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## SOUND LABOR RELATIONS AT ENTERPRISE LEVEL IN THAILAND

**Vichai Thosuwonchinda**

Kasem Bundit University, Thailand

Email: vichai\_tho@hotmail.com

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### **Abstract**

The objective of this research was to study the pattern of sound labor relations in Thailand in order to reduce conflicts between employers and workers and create cooperation. The research was based on a qualitative approach, using in-depth interview with 10 stakeholder groups of Thai industrial relations system. They were employees of non unionized companies at the shop floor level, employees of non unionized companies at the supervisor level, trade union leaders at the company level, trade union leaders at the national level, employers of non-unionized companies, employers' organization leaders, and human resource managers, members of tripartite bodies, government officials and labor academics. The findings were presented in a model identifying 5 characteristics that enhance sound relations in Thailand, i.e. recognition between employer and workers, good communication, trust, data revealing and workers' participation. It was suggested that all parties, employers, workers and the government should take part in the promotion of sound labor relations. The employer have to acknowledge labor union with a positive attitude, have good communication with workers, create trust with workers, disclose information, create culture of mutual benefits as well as accept sincerely the system that include workers' participation. Workers need a strong labor union, good and sincere representatives for clear communication, trust, mutual benefits and seek conflict solutions with employer by win-win strategy. The government has a supporting role in adjusting the existing laws in the appropriate way, by creating policy for sound labor relations, and putting the idea of sound labor relations into practice.

**Keywords:** Conflict, Negotiation, Sound Labor Relations

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### **1. Introduction**

Labor relations is the relationship between employers and employees in the enterprise, which affects business management, working conditions and life of employees as well as economics social and political stability of the country. It concerned also with employers' and employees' organizations such as labor union and employers' association. The government also has its' role to create social order and to support good relationship between the two parties for industrial peace and stability.

In common circumstance, employees are in a disadvantageous position vis-a-vis employers, in that they have to accept working condition and wages determined by employers. In early stage, employees were working under bad working condition and unsecured

employment which gave them the pressure to organize their organization to increase their bargaining power. In many countries, employees or workers are recognized to have the right to organize labor union or trade union to act as collective bargaining agent with their employers. They also have the right to strike if the negotiation fails to reach the agreement.

Under the Labor Relation Act B.E. 2518, employees in Thailand have the right to organize labor union in the same enterprise or in the same industry. Up to 2008, there were 1,229 unions organized in private industries, many of them exercise their power in collective bargaining process as well as strikes and lock-out were always occurred from time to time in the last 34 years. For example, in the year 2008, there were 122 conflicts in 99 enterprises with 51,843 employees involved. These conflicts ended with 10 strikes and 8 cases were brought to labor court.

Labor disputes with strikes and lock-out have negative effects to all sides. Employers lost their sales volume, customers and market share, expenses of fixed cost legal action and public image. Employees lost their income and welfare. The trade union lost their membership fee and has to spend for the strike expenses. Moreover, the society and the country also lost income from production, export as well as investor's confidence. Many countries have tried to introduce appropriate labor relations system in order to create industrial peace in their own countries, such as co-determination system in Germany, consultation in Japan, work council in Australia, collective bargaining with mutual benefits in USA, Joint consultation in Singapore. For this reason, it is interesting to look for the model of sound labor relations system which is appropriate for Thailand as the main purpose of this study.

## **2. Objectives of the Study**

This research aimed to study the understanding of stakeholder on the concept of sound labor relations, to investigate the similarities or differences of stakeholders' perceptions of sound labor relations, to identify practical problems and difficulties encountered in establishing sound labor relations from and to reveal best practice on sound labor relations as expressed by stakeholders. Its scope is labor relations practice at the enterprises level in private industries under Labor Relations Act B.E.2518 (1975).

## **3. Concept of Sound Labor Relations**

The concept of labor relations started by the idea of Karl Marx (1973) that workers were disadvantaged compare to employer then he suggested workers to have collective action against employer (Hyman, 1975). However, Dunlop showed the workers organizing as trade unions could have their roles in collective bargaining with employers under the rule of the law (Dunlop, 1958). Clegg also confirmed that in pluralism economy, collective bargaining could be done among interest groups (Clegg, 1970). By this concept, labor unions were recognized and play their roles in collective bargaining. Webb (1920) pointed out that collective bargaining would guarantee job security and wage increases for worker but Marshall (1920) warned that, with the introducing more unskilled workers in the employment, these workers had to organize their union to strengthen their bargaining power and strike would be used for negotiation. Mulvey (1978) suggested that if the union had the capacity to organize strike, it would create negative economic benefit to employer, at the same time, it was a cost to union too. However, with the capacity to strike, the union might make a strike threat effectively. Jackson (1988) explained that causes to strike may come from economic, institutional, social and political factors. To avoid strike, Harbison and Coleman (1951) stressed that both employer and union needed working harmony and labor-management cooperation. Mills (1994) pointed out that good labor relations comprised recognition and equal relations between employers and workers. De Silva (1996) suggested that workers and employers had to negotiate with the recognition of each other and bargain in good faith, make a compromise for solution with effective communication without misunderstanding. Morishima (1991) explained sound labor relations in Japan by the system of joint consultation and information sharing between workers and managers. Inoue (1991) added that sound labor relations need good communication of

workers and employers, and the union should participate in the process of decision making of the organization. De Silva (1998) added that factors of sound labor relations were worker participation, employee involvement and good communication.

