Factors Affecting the Wages of Native Workers in Thailand's Construction Industry

C. Noknoi, W. Boripunt, K. Boomid, S. Suwitphanwong

Abstract—This research studies the factors influencing the wages of native workers in Thailand's construction industry. The sample used comprised some 156 native construction workers from Songkhla Province, Thailand. The utilized research instrument was a questionnaire, with the data being analyzed according to frequency, percentage, and regression analysis. The results revealed that in general, native Thai construction workers are generally married males aged between 26 and 37 years old. They typically have four to six years of education, are employed as laborers with an average salary of 4,000–9,200 baht per month, and have fewer than five years of work experience. Most Thai workers work five days a week. Each establishment typically has 10–30 employees, with fewer than 10 of these being migrant workers in general. Most Thai workers are at a 20% to 40% risk from work, and they have never changed employer. The average wage of Thai workers was found to be 10,843.03 baht per month with a standard deviation of 4,898.31 baht per month. Hypothesis testing revealed that position, work experience, and the number of times they had switched employer were the factors most affecting the wages of native Thai construction workers. These three factors alone explain the salaries of Thai construction workers at 51.9%.

Keywords—Construction industry, native workers, Thailand, wages.

I. INTRODUCTION

HUMAN resources are not just a basic resource for management; they also include the most valuable organizational resource: human capital. This is a key indicator of an organization's potential for future success or failure [1]. Therefore, for an organization to achieve its goals, it should prioritize the payment of reasonable compensation to its employees. This is of paramount importance, because it enables an organization to attract highly desirable personnel (talent) into the organization [2], as well as retain them within the organization. In parallel, the organization can deal with personnel who lack the performance that the organization justifiably expects [3].

Thailand still faces issues regarding the administration and division of labor and skills in order to optimally apply them. Moreover, Thailand's labor laws are not flexible enough. In order to employ a certain number of workers, an organization must classify its skilled workers and train the others. Employers must always take the law seriously, be fair to their employees, and strictly comply with the rules. They face high penalties if they do not, especially in cases where public officials are involved. However, there has been collaboration between the public sector, workers, entrepreneurs, and other interested parties aimed at developing a solution to this problem [4]. Thailand's construction industry currently suffers from a labor shortage, especially for skilled workers. This is mainly due to the hard nature of the work and the low wages being paid. Wages are determined according to the particular province, establishments, and the ability of employers to pay. Consequently, there is little incentive for new workers to enter the construction industry, and the morale of the current workforce is undermined [5].

Many workers have moved to Songkhla Province due to it being the economic center of southern Thailand. Its capital city, Songkhla, has been rapidly growing, and the construction industry is booming there. However, the wages of construction workers vary considerably according to the type and size of the business. A small business cannot meet wage standards, and workers are often exploited by their employers. This research aims to study the wages of native construction workers in Thailand in order to help promote a better quality of life for these workers who are driving the prosperity of the country.

II. SCOPE OF RESEARCH

A. Area Scope
The research area is Songkhla Province.

B. Time Scope
The data were collected from December 1 to December 31, 2015.

III. RESEARCH HYPOTHESES

Personal and work factors affect the wages of native workers in the construction industry of Songkhla Province, Thailand.

IV. RESEARCH METHODS

A. Sources of Data
1. Documentary research obtained by studying documents, books, and other texts about theories, concepts, and related research to guide the conduct of this study.
2. A field study that collected data using questionnaires completed by both native and migrant workers in the construction industry of Songkhla Province, Thailand.

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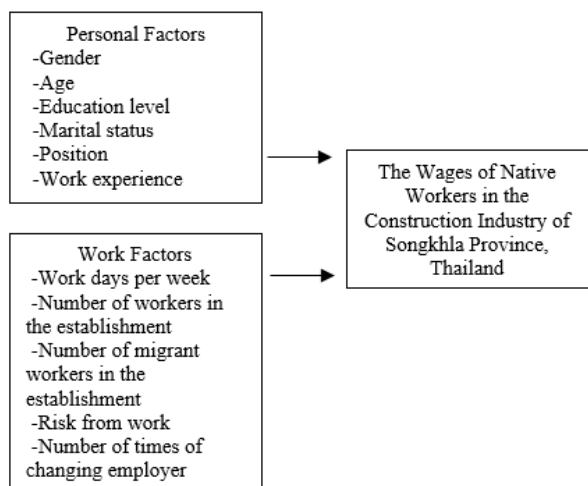
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Fig. 1 Research conceptual framework

B. Population and Sample

The population studied in this research covers the construction workers in Songkhla Province, Thailand and comprises some 47,468 people [6]. A sample size of 156 was calculated using the Yamane [7] formula at a confidence level of 92% and a deviation of 8%, so this study collected data from 156 participants.

C. The Tools Used to Collect Data

For this research, questionnaires were used to collect data. These were divided into two areas.
1. Questions about personal labor factors, including wage, gender, age, marital status, number of years in education, current position, and work experience.
2. Questions about work factors, including the number of days worked per week, the number of workers in the establishment, the number of migrant workers in that establishment, the risk from work, and number of times the worker has changed employer.
3. The nature of the answer involves both writing and choosing answers.

