1 | Rayong | 62,893 | 44 | Chanthaburi |
| 368,369 | 5 | Chonburi | 34,179 | 63 | Sakaeo |
| 89,449 | 4 | Western region | 89,449 | 4 | Western Region |
| 121,186 | 14 | Ratchaburi | 70,873 | 32 | Kanchanaburi |
| 104,166 | 18 | Prachuap Kiri Khan | 64,619 | 40 | Suphanburi |
| 58,969 | 6 | Northern Region | 58,969 | 6 | Northern Region |
| 148,307 | 12 | Lamphun | 38,332 | 59 | Chiang Rai |
| 79,603 | 27 | Kamphaengphet | 33,231 | 64 | Mae Hong Son |
| 35,877 | 7 | Northeastern Region | 35,877 | 7 | Northeastern Region |
| 65,558 | 39 | Khon Kaen | 18,275 | 75 | Amnatcharoen |
| 50,217 | 51 | Nakhon Ratchasima | 17,993 | 76 | Nongbualamphu |
| 87,124 | 5 | Southern Region | 87,124 | 5 | Southern Region |
| 181,548 | 10 | Phuket | 58,890 | 46 | Phatthalung |
| 114,753 | 15 | Surat Thani | 51,484 | 50 | Narathiwat |

Source: National Statistic Office Thailand (NSO Thailand) (recalculated from various tables in the original).

Lamphun province is of particular interest, since it is located in the second lowest income per capita region but at the individual level it is the twelfth highest province. The province is the only one in the upper northern region to have opened an industrial park, the Northern Region Industrial Estate (NRIE), which has been operational since the 1982-6 five year plan period and now holds some 65 factories, with the majority involved in electronic and machinery parts. Pichit, in the lower northern region, has opened the NRIE Pichit facility but this is a much smaller park, extending across some 721 rai compared to the 1,788 rai of NRIE and holds only three factories currently (1 rai = 1,600 square metres) (NRIE, 2008; NRIE Pichit, 2008a; NRIE Pichit, 2008b). During telephone interviews, officials from both NRIE and NRIE Pichit confirmed that investment projects in the former continue to accrue and the park is full, although the latter is not, despite the lower MWR in operation there. The NRIE benefits from proximity to Chiang Mai, with its international airport, superior banking services, entertainment facilities and desirable accommodation. These factors greatly outweigh the lower costs applicable in Pichit.

Another example is that of Phuket and Satun, which are located in the southern region of Thailand. While both have approximately similar basic conditions, Phuket far outranks Satun in all economic indicators because of the presence of its tourist industry, which has yielded attractive accommodation, leisure facilities, reputation for safety and public relations (PR).

The lowest per capita income region is the northeast, which is also known as Isan and is home to ethnic Lao people. This region has very little industry and most economic activity revolves around agriculture. Agriculture itself is not a very attractive activity compared to most of the rest of the country, owing to the comparatively infertile salt-pan lined soil, where only one harvest per year is possible, while two or more can be managed in other regions. During the research, many interviewees observed that although they had family-owned land to manage, it was much more advantageous to search for salaried work in industrial provinces such as Bangkok, Samut Prakarn, Ayutthaya and Chonburi. In the current environment, agricultural inputs such as fertilizers and seeds have become more expensive and profits are squeezed, with final prices becoming more volatile. Even those who remain in full-time agriculture are tempted to search for wage paying opportunities during the post-harvest period. Activities involved include being a taxi driver or motor tricycle (tuk tuk) operator or becoming a street vendor.

The total number of migrants in Thailand distributed geographically is indicated in the table below.

**Table 3** Migrants in the Regions of Thailand 1st Oct, 2006 – 30th Sep, 2007. Source: NSO Thailand (This table is recalculated from data in Table 8 Migration, Present Region and Area, Previous Region and Area: 2007”).

| **Whole Kingdom** | | | **Bangkok** | | | **Central Region** | | |
|---|---|---|---|---|---|---|---|---|
| Total | Municipal | Non-municipal | Total | Municipal | Non-municipal | Total | Municipal | Non-municipal |
| 2,094,437 | 678,656 | 1,415,782 | 60,363 | - | - | 662,642 | 303,974 | 358,669 |
| **Northern Region** | | | **Northeastern Region** | | | **Southern Region** | | |
| Total | Municipal | Non-municipal | Total | Municipal | Non-municipal | Total | Municipal | Non-municipal |
| 357,024 | 80,186 | 276,837 | 762,912 | 135,571 | 627,341 | 251,496 | 98,562 | 152,934 |

