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Business Interest and Social Policy Preference Formation:

A Case Study of Thailand

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A dissertation submitted to the University of Edinburgh
in accordance with the requirements of
the degree of Doctor of Philosophy in Social Policy
School of Social and Political Science

November 2023

73,603 words
Abstract

This thesis examines why businesses have been engaged with Pracharath Policy for Social Development policy, which is a government-led collaborative policy platform to tackle social problems in Thailand. The study draws upon literature on business interests and social policy, which to date has based largely on the experience of developed countries in the global North. Empirically, the study shows that in the absence of strong pro-welfare actors such as trade unions or left-wing political parties, businesses still support Pracharath for Social Development policy to maintain a reciprocal relationship with the government. Historically, the study presents how Thaksin’s rise to power has changed strategic environments, in which the state, business and the people interact, by challenging old elite establishment, increasing the role of business, and making the people more visible in Thai politics. The research demonstrates that social policies are often used as a political tool to pacify the masses or gain popular support. In the case of Pracharath for Social Development policy, the study argues that business support for this government initiative resembles to a certain extent how businesses support Thaksin’s expansion of welfare polices to prevent social unrest and secure the government’s ruling power as alliance members. Theoretically, the findings accord with the political accommodation thesis, in that business support for social policies is a strategic response to political challenges rather than a reflection of any genuine economic interest in social policy. However, rather than political challenges stemming from class conflict typically observed in countries of the Global North, the research advocates that in the Thai case it is informal institutions - namely elite networks and reciprocal relations - that is the main causal force shaping business policy preferences in Thailand.
Lay Summary

This thesis examines why businesses have been engaged with Pracharath Policy for Social Development policy, which is a government-led collaborative policy platform to tackle social problems in Thailand. Pracharath Committee for Social Development has a tripartite structure that brings the government, businesses, and civil society organizations together in deciding social policies. The research observes that civil society organisations possess much less political power than businesses and are mostly side-lined by both government and business in this policy negotiation platform. The research advocates that businesses in Thailand support Pracharath Policy for Social Development not because of the pressure from civil society organisations nor the military government but to maintain political ties with the government and secure policy access. Moreover, the research demonstrates that social policies are often used as a political tool to pacify the masses or gain popular support. In the case of Pracharath Policy for Social Development policy, the study argues that business support for this government initiative resembles to a certain extent how businesses support Thaksin’s expansion of welfare polices to prevent social unrest and secure the government’s ruling power as alliance members. Businesses and the government thus form a strategic partner, accommodating to some of each other demand, for common political interests.
Acknowledgements

I would like to thank Dr. Jay Wiggan and Dr. Daniel Clegg, my supervisors, for their patient guidance and useful advice throughout my Ph.D journey. I also would like to extend my sincere thanks to all interviewees and contact point of Ministry of Social Development and Human Security, Thailand for their time, insights, and support.

I am thankful to the Royal Thai Government for the scholarship and this educational opportunity. My thanks extend to friends and colleagues, especially Pim Huisakul and Perada Phumessawatdi, for their support and friendship. I also thank P’Eve for her continuous encouragement. Special thanks to Julia for her kind offer to help proofreading this thesis.

And the most important, I thank my family particularly, my mother, father, grandparents and aunts for their full support, love, and encouragement. Grandpa, thank you for taking a good care of yourself and wait for my success. This degree is for you.

Finally, I thank Gods and myself.
Author’s declaration

I declare that this thesis has been composed solely myself and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where states otherwise by reference or acknowledgement, the work presented is entirely my own. Work done in collaboration with, or with the assistance of, others, is indicated as such. Any views expressed in the dissertation are those of the author.

DATE: 14/11/23
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Chapter 1

Introduction

The role of business in social policies has attracted the attention of scholars and policymakers for decades, with businesses considered to enjoy a privileged status due to their structural power (Lindblom, 1977; Block, 1977; Przeworski and Wallerstein, 1988, Winters, 1996). Some scholars (Korpi, 2006; Lindblom, 1977) are concerned whether and to what extent business power can influence public policies especially over the distribution of common goods. While business involvement is important in the development of modern welfare, there are continuing disagreements over how business affects the expansion of welfare and social programs precisely. Scholars (Lindblom, 1977; Korpi, 1983; Shalev, 1983; Esping-Andersen, 1990; Hacker and Pierson, 2002; Thelen, 2001; Swenson, 1991, 2002; Mares, 2003; Martin, 2012; Paster, 2012) have for example explored whether business obstructs or advances the expansion of social welfare.

The key question of the debate is centred around the question of why businesses support certain social policies but oppose others. Traditionally, scholars attributed welfare state expansion to pro-welfare actors such as strong labour unions or left-wing political parties, and argued that development of welfare state is a result of class conflicts (Lindblom, 1977; Korpi, 1983; Shalev, 1983; Esping-Andersen, 1990), with the differences in the generosity of welfare states depending on the capacity of labour movements to secure alliances with other social groups to advance welfare agenda. This view thus sees businesses as an opponent to welfare state expansion.

In the 1990s, the attention of scholars was drawn to the role of employers in the development of welfare states. Several studies argued that employers often show genuine interests in supporting welfare programs. This perspective is called the employer-centred thesis or business interest thesis. Proponents of employer-centred thesis (Swenson, 1991, 2002; Hall and Soskice 2001; Mares, 2003; Martin, 2012) advocate that often employers have played a more benevolent role in welfare expansion than scholars of power resource approach have realized. They argue that businesses are not a homogenous group sharing the same policy preferences. This strand of theorizing business interest in welfare state development proposes the economic interests of businesses as an
alternative explanation for differences in the generosity of welfare states. Scholars of the business interest thesis advocate that some businesses are important partners of pro-welfare alliances, and they support such programs because they genuinely believe that those welfare reform programs lead to higher labour productivity.

However, proponents of a political accommodation thesis (Hacker and Pierson, 2002; Korpi, 2006; Paster, 2012) argue that scholars of business interest thesis mistake the strategic responses of business for their genuine interests. They point out that the costs of social policies are typically so high that businesses are unlikely to support social policies even though such policies might provide some benefits. They question whether businesses are really protagonists in the welfare state expansion as claimed by scholars of business interest thesis. The main argument of the political accommodation thesis holds that businesses do not have a genuine interest in supporting social reforms, their support for such programs only reflects their strategic responses to the political challenges they face. In the absence of these challenges, such as strong anti-capitalist force and powerful labour movement, businesses will remain opposed to social policies.

The main difference in theorizing business interests of these two competing theories has to do with the interest formation: first-order and second-order preferences. The former refers to the business interest thesis and the latter refers to the political accommodation thesis. While studies attempt to explain how and to what extent businesses affect the development of welfare states, the findings remain inconclusive. Proponents of each strand usually investigate the in-depth or comparative case studies to justify their own arguments, which greatly advance the understanding of a business role in the development of a welfare state. However, most of the case studies were conducted in the capitalist societies on the Global North. Many developing countries of the Global South,

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1 The term “Global North and Global South” is used to classify a grouping of countries in terms of the geographic, economic, educational, and political characteristics (Tadaro, and Smith, 2006). Global North is associated with developed countries, generally mostly located in Europe and North America with exception of some developed countries in the Eastern world such as Hong Kong, Taiwan, Japan, South Korea, and Singapore. These countries are democratic and technologically advanced nations (Tadaro, and Smith, 2006;Dados and Connell, 2012).

2 Global South is generally associated with countries in Latin America, Asia, Africa, and Oceania, which mostly is low to medium income countries. Global South is relatively poorer and more fragile democracies than Global North. Many countries in the Global South used to be colonized by the Northern states and are often marginalised from the core of development (Tadaro and Smith, 2006;Dados and Connell, 2012).
however, possess different economic and political settings from the North such as weak labour unions, and the absence or ineffectiveness of systems of interest representation normally represented by peak associations of capital and labour.

This study engages with this field of literature by examining business and social policy in Thailand, in which the political settings are different from the western developed countries. Thailand has the characteristics of weak and fragmented labour unions, the absence of left-wing political parties, regime change due to the military rule, and the nature of dominant informal institutions in the political and policymaking realm. The specific aim here is to determine whether businesses in Thailand have genuine interests in supporting social policies or they just strategically respond to political challenges. The main challenge is that determining business interests is a difficult task because businesses have a strong incentive to feign their preferences. For instance, they might aggressively oppose social reforms to pressure policymakers to make a concession (Swenson, 2002), and/or they might compromise with social reforms because the reform seems inevitable with a strong likelihood of legislative outcome (Hacker and Pierson, 2002). In other words, businesses’ stated preferences might not be their real preference. One way to identify an actor’s true preferences, and to distinguish between pre-strategic or first-ordered preferences and strategic or second-order preferences within one specific policy case study, is to compare a businesses’ stated preferences and actions over time.

The study analyses in detail Thailand’s Pracharath for Social Development, a policy introduced in December 2015 to exclusively promote collaboration on social development. The Pracharath policy is a particular case that the state has sought to shape the role of the private sector to serve the national interests. The term Pracha means the people/citizens and Rath means the state, thus Pracharath means that the state and its citizens should all contribute to the betterment of the country. The key element is the collaboration and participation of all sectors including public, private and people to solve the economic and social problems, and to create a model for sustainable development. The real driving force in a policy process is the private sector while the government serves as a facilitator. The contribution of the private sector thus is no longer a one-time donation but a partner who should closely cooperate with the government, thus is indirectly obliged to contribute their resources, both financial and non-financial, for the development of the country. To foster closer strategic collaboration, the Thai government has established 12 National Public-
Private Collaborative Committees, of which big companies were appointed as the head of the private sector in each committee. For social issues, the National Public-Private-People Collaborative Committees for Social Development (E6) was created.

To investigate business’s preferences, this study conducts an in-depth case study of the Pracharath for Social Development. Pracharath for Social Development introduced under the military regime has a tri-partite structure composing of the public sector, the private sector, and civil society organizations. This provides an opportunity to see how actors from each sectors advance their demands and what the power dynamics are among them. Moreover, since Pracharath policy becomes a negotiation platform for initiating social policies, it allows us to observe and question business’s preferences more closely. For instance, are business’s stated preferences different from their actions? Do those business policy preferences remain the same throughout the negotiation process or undergo some changes?

The research questions are as follows:

1) Why do businesses support Pracharath Policy for Social Development? What are the underlying motives of businesses in joining the E6?
2) Do businesses have genuine interests in Pracharath Policy for Social Development policy, or they do they respond strategically to this social initiative?
3) What shapes the social policy preferences of businesses in Thailand?

The study has an advantage for it is able to access the minutes of meeting especially the internal meeting minutes of Pracharath committee and its taskforces. The contributions of the study are also based on two comparative policy case studies under Pracharath for Social Development namely 1) the employment of persons with disabilities and 2) the employment of older persons.