D. Data Analysis

This study is quantitative research that employed questionnaires to collect data. The collected research data were then analyzed using computer software. This involved:
1. Descriptive statistics that used frequency and percentage to describe the personal and work factors affecting the wages of construction workers in Songkhla Province, Thailand
2. Statistical inference using regression analysis and modeling to study the wages of construction industry in Songkhla Province, with the following model being used:

$$W = f \,(Sex, Age, Education, Status, Position, Experience, Workday, QThai, QAlien, Risk, Quit)$$

From the model above, when using regression analysis, we have the following equation:

$$W = \alpha + \beta1 \,(Sex) + \beta2 \,(Age) + \beta3 \,(Education) + \beta4 \,(Status) + \beta5 \,(Position) + \beta6 \,(Experience) + \beta7 \,(Workdays) + \beta8 \,(QThai) + \beta9 \,(QAlien) + \beta10 \,(Risk) + \beta11 \,(Quit) + ei$$

where W = wages (in baht/month); Sex = gender; Age = age (in years); Education = years of education; Status = marital status; Position = position; Experience = work experience (in years); Workdays = working days per week; QThai = the number of workers in establishment; QAlien = the number of migrant workers in establishment; Risk = risk from work; Quit = the number of times worker has changed employer

V. RESEARCH FINDINGS

A. Personal Factors for the Sample

The workers were mostly males aged 26–37 years. Most had 4–6 years of education and were married. Most workers earned in the range of 4,000–9,200 baht per month and had fewer than five years of work experience.

B. Work Factors of the Samples

The study revealed that most workers worked five days a week. There were generally 10–30 people working in the respondents' establishments, with fewer than 10 of these being non-Thai migrant workers. They were at risk from operations at a 20-40% range, and most had never changed employer.

C. The Wages of Thai Workers in the Construction Industry

This study found that Thai workers in the construction industry earned, on average, a wage of 10,843.03 baht per month with a standard deviation of 4,898.31 baht per month.

D. Hypothesis Testing

The analysis found that the factors most affecting the wages of the Thai construction workers were position, work experience, and the number of times they had changed employer, as shown in Table I. This led to a multiple regression equation being used to predict the wages of Thai workers, as shown below:

$$\text{Wages of Thai workers} = 8680.47 + 10223.62(\text{position}) - 117.29(\text{work experience}) - 602.49(\text{times of changing work})$$

According to the regression coefficients, it was found that the variables most associated with the wages of Thai construction workers were (in descending order) position, work experience, and number of times they had changed employer. These three variables explained the wages of Thai construction workers in Songkhla Province, Thailand at 51.9%, as shown in Table II.

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TABLE I
REGRESSION COEFFICIENTS FOR THE WAGES OF THAI WORKERS

	Unstandardized	Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	8680.467	2321.900		3.739	.000*
Sex	729.142	653.961	.069	1.115	.267
Age	55.176	41.318	.126	1.335	.184
Education	76.611	125.110	.041	.612	.541
Marital status	-656.660	804.896	-.061	-.816	.416
Position	10223.620	996.816	.639	10.256	.000*
Work experience	-117.288	59.042	-.168	-1.987	.049*
Work day per week					
3days	5789.230	4355.206	.093	1.329	.186
4 days	-1896.097	1037.256	-.121	-1.828	.070
5 days	-1211.569	655.731	-.122	-1.848	.067
Number of workers in establishment	9.015	12.873	.059	.700	.485
Number of migrant workers in establishment	40.775	31.367	.112	1.300	.196
Risk from work					
≤20 %	-674.310	1483.650	-.058	-.454	.650
40-21%	-699.567	1459.245	-.065	-.479	.632
60-41%	84.671	1434.630	.008	.059	.953
80-61%	-515.600	152.990	-.035	-.338	.736
Number of times of changing employer	-602.486	292.558	-.148	-2.059	.041*

* Significant at the 0.05 level.

TABLE II
MODEL SUMMARY OF THE WAGES OF THAI CONSTRUCTION WORKERS

Predictor Variables		R	R Square	Adjusted R Square	Std. Error of the Estimate
Wages of	Thai workers	.720	.519	.464	3632.032

VI. RESEARCH DISCUSSION

The analysis revealed that the factors most affecting wages of Thai construction workers were position, work experience, and the number of times they had switched employer. This accords with the guidelines set down by employment policies, which suggest that the factors determining wage rates should be skill, responsibility, working conditions, and effort. However, a job should be separate from a particular operation, meaning that if you do the same job for a different employer, you should be paid the same amount. This excludes executive positions, where people work differently depending on their individual ability and therefore exhibit different levels of performance [8]. This is consistent with the results of a survey by the Bank of Thailand, which identified work experience as a key factor that employers use to determine wages [9]. It is also in line with Mincer's model [10] for human capital theory, which states that wages are related to work experience and position. It is also consistent with the findings of Wanit [11]. Based on the standard regression coefficients, it was found that the variables that were most associated with the wages of Thai construction workers were (in descending order) position, work experience, and the number of times they had changed employer. These three variables explained the wages of Thai construction workers in Songkhla Province, Thailand at 51.9%.

VII. RECOMMENDATIONS

A. This Study's Recommendations

1. The relevant authorities should legislate to compel organizations to pay fair compensation to their workers in order to attract more workers into Thailand's construction industry, which currently faces a labor shortage, especially for skilled workers.
2. Thai workers in the construction industry should commit to developing their skills in order to be accepted and trusted by employers. This will give them a chance of becoming supervisors, leading to higher wages.

B. Recommendations for Further Study

1. The wages of other industries of Thailand could be similarly studied to enable the relevant authorities to effectively resolve wage issues for Thai workers.
2. Other issues affecting the work of laborers should be studied, such as quality of work life, safety in the workplace, and work opportunities. These factors could also affect the performance of workers, both directly and indirectly.

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