This table indicates the numbers of migrant workers in the different regions of Thailand during the harvest and holiday season for most migrant workers (data was collected from October-December, 2006). Hence, the figures are almost certainly an underestimate, especially with respect to the number of migrants in Bangkok. The National Statistical Office (NSO) is aware of this methodological issue and aims to improve data collection techniques in the future. It is also, of course, the case that the movement of non-registered foreign labour is not recorded in these figures. Estimates of the numbers of Burmese workers range up to beyond one million. Clearly, a substantial number of people are involved one way or another.

## THE EFFECTS OF MIGRANT WORKERS

As is well-established, the impact of labour migration has both advantages and disadvantages both for the migrants and the sending and receiving communities (Castles, 2000). Positive effects include the balancing of supply and demand in the labour market, higher incomes for workers and remittances of money to rural communities. One previous study found that 48 out of 60 interviewees remitted money to their hometowns (Michinobu, 2008). Disadvantages include the weakening of familial institutions, the possibility of migrants taking part in risk-taking behaviour and the pressure placed on local services (e.g. public health and housing) in the destination regions, among other effects (Luo, 2005). An important strand of literature has focused on the problems faced by cross-border migrants in Thailand and the Greater Mekong Sub-Region more generally (e.g. Wille and Passl, 2001; Chantanavich *et al.*, 2000). Less attention has been paid to Thai internal workers but the problems they face are likely to be similar, although generally less severe in nature.

## THE STUDY

The study began with an extensive review of existing literature, especially as it relates to the Thai context, which informed the creation of a semi-structured agenda which was then used to interview a sample of ten migrant workers. The opinions of the workers were added to the understanding provided by the survey of the secondary data and used to create a questionnaire for subsequent use. The questionnaire was based on instruments used elsewhere and validated by examination by relevant qualified individuals. A pilot test was employed to resolve any issues with question wording and ordering and no significant problems were found. The results obtained by the survey were broadly in line with hypothesized expectations and this lends further support for the validity of process and results.

The Yamane formula was employed to determine a suitable sample size based on the total population of migrant workers in Thailand. Questionnaires were distributed on a simple random basis to migrant workers in Bangkok and its vicinity and then returned to the research team for analysis. The language employed was Thai. Researchers sought respondents in different locations and at varied times of the day and days of the week. These precautions were taken to try to minimize the possibility of bias within the sample obtained. Examination of the data revealed no reason for suspecting the presence of systematic bias because of sample selection issues or because of non-response bias. However, one limitation of this type of survey work is that the possibility of the bias of the type indicated can never be entirely eliminated. There is also a possibility that the process of writing questionnaires in Thai and reporting upon those results in English has resulted in some imprecision in the findings. The researchers have sought to minimize that issue but multiple language research is always susceptible to this kind of bias.

A total of 394 questionnaires were returned for analysis, which represents 99% of the 400 required by the Yamane formula. Since the population is so large each year, the figure indicated by the Yamane formula remains constant at 400 for the level of confidence desired. In this case, National Statistical Office figures for 2007 were employed. The demographic details of the sample are displayed in the tables below. It may be noted that the sample size in each item of analysis (N) varies owing to non-responses in some cases.

**Table 4** Age and gender structure of sample.

| AGE | MEN (%) | WOMEN (%) | TOTAL (%) |
|---|---|---|---|
| Below 16 | 0.4 | 1.6 | 0.8 |
| 16-18 | 2.3 | 2.4 | 2.3 |
| 19-25 | 30.4 | 50.8 | 37.1 |
| 26-35 | 50.6 | 31.0 | 44.1 |
| 36-50 | 14.4 | 11.9 | 13.6 |
| 51+ | 1.9 | 2.4 | 2.1 |
| N | 257 | 126 | 383 |

Source: original research

The sample is strongly weighted towards men rather than women, which confirms the expectation that more men than women are involved in migrant work. The age profile of women is younger than that of men, suggesting that women regarded migrant work as a pre-marriage or pre-childbirth activity. Further analysis revealed no significant differences between the genders in terms of marital status, suggesting that childbirth was the more relevant factor. In any case, the sample has a generally younger age profile than that of the population at large, which confirms what is known about migrant workers, in that they are more likely to be willing to leave their homes when younger and also more able to learn the new skills and techniques necessary in switching jobs.