The investigation aims to answer three main questions. The first two questions are mainly answered by examining the external sources such as official progress reports as well as the internal sources including the meeting minutes of Pracharath national committee and its taskforce meetings, and interviews with the board members from all three sectors. This study applies the core concepts of business interest thesis and political accommodation thesis when investigating Pracharath policy. It shows that business’s stated preferences and real preferences are different,
and the political accommodation thesis better explains the Thai case. The analysis shows how businesses’ stated preferences have changed and been updated during the process of negotiation, and how businesses accommodated to the government’s demand and accepted a second-best policy option. Given the nature of the tri-partite committee of Pracharath, the study also gains insights from the public sector and civil society organizations that point out the strong negotiation power of businesses, corresponding with the background research about the government and business relationship in Thailand.

However, the question of what shapes businesses social policy preferences in Thailand is more difficult to answer. Due to the differing political settings, the existing literature usually conducted in developed economies cannot adequately capture business’s role and power in shaping policies in developing countries like Thailand; they are not equivalent contexts. Political challenges proposed by the existing literature such as labour movement, reformist government, or pro-welfare government could not explain the Thai case. This responds to the secondary purpose of this study, which is to provide theoretical reflections back on theories of business interest and social policy, and questions their applicability outside the global North.

The study adopts an institutionalist perspective in investigating Thailand’s formal and informal institutions that potentially affect business and government relationships, and the distribution of political power. Thaksin’s legacy, especially, remains evident in Thai politics and in welfare policies. Thaksin was the former Prime Minister of Thailand (2001-2006). This era experienced an aggressively dynamic expansion of social welfare. While Thaksin’s era was considered a golden age for Thai welfare (Kamhom, 2011; Satidporn, 2014; Kornnakitgowit and Wongsayan, 2018), some scholars (Phongpaichit and Baker 2005; Hewison, 2006) argued that Thaksin made use of social policy just to stabilize his power and draw popular support. Pracharath for Social Development, a centre of this study, reflects many similar features to Thaksin’s alliance building with businesses, and the emphasis on the people’s need.

The study advocates that in many developing countries where informal institutions play vital roles in the policymaking process, businesses have a strong incentive to bear the cost of social policies in exchange for being in good tie with the government. The analytical lens from the historical institutionalism also indicates that a combination of several factors such as the absence of the
strong unified trade union, and left-wing political party as well as the persistent elite network, patronage, and hierarchy have weakened the power of labour while enhancing the political power of elite alliances, including big businesses. The elite alliance in turn strengthens interdependency between the government and businesses, resulting in both parties being willing to give up part of their demands for common interests.

The study contributes to the knowledge of policy preference formation in developing countries where formal institutions are relatively weak and informal ones such as political networks and reciprocal relations are pivotal in structuring social relations. It advocates that policy preferences are shaped by political contexts in which policy actors make choices, rather than exogenously given material interests. Its insights also emphasize the importance of carefully examining the political settings within which political actors form their policy preferences.

The remainder of this thesis is organized into eight chapters:

Chapter 2 situates the thesis in the existing literature on business and social policies. It is divided into two main sections. Section I reviews business power and its ability to influence public policy. Section II develops a review of the literature on businesses interests and social policy preferences, mainly business interest thesis and political accommodation thesis, which are the main elements of this study. Section II also visits the concept of class compromise and power of labour, which can provide a deeper understanding of the literature on businesses interests and social policies.

Chapter 3 discusses how business interests were formed and translated into policy preferences. Different theories of firms interests (rational choice, cultural approach, and institutionalist approach) are reviewed. The chapter then discusses major elements of historical institutionalism the political accommodation thesis and this study is based on as well as informal institutions of East Asian Capitalism. Finally, it summarizes theoretical concepts used in examining the Thai case.

Chapter 4 discusses the methodology, justifies the case studies, explains the rationale for the approach employed to answer research questions and realize the objective of this study. It then addresses other considerations for the quality of the research.
Chapter 5 provides the overall picture of the government and business relationship in Thai history. This chapter is divided into three sections namely pre-Thaksin era, Thaksin era, and post-Thaksin era. Each section also highlights important social and welfare policies introduced by the government, and looks at how business and ‘the people’ have been brought into the policymaking process. It shows how Thaksin and his pro-poor policies have changed the political landscape of Thailand.

Chapter 6 analyses Pracharath Policy for Social Development in detail to examine the origin, the development, interest representation, and goals of each party. It shows that Pracharath is a model of cooperation the military used to differentiate its economic and social policies of Thaksin’s. It then discusses how Thaksin’s legacy and changes in power structure influenced Pracharath. Thaksin has brought ‘the people’ to the centre of attention of politicians and policymakers. Yet, the resilient informal institutions of Thailand such as the elite network and patronage continue to suppress labour movement while strengthening elite ties. The chapter finally argues that despite the tri-partite structure of Pracharath, the position of ‘the people’ is not elevated through this interest intermediation platform and that Pracharath’s consensual mode of participation is different from cross-class alliances observed in many developed countries.

Chapter 7 examines the taskforce on the employment of persons with disabilities to see how businesses react to this policy, and how the government, businesses and civil society organizations negotiate for policy outcomes. It shows how businesses adjusted their policy preferences during the negotiation process until they accepted the second-best policy option.

Chapter 8 investigates the Pracharath taskforce on the employment of older persons in greater detail. Unlike the employment of persons with disabilities, the employment of an older person lacks a legal mechanism to force businesses to hire more older persons. Businesses showed their agreement to follow this policy first, then pushed for their demands later. Once the demands were not met, businesses became passive, resulting in the implementation of policy being unsuccessful.

Chapter 9 concludes the key findings and contributions of this study. It argues that, overall, Thai businesses do not have a genuine interest in supporting social policies but strategically respond to political challenges. It further analyses what types of political challenges businesses have met with regards to the country’s political and historical contexts. It then identifies key challenges in
applying theories in developing countries like Thailand. Finally, it ends the chapter by suggesting future research in this area.
Chapter 2

Business Influence and Its Role in the Development of Social Policy

The chapter is divided into two sections. The first section reviews sources of business power that can influence policy. The second section discusses the motivations and reasons why in some cases businesses support social policies.

Section I: Business Power

The debate concerning the business and government relationship usually concentrates on whether business has more advantages than other social actors in politics. While pluralists argue that power is widely distributed among numerous competing interests, others affirm that business has been regularly over-represented in the policymaking process, for example in the form of lobbyists (Gray and Lowery, 1997; Baumgartner et al., 2009). Pluralists believe that the resource advantage enjoyed by business is not decisive. In certain situations, other interest groups such as environmentalists, might be able to defeat business on key policies (Vogel, 1995; Baumgartner et al., 2009). The underlying belief of pluralists is that even if businesses seem to enjoy the unfair positions, there is not any fundamental way in which the democratic state is biased towards business interests. Structuralist accounts, on the contrary, hold that there is a fundamental dependence of the state on business.

The key in studying business power is to determine means and mechanisms in which business exerts influence in the political process (Pierson, 2002). For the purpose of this study, I follow Busemeyer and Thelen (2020) who divide sources of business power in policy making into three categories namely 1) structural power 2) instrumental power and 3) institutional power.

2.1 Structural power

Structural power is built upon the privileged positions in the economy that businesses occupy in capitalist societies. Under capitalism, businesses control investment and thus have structural power that indirectly forces government to create a favourable business environment (Lindblom, 1977). Lindblom’s well-known thesis states that businesses make private investment decisions that will
affect employment and the economic growth of the whole country. Firms respond to government policies based on their profit maximization that eventually leads to aggregate economic outcomes. They are just economically rational and make separate self-interest, profit-driven calculations (Block, 1977; Przeworski and Wallerstein, 1988, Winters, 1996). Governments cannot force them to invest their money or hire people, instead they can only create a favourable climate to attract and retain investment since the economic growth is key to increasing the chance of their re-election (Lindblom, 1977).

In Lindblom’s words, businesses do not even need to act politically to exert this power. If policymakers suspect that a certain policy agenda will provoke disinvestment, they will be unlikely to introduce such a policy. In other words, policymakers will automatically refrain from ambitious reforms that might make businesses respond negatively and withdraw their investment. This implies that structural business power can act automatically, mostly in the head of policymakers. The state often acts in ways it perceives necessary to sustain conditions favourable to business (Lindblom, 1977; Block, 1977).

Lindblom’s structural dependence thesis is not without challenges. The logic of structural dependence on private investment is compelling yet at risk of generality (Hacker and Pierson, 2002). Vogel (1987) demonstrates that several reforms in the 1970s and 1980s in the United States, including environmental protection, passed despite the vocal opposition of business. Hacker and Pierson point out that structural power of business should be treated as “a variable, not a constant.” (Hacker and Pierson 2002: 282). The structural power of business can vary over time and its variation should not be taken as evidence of its absence (Hacker and Pierson, 2002).

Hacker and Pierson offer the U.S. New Deal as empirical evidence of variation on business influence. Prior to the Great Depression, business possessed much structural power in America. States constrained the range of possible reforms in fear of capital flight and potential negative effects of social reforms on the economy without the active intervention of business. The Great Depression, however, changed the political landscape by shifting the centre of policymaking to the Federal level. The capacity of federal officials to formulate national policies enabled them to better cope with the issue of capital mobility - significantly reducing business structural power. Business increasingly turned to direct instrumental power to influence policy (Hacker and Pierson, 2002).
Hacker and Pierson also argue that there are varying relations between business and government across countries and over time. Businesses do not always get what they want. Many times, the state introduces policy despite business’s objection. The State interventions widely vary across countries and over time. The fear of disinvestment will only be effective if the government believe it will be and even then, in most cases, they have more than one policy option to choose from in sustaining investment. Thus, structural power can be a signalling device but by itself cannot dictate policy choices nor determine the government action (Hacker and Pierson, 2002). Moreover, business interests are not monolithic. Social policies might benefit some sectors while threatening others. The investment signal thus is probably mixed (Hacker and Pierson, 2002).

Some studies suggest that the structural power of business is strongest during recessions when employment and economic growth are core goals of the government (Luger, 2000; Smith, 2000). Some propose that structural power weakens after an economic crisis because the threat of disinvestment adds little effect on a badly damaged economy (Block, 1977; Vogel, 1987). Others argue that crisis may strengthen or weaken business’s structural power and that relationships are variable (Fairfield, 2015).

Constraints on drastic policy reforms, such as capital mobility or exit options, fall within the realm of structural power. More capital mobility and exit options mean more structural power of business. However, such variables cannot accurately capture the classic notion of structural power and sometimes serve as a poor measurement of such power (Fairfield, 2015). The fact that capital can exit does not necessarily mean that it will exit (Fairfield, 2015). Firms may continue to invest even with tax increases if their businesses are still highly profitable. In sum, capital strike may or may not be provoked by the reform (Winters, 1996).