In Thailand, even though many workers' organizations took place since the end of Second World War, the concept of labor relations was formally introduced by Labor Law B.E. 2500, in the part of labor relations which allowed worker to organize trade union under the same employer or the same industry. However, that law was abolished in the next year due to the investment promotion policy of the government. When the Labor Relations Law was enacted again in B.E. 2518, Thai workers enjoyed their right to organize trade union and make collective bargaining with the result of many strikes and lock-outs in the last 35 years. Many Thai academics tried to do many researches to provide suggestions for peaceful labor relations in the country such as Suttawet (1996) proposed the reformation of the Thai industrial relations to international standard and in a creative way. He suggested that Thai labor relations should be based on consultation and negotiation within the Thai cultural context. In his research, (Suttawet, 2002) he suggested the creative labor relations that employer has to recognize the trade union, create good communication and introduce mutual decision and participation. Piriya-rangsant (1997), gave the idea to develop labor relations at enterprise level by giving enough information, data for consultation and create cooperation as well as reasonable negotiation to each other. He emphasized that the senior managers had to have open communication to employees with sincerity. With these concepts, this research tried to find out factors leading to sound labor relations at enterprise level in Thailand.

#### **4. Methodology**

The qualitative research was used in this study, with a descriptive approach. Research questions were posed to seek the understanding of the stakeholders' perspectives on sound labor relations, under the framework of a grounded theory. When the data were collected, it would be coded through open coding to represent an utterance or piece of meaning. After that, the researcher would form initial categories of information about the phenomenon being studied. Within each category, there were grouped by similar constructs, opposing constructs, negative or positive dimensions of construct, all depending how the information emerges. Axial coding was used to identify central phenomenon, explore causal conditions, specify strategies, identify the context and intervening conditions and delineate the consequences. In selective coding, the researcher identified a story line and wrote a story that integrates the categories in the axial coding model (Strauss and Corbin, 1990).

In-depth interviews were used to get data from key informants. The procedure started by identifying key informants of stakeholders in each group, making approaches and conducting the interview and recording the interview. When the data completed, the researcher started to analysis and wrote a report (Creswell, 2003).

The stakeholders of Thai industrial relations system were categorized into 10 groups. They were employees of non unionized companies at the shop floor level, employees of non unionized companies at the supervisor level, trade union leaders at the company level, trade union leaders at the national level, employers of non-unionized companies, employers' organization leaders, and human resource managers, member of tripartite bodies, government officials and labor Academics. As to the suggestion of Creswell (2003), in-depth interview should be done through 20-30 key informants until the data completed. In this study, there were 3 key informants in each group, made 30 key informants all together. The names of those key informants were suggested by senior experts in the field of labor relations from Department of Labor Protection and Welfare, Ministry of Labor, and experts in academic field. Consultations were also made with some member of expert panel who are able to recommend appropriate interviewees from each stakeholder group.

The guideline questions for in-depth interview were concerned with opinions about the characteristic of sound labor relations, benefits to stake holders, problems or obstacles that may occur, how to overcome those problems and obstacles, and the best practice of sound labor relations?

The interviews were made during March-May 2009 and data analysis was done during June –December 2009. The researcher also used audit trail for the relevant data as well as triangulation method to ensure the consistency of information.

The researcher concluded the final transcription in 5 themes., which were the meaning of sound labor relations by the understanding of stakeholders, the benefit of sound labor relations to stakeholders, the problems and difficulties encountered from practicing sound labor relations, the way to overcome those problems and obstacles and the best practice on sound labor relations as expressed by stakeholders

## **5. The result of the study**

The result of the study showed that all 10 groups of stakeholders agreed on the meaning of sound labor relations that the labor relations where employers and employees have recognition to each other, mutual trust, cooperation, data revealing, compromise on conflict, fair benefit distribution and look for mutual benefits.