Respondents were also requested to provide details of their employment status and category so as to enable comparison with the national population. The results are displayed in the tables below.

**Table 5** Sample and Population Categorized by Work Type.

| CATEGORY | SAMPLE (%) | POPULATION (%) |
|---|---|---|
| Legislators, senior officials and managers | 12.8 | 2.7 |
| Professionals | 5.0 | 4.0 |
| Technicians and associate professionals | 4.7 | 4.3 |
| Clerks | 20.2 | 3.8 |
| Service workers and shop and market sales workers | 12.8 | 16.8 |
| Skilled agricultural and fishery workers | 0.3 | 34.8 |
| Craftsmen and related trades workers | 11.8 | 12.6 |
| Plant and machine operators and assemblers | 5.8 | 8.5 |
| Elementary occupations | 12.6 | 12.4 |
| Workers not classifiable by occupation | 14.1 | 0.1 |
| N | 382 | 36,859 (000s) |

Source: Original Research and NSO.

It is clear that while most categories are similar in terms of size between the sample and population, a small number are significantly different. Very few skilled agricultural or fishery workers become migrant labours (implying the need to continue to enhance these skills throughout the Kingdom), while many more managers (presumably entrepreneurs) do so. One very popular category for migrant workers is that of clerk.

**Table 6** Sample and Population Categorized by Employment Status.

| EMPLOYMENT STATUS | SAMPLE (%) | POPULATION (%) |
|---|---|---|
| Employers | 1.8 | 2.7 |
| Government employees | 15.3 | 8.9 |
| Private employees | 67.9 | 36.9 |
| Own-account workers | 11.6 | 31.3 |
| Unpaid family workers | 2.1 | 19.9 |
| Members of producers' cooperatives | 1.3 | 0.2 |
| N | 380 | 36,859 (000s) |

Source: Original research and NSO.

It appears from these results that the principal difference between the sample and the population is that migrant workers have not (on the whole) travelled to the Bangkok region in order to be own account workers or unpaid family workers but, instead, as private employees. This makes intuitive sense since it shows that the migrants are motivated to move by a guaranteed income, which would reduce the risk-taking element of the process. Most of the other categories are roughly comparable in terms of numbers. The average monthly wages available throughout the Kingdom are equal to 8,678 baht overall, with 3,781 baht for agricultural sectors and 9,485 baht for non-agricultural sectors. For the sample obtained, 65% of respondents earned between 6,000-15,000 baht per month, which is in line with the national figures. Just over 10% earned less than 6,000 baht per month and the remainder, 25%, earned more than the national average and more than 15,000 baht per month. Since many migrants have moved from agricultural backgrounds, it is evident that migrant workers are able to earn more in the Bangkok area, which is logical, otherwise, they would not persist with the migration. Indeed, when asked why they were working in Bangkok, 31% said there were no jobs or no suitable jobs in their hometown, 37% answered that there was more money available for comparable work in the capital and another 19% answered that they wanted to gain more experience. However, 45% of respondents felt that they could in fact save more money in their hometowns than in Bangkok, presumably because of the lower cost of living outside of the capital and the possibility of economizing by living in the family home. Even so, 48% of all respondents who answered said that they were able to accumulate some savings by living in Bangkok and a further 42% that they not only had savings but were free from debt. To achieve this state, 43% of respondents answered that they were required to do overtime at their place of work, while 40% of respondents had a second job on a permanent or temporary basis. Overall, it is clear that a variety of working situations exists and there is a sense that individuals involved are able to find opportunities to improve their income-earning capacity if they wish. However, it is not clear whether this situation will continue in the future, with the onset of a global financial crisis heralding what is likely to be a new era of job losses.

In terms of the ability of the sample obtained to represent the population as a whole, it is adjudged that it is acceptable, so long as the preceding variations are borne in mind.

After analysis of the questionnaires, a further series of qualitative interviewing took place to help explore the findings. This took place with seven business owners and three government executives. The principal findings of the research are presented in the next section.