It is not an easy task for policymakers to predict market reactions to policies (Winters, 1996; Fairfield, 2011; Campello, 2015). The fear of disinvestment will only work when policymakers believe it will be such a case (Hacker and Pierson, 2002). Thus, how the structural power works during a policy formation stage at least partly depends on policymaker’s perceptions and interpretations. Fairfield uses the term “strong perceived structural power” when policymakers keep policy off the agenda out of their anticipation that investors will have a strongly negative counterreaction. However, Fairfield suggests that policymakers may mistakenly assess the
structural power as weak and when “realized disinvestment threat” occur after the introduction of policy, they can reassess the structural power and change their perceptions and alter such policy (Fairfield, 2015). Thus, the structural dependence thesis requires greater attention to how policymakers interpret that power and how the perceptions can change over time (Bell and Hindmoor, 2014).

Business influence on policymaking may vary based on the political salience of different issues (Culpepper, 2011). Culpepper argues that businesses can exert more influence and shape a public policy when a policy issue has “low salience” - issues that are relatively less visible to the public. If the issues fall within public attention which he refers as “high salience”, policymakers may adjust their policy agenda and implementation according to voter preference (Culpepper, 2011). In a later article about bank bailouts, Culpeper and Reinke provide comparative empirical findings of bank bailouts in the United States, the United Kingdom, France, and Germany, that indicate that structural power can be deployed strategically, not necessarily automatically based on the policymaker’s perception. If a bank’s structural power vis-à-vis governments is strong, the government cannot force their preferred terms on them. HSBC, for example, exercised strategic structural power and refused the UK government plan of state recapitalization because most of their revenues came from other countries – they have an outside option. Inversely, healthy banks like Wells Fargo and JP Morgan did not defy the US government due to their strong dependence on the domestic market, consequently; they lacked a viable outside option (ability to absorb sanction cost) in bargaining with the government (Culpeper and Reinke, 2014). The structural power of business thus can both work automatically and can be used strategically. Likewise, the government can utilize businesses’ structural dependence on the domestic market – hence the regulator - in negotiation with businesses.

2.2 Instrumental power

While structural power stems from business’ position in the economy, instrumental power refers to more direct forms of business influence. Apart from the importance to the economy, business also possess political resources that can be deliberately exploited to influence policy. Instrumental power includes lobbying, campaign donations, and organizations that defend business interests. Additional political resources are informal ties to or a favourable relationship with policymakers.
that create privileged access to the policymaking process, partisan linkages, money, technical expertise, appointment to government position, and media access (Hacker and Pierson, 2002; Culpeper and Reinke, 2014; Fairfield, 2015; Busemeyer and Thelen, 2020). All these resources put businesses in the stronger position in defending their own interests.

Instrumental power is sometimes viewed as more ‘direct’ action during the later stage of policymaking while structural power is considered as ‘indirectly’ setting the policy agenda (Hacker and Pierson, 2002). Fairfield advocates that both types of powers can operate directly and indirectly. Just as policymakers rule out some policy options for fear of disinvestment, they can also do that out of the anticipation that business has strong political resources that will make such an option difficult to achieve. Likewise, business can strategically exploit their structural power in negotiation with government. It is important to note that other organized interests such as the labour unions can also yield both structural power stemming from the position of wage earners in the economic systems (strike and market bargaining power of rare qualifications or skills) that can disrupt production, as well as instrumental power to influence public opinion and government akin to business’ instrumental power (Schmalz, Ludwig, and Webster, 2018). This is much related to the power resource theory. Scholars in this school emphasized the class conflict and different sources of power such as industrial, organizational, and political that labour can bring to compete with capital (Stephens, 1979; Korpi, 1983).

To understand how business exerts their power and influences policy, structural power should be assessed in conjunction with instrumental power. Businesses can shape policy when either their instrumental or structural power is strong, and when both are strong, business influence on policymaking will be extensive (Fairfield, 2015). If structural power is strong enough, there may be little need for business to exert instrumental power to block or modify policies. When structural power fails, instrumental becomes significant (Hacker and Pierson, 2002).

In addition, these two types of power can reinforce each other. Business can use their instrumental power such as technical advice or media campaigns to increase policymakers’ concern over disinvestment (Culpepper, 2011). Additionally, close ties with government can bring business’ messages to the centre of policymakers’ attention at the early stage of policy formation. Relationships with policymakers, which is a past product of business’s strategic instrumental
capacities, may help business shape policy that strengthens their structural power in the future. Similarly, concern over investment may motivate government to appoint financial key figure from the private sector side, which will eventually enhance business instrumental power (Fairfield, 2015).

Proponents of the instrumental power of business also face some criticisms. Instrumentalists place great attention on the extent to which business can use political resources to access and control the policymaking process. They sometimes ignore the fact that other societal interests can possess political and electoral resources which can compete with business interests (Hacker and Pierson, 2002; Fairfield, 2015). Moreover, the business community or business associations are not always unified. The instrumental power that they can deploy will vary among policy issues.

2.3 Institutional power

Busemeyer and Thelen (2020) propose another type of business power which is institutional power. Institutional power is not a new concept in political science. The distinction between institutional and non-institutional factor is that the former refers to laws, rules, and regulations while the latter is an indirect product that particular institutions created such as economic or demographic conditions (Ostrom 1976).

Institutionalists advocate that institutions influence how individuals and groups make choices in complex environment. Institutional power is wielded through the use of rules and regulations to shape thinking and action (Ostrom, 1976; Moon, 2019). It is mostly possessed by entities like government to control and direct people’s behaviours using rewards and punishments. New institutionalists interpret institutions as a potential carrier of power, which consists of *de jure* power (rules-in-form) and *de facto* power (rules-in-use), as well as other informal institutions such as social norms that can influence people’s behaviours (Sue and Ostrom 1995; Ostrom 2005).

Busemeyer and Thelen use the term *institutional business power* to describe the power that business possesses when the state allocates some public service delivery functions to them. Once that happens, business might over time increase its power over a particular policy area by virtue of its institutionalized position, which was granted to business by the state to begin with. Over time, through policy feedback and lock-in effects, institutional business power increases and leads
to an asymmetrical dependence of the state on the continued commitment of private business actors. As a result, it tilts the power balance in favour of business interests (Busemeyer and Thelen, 2020).

Institutional power thus flows from the private sector’s role in providing public goods and services, not from its position in the economy like structural power nor its political resources it originally possesses. Busemeyer and Thelen identify three mechanisms through which institutional business power can be established – delegation, deregulation, and accretion (Busemeyer and Thelen, 2020). Delegation happens when the state decides and shares some of its public responsibilities to business. When the state partially or entirely retreats from providing public function and cedes to the private sector – mostly for improved efficiency is called deregulation. By accretion, Busemeyer and Thelen refer to private actors’ initiative to advance into a policy space originally dominated by the state, or where the role of the state is still limited, then gradually becomes a main player. Once business is involved as an insider in the policymaking process, they may not need to resort the instrumental power. In addition, sharing state responsibilities with the private sector exposes the state with a threat of holdup and exit which is similar to structural power. The greater exit threat means greater institutional power. If the exit threat is limited, for example these non-state actors are being funded by the government to deliver such services, their institutional power is also limited (Busemeyer and Thelen, 2020).

The relationship between the state and the private sector will likely be asymmetric over time because sharing public responsibilities is not a one-off decision. Just like the exploitation of structural and instrumental power, institutional power can be deployed automatically or strategically. Government dependence on business and the fear of losing business resource may limit policy options the government has. Or business can use their institutional power to lead public opinions that they are more efficient in providing goods and services, thus forcing the government to listen to their voices.

Section II: Business Interests and Social Policy

Business possess structural power over economic resources, thus often assumes a privilege in policymaking, and is considered one of the crucial forces in expanding or contracting social
policies. Social policies often cause labour and non-labour costs to rise or threaten the autonomy of employers. Then why in some cases does business support social policies?

Business and social policy seem to be incompatible because we are most likely to assume that business will prioritize profit and thus oppose spending on social needs which will increase production costs. However, in reality, business’s engagement in social policy has been extensive (Hall and Soskice, 2001; Swenson, 2002; Mares, 2003; Martin, 2012). Nijhuis (2019) divides the literature into two main subfields: one focusing on business power and the other concentrating on business preferences. The majority of research about business and social policy focuses on its structural power (Bernstein, 1955; Kolko, 1965; Lindblom, 1977; Hall and Soskice, 2001), and its influence on policy agendas, policy formation, and implementation (Gray and Lowery, 1997; Baumgartner et al., 2009) but less on its behaviours and political choices.

Conventionally, scholars of the welfare state attribute the expansion of social welfare policies to class conflict and strong pro-welfare actors such as organized labour representatives and left-party, a theory known as the power resource approach (Lindblom, 1977; Korpi, 1983; Shalev, 1983; Esping-Andersen, 1990; Hacker and Pierson, 2002; Thelen, 2001). This perspective sees employers as opponents to welfare state expansion and will naturally oppose social policies. The difference between welfare state types or level of generosity mostly depending on labour movement strength. Korpi, for example, used the Power Resource Approach (PRA) to explain the expansion of the welfare state. A central starting point of PRA is that socio-economic classes possess different types and levels of risks such as aging, illness, work accident, poverty, unemployment, which are higher in the socio-economic class possessing fewer economic resources - employees. Employers possessing more economic resources and fewer levels of risk normally benefit from market mechanism, thus they are less likely to initiate policies expanding social citizenship rights. Employees, therefore, are expected to organize collective actions in the form of labour unions or political parties to modify the distribution in the market. The PRA thus sees a class-based strife as an explanatory factor for welfare state expansion.

From the 1990s onwards, there is more attempt to understand why business may support some social policies. Some believe that business has genuine interest in such social policies while others argue that business does not have genuine interest in social policy, their support for such policies
reflects the types of political challenges they face. To be clearer in analysing employer’s preference formation, this study categorized the source of employer support for social policy according to Paster’s terms namely 1) business interest thesis and 2) political accommodation thesis.

2.4 Business interest thesis

While Marxist accounts, the structural dependence thesis, and the Power Resources Approach (PRA) assert the primacy of class conflict and place an important role of welfare state expansion on traditional pro-welfare actors such as organized labour representatives and left-parties (Lindblom, 1977; Korpi, 1983; Shalev, 1983; Esping-Andersen, 1990; Hacker and Pierson, 2002; Thelen, 2001), the business interest thesis or in some scholars’ term ‘employer-centred thesis’ views businesses as central actors of welfare development. It challenges the conventional explanatory factors of class-distributive strife and argues that the PRA has overlooked the central proactive role of employers in welfare state development. It argues that businesses do not always oppose social policies, instead many times businesses have shown genuine interests in and have supported progressive welfare reform (Swenson, 1991, 2002; Mares, 2003; Martin, 2012). This is different for the PRA that assumes that employers ‘have often been antagonists, under specific conditions consenters, but very rarely protagonists’ (Korpi, 2006, p.2).