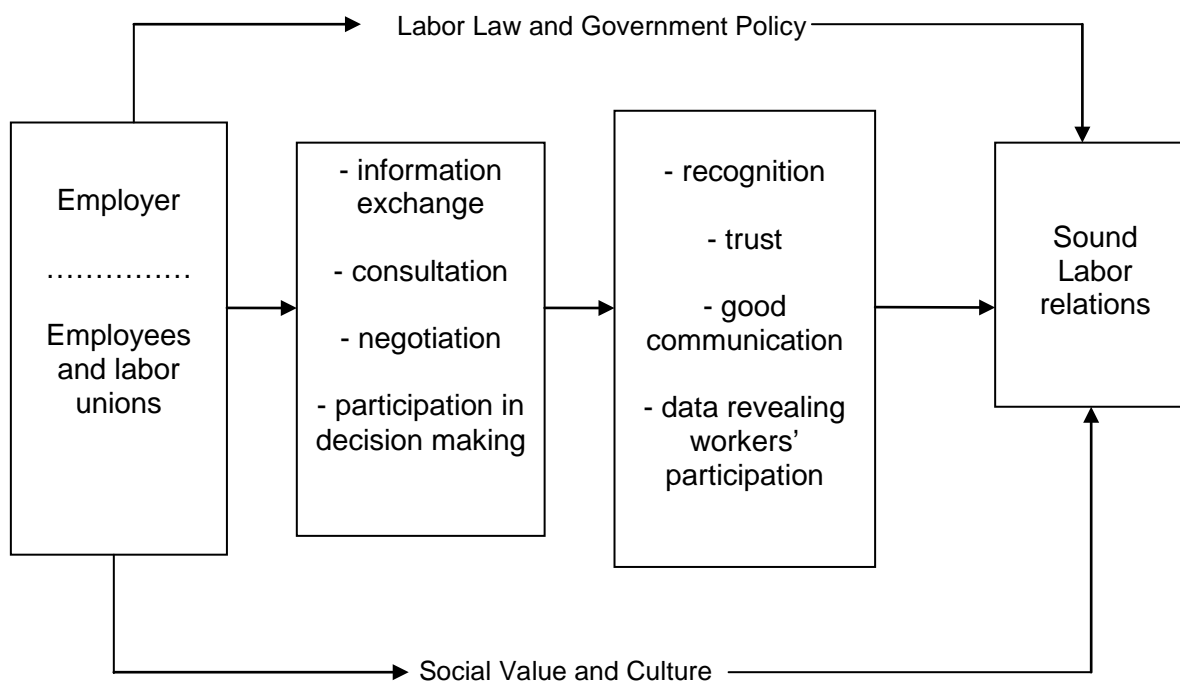
The benefits of sound labor relations would occur to all people concerned. The employees will have good working condition, career path, fairness at work and high standard of living. The employer would have un-interrupted production, get good quality product, high profit and productivity. The unions recognized the problem of employer, get mutual benefit, have steady growth, get support from employer. The society got peace, kept good recognition for investment of the country.

The problems and difficulties encountered from practicing sound labor relations as expressed by stakeholders were lacking of sincerity, no union recognition, conflict of interest, employers' selfishness, no commitment, no loyalty of employees, no working participation, negative attitude and interfere from outside.

The way to overcome such problems and difficulties should start from the employer side by recognizing the workers and their organization, having positive attitude toward trade union, organizing regular conversation and meeting both formal and informal, keeping good communication, giving data revealing especially on business outcome, accepting negotiation process and introducing workers' participation to the enterprise. Employees, in addition need the strong union and capable representatives for communication with employer. Moreover, the union also has its role to accept the employer' rights in management, make negotiation on reasonable basis and keep the spirit of mutual benefit.

The best practice of sound relations has occurred when both employers and employees have recognition to each other, as well as positive attitude, compromising, good communication, data revealing, trust making and create culture of mutual benefits as well as accept workers involvement at all level. The government also has the role to adjust the labor relations law in the proper way, create policy for sound labor relations, and putting the idea of sound labor relations into practice.

As a result of the study, the researcher created a model identifying 5 characteristics that enhance sound relations in Thailand. They are recognition between employer and workers, good communication, trust, data revealing and workers' participation. The model can be presented as follows (Figure 1).



**Figure 1. The Model of Sound Labor Relations at Enterprise Level in Thailand.**

The result of the study, especially factor of recognition is consistent with the suggestion of Harbison and Coleman (1951) that both employer and union need working harmony and labor-management cooperation, and the idea of Mills (1994), that good labor relation comprised recognition and equal relations between employer and workers. Factor of good communication was also suggested by De Silva (1996) that workers and employers had to make an effective communication without misunderstanding. Factor of data revealing is similar to the suggestion of Morishima (1991) on information sharing between workers and managers but the result showed that both sides need trust between them too. Factor of worker's participation was suggested by Inoue (1991) on union's participation in the process of decision making of the organization, De Silva (1998) also stressed on the factors of sound labor relations of worker participation and employee involvement.

The result of the study also go along with the researches of Chokechai Suttawet (2002) that employer has to recognize the trade union, create good communication and introduce mutual decision and workers' participation and Sangsit Piriyaangsant (1997) that employers need to give enough information for consultation, open communication and create cooperation.

## 6. Conclusion

In conclusion, sound labor relations in Thailand can be created by the cooperation among employer, workers, trade unions and the government. For such a purpose, the 5 characteristics that enhance sound labor relations at the workplace level include recognition between employer and workers, good communication, trust, data revealing and workers' participation, should be enhanced. Having been created, sound labor relations will give benefit to all parties concerned even the government. However, it should be done under the proper legislation, appropriate culture and with the strong support of the government.

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