## FINDINGS

Most of the migrant workers demonstrated a willingness to retain mobility in response to changes in the environment. A total of nearly 75% of respondents answered that they would be willing to return to their home towns if suitable opportunities were available there – and opportunities were defined in terms of sufficient income and the respondents' ability to obtain and keep the job indicated. Further, 39% indicated that they would be willing to move on to another location, neither in their home town nor Bangkok, if a position were available and only 15% were certain that they would not be so interested. Clearly, in terms of managing the migrant labour workforce, it is important to understand what factors are more or less likely to influence the decision to return home or to move to another location. Factors tested included gender, employment status, education (simplified), marital status and income (simplified). For this analysis, education levels were divided into three categories, the first being high school or less (41%), the second being vocational level education (13%) and the third tertiary level education (47%). For income, a similar process was followed to divide respondents into low (6,000 baht per month or less), medium (6,000-15,000 baht per month) and high (15,000+ baht per month). Chi squared tests were used to evaluate whether significant relationships were identified in each case, which thereupon indicated the rejection of the null hypothesis. The following table summarizes the results:

**Table 7** Analysis of Factors Leading to Greater Willingness to Move Location.

| FACTOR | RETURN TO HOMETOWN (SIGNIFICANCE LEVEL) | MOVE TO ANOTHER LOCATION (SIGNIFICANCE LEVEL) |
|---|---|---|
| Gender | 0.777 | 0.261 |
| Education (simplified) | 0.625 | 0.020 * |
| Income (simplified) | 0.321 | 0.896 |
| Marital status | 0.055 | 0.001 ** |
| Employment status | 0.581 | 0.421 |
| Age | 0.033 * | 0.162 |

Source: Original Research.

There are some suggestions here that the more mobile workers are those that are better educated, in the younger age groups and single. However, the evidence is not conclusive in all cases, perhaps because there is such a range of different circumstances in which people find themselves. The world of work is a complex one and it is difficult to predict to exactly what extent newly enacted policies will have an impact on the people whose experience it is wished to affect. One additional factor revealed by the qualitative research is the importance of family ties and relationships in determining migration activities. People frequently move to a new location because of a personal relationship or else they contract one or more significant relationships while they are in the migration location. Subsequently, they have a strong incentive to change their migration intentions or their family circumstances or, possibly, both. In order to manage a society and economy with an acceptable degree of social mobility, which among other things permits the movement from place to place and offers people opportunities to fulfill themselves wherever they may decide to settle. This also of course has numerous implications for the provision of housing, education and public health services. When respondents were asked why they first came to Bangkok to study, the largest proportion (42.1%) replied that it was for educational reasons, while 28.9% came to find a job, 13.2% replied that they were following a family member and 9.9% that they were seeking more experience. In all of these cases, there are predictable points at which people would feel they had achieved their migration aspirations and would be prepared to move on, given that suitable opportunities have been made available in the areas to which they would be prepared to move.

## DISCUSSION

The anticipated global financial crisis is expected to lead to recession in many of the western countries. Although Thailand has not been one of the states affected by the initial wave of the crisis, it is likely to suffer from the second wave, as that begins to affect the so-called real economy. Presumed impacts, which are beginning to manifest in the fourth quarter of

2008, include the reduction in value of export markets, reduced level of international inwards investment, reduced domestic investment and consumption and a necessity for increased borrowing by government. Bankruptcies of locally-and foreign-owned organizations are also expected. The real threat for the economy is increased unemployment, perhaps as many as 600,000-1,000,000 extra jobless people if appropriate policies are not implemented in the meantime (Pongpao and Tangprasert, 2008). The government is currently working on various economic stimulus packages which are to quite a large extent directed at the community and village level. Important impacts of the 1997 financial crisis included unemployment and under-employment in rural areas as individuals who had lost their jobs were obliged to return to rural homes in the absence of other forms of income, as well as the increased willingness of people to migrate both internally and externally, if suitable opportunities were available. Current policies are based on what is known of the effects of the previous crisis and, hence, effective means of minimizing such effects recurring.