The microfoundation of this strand is that employers in different sectors of the economy have different interests concerning labour market and social policies (Paster, 2006). In some sectors, employers ally with unions in advocating social policies out of their genuine economic interests. Employers support certain social policies because they perceive that such policies bring about economic benefits. The economic interests of firms such as labour productivity, economic efficiency, competitive advantages are the explanatory factors of businesses’ support for welfare reform and the difference in the generosity of welfare states, rather than class-based struggles (Swenson, 1991, 2002; Mares, 2003; Martin, 2012).

The business interest scholarship argues that business may support the social reforms because of its genuine interest, thus pays more attention on business preferences. Peter Swensen (1991) emphasized the importance of bringing the “capital back into the forefront of academic analysis on the welfare state”. He indicates that durable welfare reform can only be achieved under the shared interests of cross-class alliances. Swenson conducted detailed case studies to analyse the
role of employers in the construction of wage bargaining systems and welfare state programs in cross-national comparison (Swenson, 1991). He concluded that given different economic interests, employers ally with unions in cross-class alliances to promote their joint interests. Thus, the supportive role and interests of employers are crucial for welfare expansions (Swenson, 2002).

Businesses support state intervention including welfare initiatives to mitigate social risks, based on the assumption that given enough social protection against income loss, economic agents will invest in skill development (Mares, 2003). The policy preferences of employers (firm-based private social benefits, contributory social insurance, or universal income scheme) depend on firms' positions on two dimensions of social policy: control and risk redistribution (Mares, 2003). Increase in control over the administration of social insurance policy is associated with increase in employers’ share in the financing of such policy. For instance, universal social policies are usually financed by income taxes, granting low control for employers but not directly affect employer’s financial contributions to such scheme. They only indirectly affect firms through their impact on the general price level of the economy (Mares, 2003). High control of social policies such as earnings-related based social policies can benefit firms by raising the relative reservation wage of high-skilled workers, mitigating the incentives of employees to change jobs to those not related to their skill qualifications. These social policies thus provide direct institutional advantages to employers guaranteeing that their investment in skills will not erode when employers are temporarily out of work. In some cases, employers may prefer high control in the administration of social insurance to prevent any potential increase in political power of organized labour. Mares hypothesises that firms with high-skilled worker profile will prefer social policy that protects the investment in skills. Also, large firms which have a greater capacity to shift an increase in their non-wage labour costs arising from social policy onto consumers, in the form of higher prices, will prefer control over administration of social protection policy so that benefits can be closely matched to differential levels of skill investment within the firm. In contrast, small firms will pay less attention to the potential institutional advantages of social insurance policy and focus more on the financial burden of these policies. For risk distribution aspect, Mares assumes that employers facing a high incidence of risk such as iron and steel production will prefer social policy characterized by a high redistribution of risks such as universalistic social policies. While firms with low-risk incidence will find social policies characterized by high level of risk redistribution less attractive.
Mares used France and Germany as comparative-historical case studies to test these hypotheses. Mares found that large firms with a skill-intensive profile supported social policies that gave employers a lot of control or high level of discretion in the administration of social insurance while small firms were typically concerned with the increase of their non-wage labour costs imposed by social policy. Firms involving high-risk incidence supported the expansion of social insurance coverage while firms with lower workplace accidents opposed proposals seeking to socialize insurance. While large firms called for higher delegation of administrative responsibilities to employers, associations representing small firms raised concerns about the potential increase in their non-wage labour costs (Mares, 2003).

Mares concludes that most social policies are supported by cross-class coalitions for shared specific economic interests. Mares' basic assumption is that social insurance plays an indispensable role in solving the problem of skill development in modern capitalism. Where ample social protection against income loss exists, economic agents will make requisite investments in skills. Mares’ conclusion, thus, is grounded on firm-level characteristics namely firm size, and skill and risk profiles of firms. Although Mares recognizes that social policy is often the employer’s second-best option, differences to firm size and skill profiles better explain any difference in employers’ social policy preferences than political constraints or class conflicts (Mares, 2003).

Martin (2010) explores several factors that motivate businesses to support social policies. The most basic rationale is that firms will support social policies when the benefits outweigh the costs. Firms might see social regulations as their strategy for competitiveness if they can better afford the costs of such social programs than their rivals. Martin (2005) conducted interviews with a random sample of the top 500 British firms and found that the motivation of firms participating in the New Deal programs introduced in the UK is mostly a political one. Companies might be under indirect pressure to support certain types of social policies when they are tied to or dependent on a certain government agency, as one manager mentioned “The New Deal was a new government program. The firm’s business is heavily tied to the Ministry of Defence and to the government. So, we felt obliged to support a new, and very key, program for the Blair government” (Martin, 2005, p.54).

Another strand of employer-centred thesis has followed the Varieties of Capitalism approach (VoC), which suggests that business support for social programs can be explained by objective
entrepreneurial needs such as business demands for human capital formation (Martin and Swank 2012; Iverson and Soskice 2015). Businesses may also support social programs that serve productive aims e.g., skill formation (Hall and Soskice, 2001; Estevez-Abe et al, 2001; Iversen, 2005), contribute to lower turnover and absenteeism, and can improve overall economic efficiency such as social insurance, education and training, childcare, and maternity leave (Estevez-Abe, Iversen, and Soskice 2001). Business support for social policies is thus likely to be related to entrepreneurial objectives (Hall and Soskice, 2001).

Hall and Soskice, for instance, argue that different types of skills required for different production systems are important reasons why employer support certain social policies. When production requires general skills, transferal across firms, workers do not have incentives to invest in specific skills, exposing them to higher risks of unemployment. Without insurance against risks associated with income reduction due to skill investments, rational workers will not invest in asset specific skills. This may result in an underinvestment in specific skills (Estévez-Abe et al., 2001).

The different logics of liberal market economics (LMEs) and coordinated market economics (CMEs) lead to the different behaviours of economic actors, which in turn results in different politics of adjustments. The logic of LMEs is centred on “mobile switchable assets”, the holders of such assets (workers with general skills, investors in fluid capital markets) will seek to retain fluid markets and accept deregulatory policies. Employers and employees have relatively weaker incentives to invest in skills (Hall and Soskice, 2001; Huber and Stephens, 2001). In contrast, CMEs which rely on formal institutions to regulate the labour market relations and tend to have relatively long-term relations between economic actors (Hall and Ginerich, 2001), will encourage their workers to acquire industry-specific skills and support policies that contribute to the expansion of skills, such as high levels of social protection, which enable workers to take risks in pursuing lengthy vocational education (Estevez-Abe et al, 2001; Martin, 2012).

The VoC approach that focuses on the institutional complementarities implies that institutional settings are explained by particular business interests and in turn shape business interests. According to the VoC approach employers have the genuine interest – first order preferences for social policies providing incentives for skill investment. Instead of traditional class-based power between capital and labour, employers’ interests and support are crucial factors in the introduction
of such policies. Difference in types and generosity of welfare state, thus, reflects differences among sectors of the economy, rather than class-based strife. However, it might be argued that this is still a form of class conflict, but one that is taking place between different forms of capital such as large corporations versus SMEs or financial sector versus industry, demonstrating intra class conflict rather than inter class conflict.

Building on this model, Iverson focuses on the relation between different skill profiles and voter preferences to explain cross-national welfare development (Iversen, 2005). Based on an assumption that social protection in a modern economy can be understood as protection of specific investments in human capital, if the economy relies on general skills the demand for social protection will be low due to high transferability. However, if the economy relies on specific skills the demand for social protection of both workers and employers will be strong (Iversen, 2005). Similarly to Mares, and Hall and Soskice, Iverson’s conclusions imply that employers back up specific social policies because they have a genuine interest that such policies can reduce risks associated with skills investment.

In sum, proponents of the business interest thesis offer an alternative explanation to welfare state development, that the employers often back up specific social policies out of their own economic interests. Employers do not always oppose social policies but several times form a cross-class coalition with labour to support social policies that can protect against potential risks related to skills investment, or increase labour productivity. Employers’ interests and support thus explain different types and scope of welfare policies, not the class-based distributive strife.

The business interest thesis, however, is diverse, and the reasons, extent, and under what circumstances businesses have supported social programs remains inconclusive (Nijhuis, 2019). Even though businesses might develop an appreciation towards social programs over time, costs associated with welfare programs probably undermine benefits. Therefore, a simple explanation based on a single theory is too restricted. One of the major challenges in investigating business preferences is how to determine the 'genuine’ preferences. Businesses have a strong incentive to feign support or overate their opposition to social programs in order to diminish the negative effects on their businesses (Pierson, 2002; Nijhuis, 2019).
2.5 Political accommodation thesis

Scholars of the political accommodation thesis argue that employer-centred thesis proponents mistake businesses’ strategic responses (second-order preferences) for their pre-strategic responses (first-order preferences) (Hacker and Pierson, 2002; Mares, 2003; Korpi, 2006; Paster, 2012). The political accommodation thesis advocates that employers have no genuine interest in supporting social reforms. Their actions merely reflect their accommodation to the political challenges they face. In the absence of such challenges, employers will oppose state intervention. The extent of businesses’ support for social policies, thus, depends on the types of political challenges that they meet.

Building on the power resource approach, the political accommodation recognizes that despite much structural power over economic resources, business still needs to compete with other social groups to influence policies. When social policies are salient to voters, especially, businesses find their power limited and need to accommodate to the preferences of other groups since they are an electoral minority (Culpepper, 2011; Paster, 2012). Based on an historical institutionalism perspective, the political accommodation thesis informs that policy actors do not make decisions on a clean state. Choices can be limited by political constraints such as policy legacies, and power of actors backing policy proposals, which reflects the past and present balance of power among actors (Paster, 2013). The results of policies adopted in the past influence how actors evaluate policy choices in the present. Policy legacies not only limit choices available for actors but also create institutional routines and ideology (Pierson 2000, 2004). To give an example, businesses may support social policies aiming for skills training and employment because the policies adopted in the past such as cash transfer have forged a negative image in the public eye. This implies that policy legacies can have both constraining and enabling effects (Ellermann, 2014). While policy legacies are past policy actions that are difficult to dismantle, resulting in limited choices available in the present, the balance of power among political actors limits the range of policy political actors perceive to be viable. Thus, political choices achievable for employers are shaped by institutional settings and change in political power structure (Huber and Stephens, 2001; Hacker and Pierson, 2002).
The concept of power struggle between capital and other social actors, and the historical embeddedness of preferences and goals are the main explanation for differences in employer’s policy preference (Paster, 2012). Korpi, for example, argues that employers may consent to certain social policies as a trade-off in bargaining, with the extent to which an employer’s consent is affected by political forces constraining the options available (Korpi, 2006). Korpi expects that employers to have low rank-order or negative values to the expansion of welfare policies but consent to social reforms in accommodation to strong welfare state protagonists. This is different from an assumption of the business interest thesis, which views requiring the asset of specific skills as an employers’ first-order preference for welfare expansion. Korpi, thus, introduces the concept of the distinct roles of employers in the policy-making processes, namely as protagonists, consenters, and as antagonists, with the term protagonist referring to a proactive role or initiator in welfare state expansion.

It is important to note that a proponent of business interest thesis like Mares (2003) also demonstrated in case studies that past policy legacies shaped firms’ preferences and actions, that state actors often played dominant policy roles, and that social policy was often an employer’s second-best option. Mares however did advocate that in most cases employers played formative roles in the development of social policy. For Mares, sectoral differences of industry (skill and risk profile) better explain any variation in types of scopes of social policy.

Regarding the risk distribution aspect of social policy, Korpi (2006) argues that although the VOC and the PRA theory use risk aversion as their central analysis, the types of risks and risk pools are different. The VOC focuses on risks association with specific skills investment, while PRA concerns various risks during the life course of individuals such as unemployment, aging, illness, and accidents. The risk pool of the latter thus is broader than the VOC (Korpi, 2006). The VOC attributes the difference in types and generosity of welfare state to differences in economic sectors, while the PRA attributes such differences to class conflicts. The political accommodation thesis that is built on the PRA reasserts the relevance of class-based power and suggests that the conflicts and struggle for power between political actors, usually capital and labour, better explain business support for social policy. For the PRA and the political accommodation thesis proponents, the main cleavage accounting for employer’s policy preference is that of class, rather than sectoral cleavage (Paster, 2012).
Unlike the business interest thesis that argues for the importance of skills investment and labour productivity, the political accommodation is based on a micro-foundation that employers see the decommodification effect of social policies as a threat to labour productivity and work discipline (Paster, 2012). Social policy often decreases labour dependence on wage by offering other sources of income such as social transfer, employment benefit or insurance. Once employees can depend less on market participation to maintain an acceptable standard of living, they may have disincentives to work. As a result, the decommodification also reduce the employers’ absolute authority over their workforce, harming labour productivity and work discipline (Esping-Andersen, 1990; Paster, 2012). Therefore, employers are likely to oppose decommodification, which will translate into a preference for less decommodifying policies (Paster, 2012). For the policy preferences, the political accommodation thesis assumes that employers will prefer social policies that tie worker benefits to work contribution, such as earnings-related policies to universal benefits, and prefer no social policy to both (earnings-related policies and universal benefits) to defend the maintenance of an unregulated labour market (Esping-Andersen, 1990; Paster, 2012).

The argument of the political accommodation thesis is that the extent of business support for social policy depends on the type of political challenges they face. In the absence of such challenges, they prefer an unregulated labour market policy. Based on this argument, proponents of the political accommodation thesis advocate that employers have no genuine economic interest (first-order preference) in social policies. Employers’ support for social policy is only their strategic responses (second-order preference) to political challenges. If they perceived that social reform or the expansion of social protection was inevitable, employers would support the ‘lesser evil’ policy option (Paster, 2012).

Paster argues that employers’ support for social reforms is not only a result of the strength of labour or other pro-welfare actors but also the character of the political challenges the business confronts: revolutionary or reformist (Paster, 2012). Revolutionary challenges are the result of anti-capitalist movements that are strong enough to cause political instability. With the existence of a strong anti-capitalist force, business will actively promote the adoption or expansion of the social program as a strategy of pacification to erode support for revolutionary movements. Reformist challenges are the result of social reform initiatives to raise labour costs or restrict entrepreneurial freedom. When the reformists are most likely to succeed, business will promote policy choices that are less costly
to them. Paster calls this business strategy a policy of containment. If neither of these challenges exists, employers will remain passive on issues of welfare state expansion. Hacker and Pierson (2002) share this view stating that businesses support social benefits because they recognize the likelihood of legislative outcomes, thus alter their strategies to make an impact on the outcomes accordingly.

Coen, Grant, and Wilson (2010) propose five categories of political strategies that a firm employs when dealing with policymakers: denial, helplessness, delegation, insurance, and sophistication. Denial is when firms deny any relevance of government to their business. It is a risky choice and less likely to happen in normal situations. Helplessness is rather classic among small businesses. Small businesses might feel threatened by government’s actions but cannot do anything or the cost of doing is likely to exceed the benefits. Delegation is perhaps the most selected response of businesses. Firms join an association to increase negotiation power. Unlike collective action in the delegation strategy, insurance represents an individual interest. In this case, firms, especially the larger ones, donate to a political party so that their concerns will be considered during the policymaking process. Sophisticated strategies are mostly found in the largest firms. In general, the larger the firm, the greater the range and sophistication of its political activities (Coen, Grant and Wilson, 2010).

To conclude, the political accommodation thesis advocates that businesses have no genuine economic interests in supporting social policies. Employers’ support for social policy only reflects their strategic accommodation to political challenges. Without such challenges, employers prefer to maintain an unregulated labour market policy. The types and differences in generosity of social policies depend on the types and intensity of political challenges employers are confronted with. Once employers feel that a certain policy is unstoppable, they will attempt to support the second-best policy option.

2.6 Summary of the different propositions

The main propositions of business interest thesis and political accommodation thesis follows Paster’s breakdown on these two theories.
<table>
<thead>
<tr>
<th>Business interest thesis</th>
<th>Political accommodation thesis</th>
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<tbody>
<tr>
<td>1. Employers perceived social policy to be in their own economic interests, so they support such policy. The expected benefits included skill investment and labour productivity.</td>
<td>1. Employers do not have genuine economic interests in social policy. They accept social policy because they respond strategically to political challenges they are confronted with.</td>
</tr>
<tr>
<td>2. Types of production strategies pursued by firms (general skills versus specific skills) determine types of social policy firms support.</td>
<td>2. Employers’ support for social policy depend on what kind of political challenges they face.</td>
</tr>
<tr>
<td>3. Employers assume a proactive role in supporting social policies.</td>
<td>3. Employers are reluctant to accept social policies. If social policy is inevitable, they will try to support a second-best option.</td>
</tr>
<tr>
<td>4. Cross-class alliance in specific economic sectors support social policies for shared interests.</td>
<td>4. Since the genuine preferences are too different, employers and labour are less likely to form alliances to promote a social policy.</td>
</tr>
<tr>
<td>5. Sectoral cleavages can better explain the difference in the development of welfare state than class cleavages.</td>
<td>5. The main explanation of the difference in the development of welfare state is class-based cleavages.</td>
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</tbody>
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Key summary adapted from Paster. (2012). The role of business in the development of the welfare state and labour markets in Germany containing social reforms. P.22-23. Routledge.

Both the business interest thesis and the political accommodation thesis are relevant to the concept of class conflict and class compromise between capital and labour. Class compromise is a situation in which people in one class make concessions in favour of people in the other conflicting class. By making concessions, members of each class give up some of their interests. Class compromise can be negative or positive (Wright, 2000).
Negative class compromise occurs when opposing classes possess relatively similar levels of power so each side can cause substantial costs to the other, but neither of which can completely defeat the opposite side. In the stalemate, both sides agree to make a compromise, making concessions instead of harming each other (Wright, 2000; 2019). Class struggle based on class-based power thus can forge class compromise, reflecting a balance of power between conflicting forces (Wright, 2000). Positive compromise is the situation in which conflicting classes make a decision to cooperate despite their opposing interests, resulting in non-zero-sum gains – capital and labour are benefit from this mutual cooperation. For instance, a strong work council can increase productivity by enhancing worker loyalty. In the situation of labour shortage, firms can bid up wages to attract workers from other firms, making wages higher than the optimal point, leading to inflation. Coordination in collective wage setting can prevent firms and workers from defecting from the cooperative solution to this macroeconomic problem (Wright, 2000). Wright (2000) suggests that class compromise varies due to the different power of labour. When bargaining power of labour is low, negative class compromise tends to occur. Once power of labour increases to a certain point, it begins to have positive effects on capital by improving stability and productivity.

In any case, the idea of the power resource approach, business interest thesis, political accommodation thesis or class compromise require the comparative view with relative power of labour to that of capital. This is to see to what extent capital (and labour) can exert their interests in the given context (Schmalz et al., 2018). Therefore, it is also beneficial to understand how labour exercises its power to defend its own interests or influence public policy.

Similar to business, labour also possesses *structural power* due to its strategic position in the economy to disrupt production (Wright, 2000; Silver, 2003). Silver (2003) identifies two types of structural power of labour namely: workplace bargaining power and marketplace bargaining power. Workplace bargaining power can be employed by workers to demand higher pay or better working conditions through the refusal to work, through actions such as strikes and sit-ins or go-slows (deliberately working slowly), resulting in disruption in production (Schmalz et al., 2018). Employers, however, can relocate production sites, reducing the workplace bargaining power of labour (Schmalz et al., 2018). Marketplace bargaining power refers to the ability to leave or change jobs without fearing unemployment. Marketplace bargaining power is high when workers possess
rare skills demanded by employers or in the periods of tight labour market (Silver, 2003). To retain these specific skilled workers, employers need to pay higher wages (Schmalz et al., 2018). Informal workers (usually the majority of workers in the Global South) possess limited workplace and marketplace bargaining power. To increase their bargaining power, workers normally join unions or associations to push their demand.

**Associational power** occurs when workers unite to form collective action, generally through a trades union to mobilize their union strategy such as strikes (Silver, 2003; Brinkmann and Nachtwey, 2010; Schmalz and Dörre, 2014). Associational power depends on membership size, efficiency of the organization, level of active participation of members and solidarity among members (Schmalz et al., 2018). The higher rate of unionisation, the stronger association power of labour, thus the higher chance that worker can successfully bargain for better terms with capital. (Wright, 2000; Schmalz and Weinmann, 2016; Schmalz et al., 2018).

**Institutional power** refers to the capacity of workers to influence employers’ behaviours through institutions that structure capital and labour relationships such as laws, regulations, labour rights, international agreements, dialogue procedure, and institutional interest representation (Brookes, 2013; Schmalz et al., 2018). Workers can deploy institutional power by relying on legal measures such as taking employers to court or threatening to cut out the cooperative relationship between union and employers, resulting in damages in the overall productivity and competitiveness (Brookes, 2013). While institutional power can strengthen labour rights, it can also restrict the union’s power to act. For example, unions refrain from using its structural power (e.g. strike) to engage in negotiation with capital through a tripartite committee or co-determination institutions (Schmitter and Streeck, 1981). Some institutions can last for a long time while some can be changed or weakened by factors such as change in the government regime (Schmalz et al., 2018).