Some measure of internal labour migration is of course essential in mitigating mismatches of supply and demand for labour across the country, especially in an economy in which competitive advantage is being (or at least it is hoped that it is being) dynamically created in spatial and activity terms through opening industrial parks, encouraging clusters of new industries and responding to changes in the external environment. However, it is clear that value is added by new activities when migration takes place based on the managed movement of skilled or semi-skilled labour aimed at correcting mismatches rather than simply permitting low wage cost competitiveness to be perpetuated by allowing low-skill factories to take advantage of tax benefits rotating around the country. In addition to the need for a properly evidence-based labour market policy creation process, there is a need to encourage willing migrant labour to be skilled in areas for which there is a demand and vice versa. Thailand has for some decades suffered from a lack of skilled labour and, as a result, those who do possess skills have an incentive to adopt job-hopping behaviour.

It is clear that understanding something more of the intentions and aspirations of current and future labour migrants will be of considerable important in determining effective policy. The research reported here has indicated that most labour migrants have some reasonably specific ideas about what they wish to achieve and when they will know that they have achieved it. This provides useful information in planning future management of the workers concerned. Comparing the data provided by respondents with the distribution of the MWR and the BOI privileges offered by location, it appears there may be opportunity for improvement of the distribution of resources. It is certainly evident that there is no direct correlation between level of MWR and the ability to attract international investment projects. Much more research is required to determine which additional variables affect investor locational choices (especially under conditions of economic downturn) and how these might be managed to increase flows in the directions desired. A rich strand of literature exists in international business research generally exploring investor priorities in this respect. In particular, more efforts should be made to facilitate continually growing cross-border trade. Not only will economic gains be made by promoting such border trade, so too would there be political and security gains, as recent events over the Preah Vihear temple indicate.

Above all, this research is part of the stream of research aiming to improve the quality of life for Thai people throughout the Kingdom by improving their opportunities in the various regions, while recognizing the importance of increasing the level and extent of skills in the labour market. These efforts are particularly important in a society in which income and opportunity inequalities continue to exist and fuel social divisiveness.

**POLICY ISSUES**

Dedicated, on-going research is necessary to monitor trends and changes in migrations within Thailand and indeed cross-borders. Particularly during a time of possible global economic recession, there is a greater need to understand which industries in Thailand offer competitive advantage and which may have sustainable competitive advantage in the future. The research should provide evidence which will, in due course, feed into an evidence-based labour market policy that marries supply and demand in the labour market through changes in the educational system, which must become much more responsive to strategic policy-making at the national level. Given the importance of private sector investors in the economy, particularly Japanese companies and in the context of the recently concluded Japan Thailand Economic Partnership Agreement, public-private partnerships will be important in shaping and implementing long-term policy.

In terms more specifically of labour migration, the following issues are relevant:

- Migrant labour tends to undervalue existing skills and qualifications of those migrants involved by rewarding them for mobility rather than ability. Continuing village-level investment schemes, initiated during the TRT government, especially when those schemes enable individuals to put to economic gain their existing skills, will help to make migration a means of matching supply and demand and not, as it currently is, a distortion of the labour market which rewards the more active rather than the best-fitted;

- Migration aimed at industrial parks, often separate and distinct from existing communities, is preferable in terms of monitoring the provision of basic services, accommodation and public health issues. However, such accommodation is considered less desirable for migrants on long-term contracts in terms of quality of life;

- Supply of migrant labour is affected by domestic conditions in the home area, including such issues as vulnerability to health problems and expenses, family indebtedness and external economic shocks. Institutional measures to reduce the impact of these shocks (e.g. ensuring the future of the 30-baht health scheme and provision of low-cost loans when required) would help to regulate the flow of labour and, hence, the terms and conditions of work;

- The Ministry of Labour or another suitable governmental agency should consider providing additional facilities for workers to improve their skills and competencies on the job and during work contracts (which is likely to necessitate partnerships with companies hiring the workers) such that they can in due course open their own businesses successfully after the period of migrant labour is completed.

The international economic recession that began in 2008 has been met by governments around the world with a variety of economic stimulus packages. Keynesian lessons have been learnt and there is little serious ideological opposition to the measures which it is known must be taken (although pragmatic arguments still remain to be defeated). In these circumstances, there is a great opportunity for the RTG to take measures required to improve the labour market for sustainable long-term growth. There is also an opportunity for the resources to be squandered on tax cuts. Since labour interests have little traction in government, it remains to be seen whether the opportunity for growth will be taken.

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