**Societal power** (Schmalz et al., 2018) or ‘**Coalitional power**’ (Brookes, 2013) refers to the capacity of workers to draw strength from social connections and form coalitions to pressure capital, especially when conflicting issues are salient to other key stakeholders (Brookes, 2013; Schmalz et al., 2018). For example, to gain leverage in negotiation with employers, unions can join hands with other actors on the basis of shared identities and interests (Wills, 2001) to address the common concerns such as welfare or wage issues (Brookes, 2013; Schmalz et al., 2018). Thus, societal
power allows labour unions to increase their power by mobilising support from other actors (Brookes, 2013). To do so, unions usually try to effectively frame issues in the way that it intervenes in public debates and captures the attention of society (Schmalz et al., 2018).

CONCLUSION

This chapter has discussed two major aspects of businesses and social policymaking, including business power and business interests. Business possesses structural, instrumental, and institutional power that are relatively stronger than other social actors such as civil society organizations. The structural power of business stems from its position in the economy while instrumental power refers to more direct forms of business influence such as lobbying, campaign donations, partisan linkages, and media access. The institutional power of business emerges when the government allocates some public service delivery functions to business, leading to a dependence of the state on the continued commitment of the private sector. Recognizing power of businesses in influencing public policy, this chapter further discusses business interests in social policies. This study follows Paster and divides the literature on the choices and preferences of businesses into two common strands for simplification: 1) Business interest thesis (businesses have genuine economic interests in supporting social policy) and 2) Political accommodation thesis (businesses support social policy because they are confronted with political challenges).

The major benefit of simple categorization is that it makes analysis clearer by providing a simplified way to connect differences of theories to empirical findings. However, its drawback is that simplification might increase risks of making erroneous judgments when assessing business interests. Simplification can also limit a range of potential explanatory factors researchers might consider, especially when theories are adopted to explain different phenomena or in different settings. This study minimizes risks by providing the table of different propositions of two competing theories based on the key summary of Paster (2012). This study recognizes the merits of both strands of theory as well as the difficulties in determining business interests and its influence in social policy. In addition, the study advocates that to be clearer in understanding business’s policy preference formation, its power and interests should be analysed along with those of labour.
Finally, this chapter briefly discusses the idea of class compromise and different types of power that labour can employ in order to defend its own interests, mostly in relation to business power (structural power, associational power, institutional power and societal power). The next chapter will address the issues of translating business interests, and the potential factors that can shape business interests and their social policy preferences.
Chapter 3

Translating Business Interests and the Role of Political Contexts

This chapter discusses how employers’ interests are formed and what institutional contexts shape employer’s preference formation. It begins with a discussion of the different views of firms’ interests (rational choice, cultural approach, and institutionalist approach). It then discusses major elements of historical institutionalism, on which the political accommodation thesis and this study are based. Finally, it presents informal institutions of East Asian Capitalism with an emphasis on Thailand.

3.1 Firms’ interests

To investigate an individual firm’s motives and preferences, scholars have provided micro theoretical foundations about firm’s motivations when being involved in politics and the policymaking process. The early micropolitical theories of firms have been developed in the US setting. Conventional profit-maximizing models have been used to explain the rent-seeking actions of business and power utility-maximizing activity of politicians and bureaucrats. The unitary rational actor theory treats a firm as if it is a 'rational individual' and that this individual knows what he/she wants as well as the cost of getting it. This artificial person wants to maximize profits just like ‘natural person’ wants to maximize utility. The theory assumes that a firm can assess the impact of political expenditures on its bottom line (Baron, 1995). The firm operates on a “political possibility frontier” and invests its political resources across policy areas. Decision-makers provide policy in exchange for political resources up to the marginal point where political resources offered can no longer facilitate re-election (Broschied, 2007).

The literature on the behavioural theory of firms demonstrates that the profit-maximizing theory is too rigid and cannot explain the behaviour of firms (Cyert and March, 1992). Many times, firms behave in different manners than the profit-maximizing model suggests. Large firms, for example, invest in corporate social responsibility activities that increase their costs. The central assumption is that firms operate under the conditions of bounded rationality in which complete information is not available, firms tend to satisfice (accept the second-best option) rather than maximize.
Satisficing behaviour can also be considered as optimizing behaviour that takes the cost of acquiring information into account (Hart and Holmstrom, 2010).

To reduce the costs of obtaining information and risks, firms have two potential choices. The first one is to join an association. The association, however, may not adequately represent the interests of an individual firm. A firm may, alternatively, identify the relative costs of non-action, opposition, or compliance through the process of iteration with decision-makers. Such exchange of information will evolve over time and change the balance of power through 'equalizing information’ (Hart, 2010). The concept of “corporate policy capacity” argues that firms with substantial capacity will take different policy positions and adopt other political strategies from those without capacities. Thus, corporate policy capacity is often correlated with firm size (Martin, 2000). This view corresponds with Mares (2003) who predicts that firms’ policy preferences are associated with firms’ sizes, skill intensity and the risk vulnerabilities of employees. Olson (1971) also theorizes that firms, especially small firms, will not invest in political activities with objectives to provide collective goods because the costs outweigh the benefits.

The behaviour of firms can be influenced by other factors such as informal norms and ideology. Meyer and Rowan (1997) views firms as a bundle of routines. Those routines are enacted by individuals who fill the roles within organizations. Within the strongly hierarchical firm, the CEO's political ideology may heavily influence the firm’s political behaviour and decision-making is more collective. Small firms, family-owned firms, and firms run by their founders are more likely to have idiosyncratic political routines in which the views of the CEO drive the political roles of subordinates (Hart, 2010). The importance of a firm's reputation to its commercial success may be one of the key factors that influence the firm to adopt a cooperative stance, to safeguard that reputation.

Institutionalists argue that understanding and interpreting business preference formation is not straightforward because the policy option which businesses may think is best for them in a given situation is not determined by material interest alone but is constrained by the political challenges they confront (Paster, 2012). Material interests or economic interests do, of course, matter in forming policy preferences; however, it does not translate directly into policy preferences (Hall, 2005, Schmitter, 2008; Paster, 2012). Instead, policy actors’ preferences and actions are shaped by
institutions that surround them. Institutions “structure or shape the political and social interpretations of the problems they have to deal with and limit the choice of policy solutions that might be implemented” (Fischer and Gottweis 2012a, p. 17).

This study follows institutionalist views that the political context shapes how material interests are translated into specific preferences. It believes that a careful reconstruction of political and historical contexts is needed to understand what constrains or enables particular decisions of political actors which in turn shape their behaviours. Despite being from a different policy area, Woll’s insights on ‘translation path’ of business interests in trade policy is helpful in demonstrating how feedback effects of strategic changes cause re-ordering of firms’ ranked preferences (Woll, 2008). By pointing out the micro-foundations of preferences and plotting translation path of business interests (from the most basic one like survival to choices between stability or profitability) to strategies (such as subsidies or full liberalization), Woll shows that policy actors have “profound interests and context-related preferences” and the choices they make do not necessarily reflect their actual preferences (Woll, 2008). Therefore, understanding of the context in which actors make strategic decisions is very important. The case studies Woll conducted demonstrate how some firms readjust their policy preferences in interaction with institutions and government relations. For instance, firms may face a trade-off between lobbying for immediate advantages such as trade protection at the risk of being excluded in the policy consultation process and accommodating to the European Commission’s interests, which grants them access to the policymaking process. The way that firms are pressured by other societal actors to redefine their preferences implies that power relations are crucial in understanding business and government relations.

Different theoretical stands see interests differently. The rational choice theory focuses on the role of agency and the choices they made under certain situations. The socio-political outcomes are thus the aggregation of the individual choices. Rational choice theory tends to define preference as a function of material interests (Paster, 2012), while historical institutionalism places emphasis on the importance of political, economic, socio-cultural context together with material interests in defining the content of preferences (Thelen and Steinmo, 1992). For example, Friedman (2005) shows that the way societies view the disadvantaged is associated with economic growth by demonstrating that a period of high growth resonates with higher generosity in social policy.
(Friedman, 2005 as cited in Haggard and Kaufman, 2008). There may be a strong imperative for the government to favour the interests of the classes that benefit most from capitalism. A change in political regime often results in new policy change and a new power arrangement. The current balance of power limits the range of policy options that actors find politically viable. For instance, business may find it more difficult to oppose policy proposals that have the backing of a strong government. Change in policy is usually translated into policy rhetoric created to attack the past government's policy while justifying the current government's policy and attract public sentiments (Campbell, 1998).

3.2 Historical institutionalism

To explain the Thai case, this study takes historical institutionalism as a complementary lens in investigating junctures that caused rearrangement of power structure and power relations between businesses and the government, as well as the feedback effects and legacies which possibly influence business decisions to support the Pracharath policy.

Historical institutionalism is an approach that emphasizes how institutions shape or constraint actors’ behaviours (March and Olsen 1984). Historical institutionalism focuses on the temporal phenomena such as timing, sequences of events, critical juncture, path dependence, intercurrence, and modes of gradual change that generate formal and informal institutions. Also, it places importance on how the emergence and transformation of institutions govern political and economic relations, affecting public policies as well as actors’ identities, strategies, and preferences over time (Fioretos, Falleti, and Sheingate, 2016). Thelen and Steinmo, for example, argue in Structuring Politics that institutions shape actors’ goals and alter their preferences, and that could have a transformative effect on public policy. They also denote that one of the core differences between rational choice institutionalism and historical institutionalism is the preference formation (Thelen and Steinmo, 1992).

This study approaches the question of preference formation with perspectives that institutions, both formal and informal, are essential in exploring and explaining the social world. Instead of exogenously given material interests of rational choice institutionalism, historical institutionalism sees the role of institutions in constraining or enabling political actions, usually by distributing political power, shaping individual goals, and altering political preferences (Hall, 1986, Steinmo,
Historical institutionalism pays much attention to the endogenous institutional sources of preference formation, believing that the institutional contexts rather than the individual’s goal-oriented interests are the foundation of political preferences and outcomes. One of the core elements of historical institutionalism is that politics in the present was structured by configuration of institutions created in the past, and that many times conflict with the interests and preferences of individuals (Fioretos, Falleti, and Sheingate, 2016).

Regarding interest and preference formation, the historical institution stands in the middle of micro-level perspective emphasizing material interests of rational choice and macro-cognitive factors of sociological institutionalism, or in Hall and Taylor’s words it is situated between a calculus approach and a cultural approach (Hall and Taylor, 1996). Rational choice institutionalism presents the calculus approach that individuals pursue their preferences under particular conditions. The institutions thus serve as a rule or an incentive for individuals to behave in a certain way. Normative and sociological institutionalism focuses on norms and values within organizations that influence behaviours. The ‘rules of appropriateness’ are transmitted through socialization (March and Olsen, 1984). While historical institutionalism sees institutions as the carrier of ideas that guide actors’ behaviours by shaping how actors view the world, and thus define their preferences (Fioretos, Falleti, and Sheingate, 2016).

For historical institutionalism, past decisions or historical contingency contribute to the formation of institutions that influence current policies and that path dependence is self-reinforcing (Pierson, 2001). Thus, institutions are not only products of a political structure at a given moment in time, but they become causal factors of preferences over time (Pierson, 2001). Since historical institutionalism places an importance in temporal processes, it favours research design that pays attention to contextual effects and conditions, and that often covers relatively long time period (Falleti and Lynch 2009). The temporal factors of historical institutions mainly discussed in this study include critical juncture and path dependence.

**Critical Juncture**

Critical junctures refer to moments of openness for radical institutional changes. During such moment, a wide range of policy choices are available and relatively more possibly to be adopted (Fioretos, Falleti, and Sheingate, 2016). Critical junctures focus on the historical causation – why
changes that happened in specific moments in history have long-term and transformative effects on present events. The causal effects of critical junctures were highlighted by Collier and Collier (1991) who defined critical juncture as “as a period of significant change, which typically occurs in distinct ways in different countries (or in other units of analysis) and which is hypothesized to produce distinct legacies” (Collier and Collier, 1991, p. 29). Critical juncture is the origin of path-dependence processes, creating legacies that can reproduce themselves even when the originating causes are no longer present or do not re-emerge (Collier and Collier, 1991; Soifer, 2012; Fioretos, Falleti, and Sheingate, 2016).

Capoccia and Kelemen (2007) explains that critical junctures should be seen as periods of time that are shorter than path dependent processes generated by them. One common way to specify critical juncture is to identify moments of political, social, or economic upheaval (Capoccia and Kelemen, 2007; Fioretos, Falleti, and Sheingate, 2016). Capoccia and Kelemen thus define critical junctures as “relatively short periods of time during which there is a substantially heightened probability that agents’ choices will affect the outcome of interest” (Capoccia and Kelemen, 2007, p. 348). This definition emphasizes two elements of critical junctures which are permissive conditions and role of agency to select certain choices among variety of viable options (Capoccia and Kelemen, 2007).

*Permissive conditions* are necessary for they ease the existing institutional or structural constraints and provide a window of opportunity for a specific juncture to happen (Soifer, 2012). In other words, the permissive conditions make change possible. Apart from the permissive conditions, there are also *productive conditions* which act within the context of the permissive condition to give rise to change. The productive conditions work in the presence of the permissive conditions to produce outcomes and then are reproduced even after the juncture comes to a close and the permissive conditions disappear. The productive conditions alone are not sufficient to bring about change, it must be combined with the permissive conditions that loosen constraints and make change possible (Soifer, 2012).

To illustrate, Soifer made an analytical case of the emergence of import substitution industrialization (ISI) in Latin American countries in the middle of the 20th century – a shift away from decades of export-led growth model. She explained that the collapse of world trade during
the Great Depression and World War II were the permissive conditions of ISI – created a context in which ISI could emerge by opening a window of opportunity of new macroeconomic institutions. While Latin American policy makers attempted to respond to crisis, there were a wide range of economic models available. Then the influential economic ideas from the United Nations Economic Commission on Latin America (ECLA) presented as a productive condition shaping the different extent to which the ISI model was implemented across the countries. Once the critical juncture came to close after the end of the Korean War and the recovery of world trade which made export-led economic model once again a viable option, some countries such as Brazil, Argentina, Mexico, Chile, Colombia, and Uruguay continued to focus an ISI model. The mechanisms of reproduction sustaining ISI identified by Soifer were the new political coalitions among bureaucrats, domestic elites, and organized labour (Soifer, 2012).

Slater and Simmons (2010) comment that critical junctures do not happen with a blank slate, scholars thus should pay attention to antecedent conditions that shape the outcome of the critical juncture. Critical antecedent conditions are defined as “factors or conditions preceding a critical juncture that combine in a causal sequence with factors operating during that juncture to produce a divergent outcome” (Slater and Simmons, 2010, p.889). While accepting the role of agency and choice, they highlight the important role of structural conditions such as the socio-economic conditions, class and social alliances, and cultural orientations in generating the institutional outcomes of interest. In other words, proponents of the antecedent conditions approach advocate that the divergence caused by the critical junctures is driven by pre-existing conditions before the critical junctures (antecedent conditions) rather than by decisions and choices made during the critical juncture (Fioretos, Falleti, and Sheingate, 2016).

The role of agency is also much considered by scholars of critical junctures. The agency-based accounts of critical junctures place an importance on the political interactions and decisions made among the range of choices embedded by pre-existing conditions. This analytical lens advocates that the casual role of agency requires a careful reconstruction of the background context in which political actors make decisions during the critical juncture (Capoccia and Kelemen, 2007). There are, however, risks and the possibility of causal ambiguity when attempting to connect macro-structural conditions and the strategic interaction with political choices (Fioretos, Falleti, and Sheingate, 2016). To give an example, macro-structural conditions might fail to create institutional
change without the support of a political actor. Therefore, determining the causal role of political agency or antecedent conditions is not direct.

Another element of critical juncture worth discussing is the role of ideas. The ideational approach to critical junctures focuses on the agency of influential actors which seek to take advantage of crisis to build new institutions (Fioretos, Falleti, and Sheingate, 2016). In the politics of ideas, Blyth argues that a group of actors ultimately determines the outcomes of the institutional changes (Blyth 2007). The central argument of this approach is that during a critical juncture the main political battles are fought in the ideational terrain (Fioretos, Falleti, and Sheingate, 2016). During critical juncture political actors compete with other groups to create legitimacy for new institutional arrangements. Certain ideas are diffused and promoted in the public sphere which both define and provide a way to solve a crisis. Often, different interests of other social groups are pitted against each other within the ideational terrain (Blyth, 2007).

In an attempt to reconstruct the contexts in which businesses form their policy preferences, this study adopts the core elements of critical junctures (antecedent conditions, permissive conditions, productive conditions and the role of political agency and idea) to trace back to Thaksin’s legacy and examine how and why it produces, reproduces, persists and reconstructs the relationship between the government, businesses and the people as reflected in the Pracharath policy.

**Path Dependence, Increasing Returns and Policy Legacy**

Path Dependence, increasing returns and policy legacy are concept of historical institutionalism that are closely related to each other. Path dependence, the concept that features extensively in historical institutionalism, refers to self-reinforcing processes that create positive feedback or increasing returns to political actors. This self-reinforcing feedback makes it less likely for political actors to depart or deviate from the exiting path over time (Pierson, 2004). Past policies can lead to path dependence by limiting choices available for policymakers in decision making processes. The situation of limited choices available due to past policies is sometimes called a policy lock-in effect which is often a result of policy legacies. Policy legacies create institutional routines affecting or constraining political decisions by limiting the policy choices available (Pierson, 2000; 2004).
In a broader sense, path dependence refers to the causal relevance of preceding events to events occurring at later time. This means what happened at an earlier point in time affects possible outcomes of events occurring at a later point in time (Sewell, 1996; Pierson, 2000). This emphasizes the importance of timing and sequences to a range of possible outcomes. In a narrower sense, path dependence implies that once actors such as a state follow one track of development, the costs of reversal are very high. In other words, the cost of exit – and change to another possible alternative – increase. This notion points out the concept of increasing returns, positive feedback, or self-reinforcing processes (Pierson, 2000).

Arthur (1994) identifies four characteristics of technology and social context that create increasing returns. 1) Large set-up or fixed costs 2) Learning effects (knowledge gained from continuing use of innovation) 3) Coordination effects (increasing and attractive benefits when more people use the same innovation) and 4) Adaptive expectations (self-fulfilling expectations: when users project future aggregate use patterns, they will adapt their actions to make those expectations come true).

Pierson reflects on this and comments on social initiatives, that the creation of institutions normally incurs high set-up costs; individuals and organizations learn by implementing such initiatives; then the benefits of such interaction and coordination arising from such initiatives increase over time; individuals adapt their actions according to their expectations about the actions of others (Pierson, 2000). In politics and public policy, the concept of increasing returns informs why some public policies or institutions are difficult to change. New institutions and policies are costly to establish. Once they are established, they can create learning effects arising from opportunities provided by the institutional framework, coordination effects via contacts and interaction with other individuals and organisations, and adaptive expectations since uncertainty about the continuation of institution is significantly reduced with more prevalence implementation of such institutional framework (Pierson, 2000; Foxon 2002).

Pierson builds on this technological framework of increasing returns and argues that political institutions are likely to produce high increasing returns for various reasons. First, the central role of collective actions follows the fact that individuals or organizations’ action are highly dependent on the actions of others. The institutions thus normally incur high set-up costs and are subject to adaptive expectations. Second, formal institutions and public policies usually set constraints on behaviours such as through a legally binding mechanism, thus they are prone to learning,
coordination, and expectation effects. Once established, they become difficult to dismantle. Third, the allocation of political power can cause positive feedback. When political actors are in power, they may use their power to change the rules to benefit their own interests. Finally, public policies and formal institutions are particularly hard to change because they are designed to be change-resistant. For example, politicians anticipate their competition to possibly reign in the government soon, so they create rules making current arrangement hard to reverse. In doing so, they usually lock themselves in that arrangement too (Pierson, 2000; Foxon 2002).

It is not only any single institution that is subject to increasing returns. Institutional arrangements create complementary organization forms, which in turn may produce new complementary institutions along the path of development (Pierson, 2000). North (1990) calls this “the independent web of an institutional matrix”, which generates massive increasing returns (North, 1990, p. 95). Therefore, path dependence as analytical process is suitable for examine macro-level contexts involving complementary configurations of organizations and instructions (Hall and Soskice, 2000).

3.3 Informal Institutions

Although historical institutionalism emphasizes the impact of formal institutions, it does not deny the existence and importance of informal institutions. The tendency that historical institutionalism focuses on formal institutions is partly because the research has mostly been conducted in advanced industrial democracies (Tsai, 2016). While study in formal institutions generally grew out of comparative research in developing countries where formal institutions sometimes are weaker than informal ones (Tsai, 2016). Institutions increase the predictability of the decision-making situations by setting rules that control or constrain players by allowing some actions and providing authorized results of such actions (North, 1990). Institutions thus shape people’s behaviours and incentives or calculations of returns from their actions. They do not, however, necessarily determine behaviour (Leftwich and Sen, 2010). Institutions consist of both formal and informal rules, and the norms or constraints that organize social, economic, and political life (North, 1990; Helmke and Levitsky, 2004).

Formal institutions are established and communicated through recognized official channels while informal institutions are sets of socially shared rules that are created, communicated, and enforced
outside official channels (Helmke and Levitsky, 2004). Informal institutions are equally known but not established in writing and they tend to be more persistent than formal ones (North, 1997). Tsai (2016) divides informal institutions into two types: cultural (indigenous customs and beliefs that are taken-for-granted, usually self-regulating and unconsciously reproduced, resistant to change) and adaptive (regularized patterns of interaction that emerge as adaptive responses to the opportunities or constraints or decencies of formal institutions). Helmke and Levitsky (2004) identify four types of informal institutions based on the degree of convergence between formal and informal institutional outcomes: complementary, accommodating, competing, and substitutive.

**Complementary:** Informal institutions have complementary characteristics when they reinforce formal institutions by playing an important role in making formal institutions work. Informal institutions can enhance the functioning of formal institutions by reducing transaction costs and increasing the stability of the overall operation of institutional environment, thus filling the gaps left by formal institutions. Some social norms and values can enhance the performance of institutional framework (Helmke and Levitsky; 2004; Tsai, 2016).

**Accommodating:** Informal institutions have accommodating functions when they allow actors to change institutional outcomes without violating formal rules (Helmke and Levitsky, 2004). Personal relationships and networks (such as guanxi of China and Kreng jai of Thailand, which will be further discussed in later section) enable actors to meet personal goals without violating the established regulations. In China, business owners, especially the newly emerged private sector, use guanxi to build trust with local officials and gain access to critical resources given that the rule of law has not prevailed in China (Peng and Luo, 2000; Wang and Rowley, 2017). The practice of guanxi, however, is prone to profit-seeking or clientelism whereby firms with good connections can generate unusual gains (Peng and Luo, 2000; Tsai, 2016).

**Competing:** Informal institutions can create multiple systems of legal obligations. In Latin American countries, informal institutions such as clientelism, patrimonialism and corruption are persistent and resistant to change. Informal institutions structure actors’ incentives and behaviours in ways that are incompatible with the formal rules. If actors choose to follow informal institutions, actors must violate formal ones (Helmke and Levitsky, 2004). Competing informal institutions are
often found in post-colonial countries in which formal institutions are or have been imposed on indigenous rule (Helmke and Levitsky, 2004). For instance, in post-colonial Ghana, civil servants who are instructed to follow the rules of the public bureaucracy believe that they have to pay high social costs (such as social standing in their community) if they ignore kinship group norms (Tsai, 2016).

Substitutive: Informal institutions can achieve the functions that formal institutions are supposed to do but fail. In contexts of weak formal institutions, informal institutions may substitute rather than compete with formal institutions (Helmke and Levitsky, 2004). While competing informal institutions undermine the authority of formal institutions, substitutive informal institutions make up for failures in the operations of formal institutions. For example, press criticism and informal investigations sometimes act instead of the failed formal procedures of investigation in exposing corruptions of politicians (Tsai, 2016). Thus, informal institutions can deliver the political accountability, the function that formal institutions are supposed to provide.

3.4 Networked Capitalism in East Asia

The importance of informal institutional relationships can be observed in most of the East/Southeast Asian countries. A considerable amount of research on East Asian capitalism is based on an assumption that East Asian countries are collectivistic societies and have different social norms from countries in the West (Nolan, Rowley, Warner, 2017). Unlike the ‘firm-based’ style of Western economies, several scholars argue that informal institutions such as networks should be recognized as the key institutional feature of East/Southeast Asian capitalism (Hamilton, 1996; Rowley and Warner, 2006; Warner, 2013). Confucian values such as respect for age seniority, and a preference for cooperation and harmony are said to be distinctive social norms influencing doing business in the region (Warner, 2014; Witt and Redding, 2013).

The strand of employer-centred thesis following the VOC approach, discussed in the previous chapter, builds its argument that business supports social programs to serve productive purposes based on different logics of production systems (LMEs and CMEs). However, two simple categories of LMEs and CMEs alone might not be able to capture the range of institutional settings of developing countries. Major critiques of the VOC approach are the lack of complexities due to its parsimony (Crouch, 2005) and the limited applicability for explaining the diversity of economic
governance institutions in developing countries (Moore, 2018). Witt and Redding, for instance, are less convinced of the VoC framework in explaining capitalism in developing countries and argue that the theory needs to incorporate informality such as culture and social capital in a business system as well as its interaction with formal institutions (Witt and Redding, 2014). Other scholars (Chandler, 1990; Amable, 2003; Schneider, 2009; Harada and Tohyama, 2012; Moore, 2018) propose ‘third types’ to the VoC framework. For instance, Moore (2018) adopts Schneider’s characterization of hierarchical economic governance in Latin America (Schneider, 2009) in explaining capitalism in Southeast Asian countries. In the Hierarchical Market Economy (HME), personal networks, loyalty, and patronage become the main features. Informal institutional relationships such as patron-client ties are sought and maintained to maximize access to policymakers. Access to the policymaking process becomes firm's most effective strategy to minimize risks and maximize profits. (Moore, 2018). Moore argues that adding a third type, HMEs, to the exiting VoC framework offers more flexibility and allows the VoC to capture more complexities of governance institutions in developing countries.

China, for example, places much importance on an informal institution called guanxi (Nolan, 2011). Guanxi has been developed from the ‘Five Classified Relationships’ (Wulun) of Confucian ethics, which emphasized the notion of kinship (Nolan, 2011; Wang and Rowley, 2017). Guanxi reflects the principles of filial piety, fraternal duty, loyalty, and sincerity according to its classification with the main objectives to maintain social order and harmony. It facilitates trust-building among the business community, and with officials. Wang and Rowley (2017) depict guanxi as an invisible hand of Chinese capitalism. Apart from trust, guanxi is also maintained by a relational promised exchange, which embraces reciprocal obligation (Chen and Chen, 2004; Leana and Pil, 2006; Wang and Rowley, 2017).

The reciprocal favour is also highlighted in Thai capitalism. Thailand is predominantly influenced by Chinese values because many Chinese migrated to Thailand in the early 1800s. Many conglomerates in Thailand are of Chinese descent (Suehiro and Wailerdsak, 2014). Thai people have traditionally placed special priority on family and kinship. Such social values of attaching importance to the interpersonal relationships have frequently been reproduced in company or government offices. (Suehiro and Wailerdsak, 2014). Similar to the Chinese concept of guanxi, Thailand’s Buun Kuln is the relationship based on reciprocal obligations (Susomrith and Suseno,
The reciprocal relationships (sense of loyalty, willingness to help each other and expectation to repay a favour) have been created and maintained through the continuous exchanges of favours. Buun Kuln relationship highlights affection and obligation. Affection refers to senses of solidarity, loyalty, and willingness to help each other. Obligation expects each party to do favours and repay such favour in a reciprocal manner, which in turn strengthens the Buun Kuln relationship (Susomrith and Suseno, 2017). *Kreng Jai* is another familiar feeling within Thai society. It usually builds on a face-to-face meeting and makes it difficult for Thai people to decline a request, especially to those in higher positions (Susomrith and Suseno, 2017). Conflicts thus are usually resolved through negotiations or compromises. Thai people have a tendency to think carefully whether their actions will lead to negative feelings of more senior people or those in higher position, if so, they are likely to avoid such action (Susomrith and Suseno, 2017).

In Korea, a kin-based relationship is part of the dominant culture (Rowley, 2013). Yongo networks are said to have a positive influence on Korea's economy by building trust and reducing transaction costs (Restel and Horak, 2017). Yongo is a mutual patron-client network which possesses a strong paternalism. Its particularistic ties are usually based on kin, educational institution, and the region (Restel and Horak, 2017).

The examples of interpersonal relationships including Guanxi, Buun Kuln, and Yongo reflect the underlying ideal of maintaining social cohesion, social order, harmony, and a ‘We’ mentality of the collectivism of Asian countries (Hofstede, 2015). Given the group dependence and the need to maintain social harmony, members tend not to confront each other. In Japan, the concept of harmony (*Wa*) is vital in maintaining the close relationship between the Japanese government and business (Hamada, 2010). The Ministry of Economy, Trade, and Industry (METI) drafts most of the industry-related policies and traditionally emphasizes the long-term economic growth of the country. The Japanese business community thus follows by stressing that firms should serve the long-term interests of Japan as a whole. Japanese companies show a strong tendency to build as extensive a network of connections as possible, and prefer to quietly solve problems. This reflects their non-confrontational preferences. Japanese firms use numerous informal political activities to incorporate their interests into policies, therefore it is crucial for firms to maintain an informal relationship with policymakers (Hamada, 2010).
The political and elite network is another important informal institution that dominates East Asian capitalism. Many times, reciprocal relationships lead to favouritism, clientelism, and nepotism which strengthen elite power. Business groups, the usually family-owned business conglomerates such as Japan’s zaibatsu, Korea’s chaebol, and Thailand’s glum thuraki often maintain close ties with policymakers. Given their significant contribution to the countries’ economies, they hold much more structural power over the government than other actors, thus enjoy privileged positions in the policymaking process, and continue seeking to maintain such status. Political networks also increase the instrumental power of business generally through their access to the policymaking process. Several studies contend that access to the policymaking process is an important strategy of firms in East Asian countries (Hamada, 2010; Walter and Zhang, 2012; Wailerdsak and Siengthai, 2017).

In China, state-owned enterprises (SOEs) still maintain monopolies in key sectors, while smaller locally owned state enterprises are the backbones of local economic activity. In contrast, for non-state SMEs it is difficult to get access to finance. It is also an economy where firms with strong relations with the state play more important roles within this quasi-market. Zhao and Morgan (2017) demonstrate how connections with local governments help businesses access government-controlled resources such as loans and subsidies in China. Japanese business interests maintain a close network with bureaucrats as well. The practice of amakudari enables retired government officials to hold high positions in private companies, indirectly allowing more access to the policymaking process. A wide range of behind-the-scene consultations (nemawashi) make Japanese business-government relations exceptionally consensual. There is also a high degree of career mobility from senior positions in the government towards private firms in both Korea and Thailand (Walter and Zhang, 2012; Nolan, Rowley and Warner, 2017).

In Thailand, network monarchy is an important, persistent political elite network which shapes and constrains political behaviours of actors, especially the state, the military, and businesses. The ‘network monarchy’ was the term McCargo (2005) used to describe Thailand’s political networks during 1973 to 2001 that centred around the palace. Following the 1932 abolition of absolute monarchy, Thailand was dominated by the military which possessed higher power than the palace. During Sarit’s military rule (1958 – 1963), the monarchy was promoted to prominence to legitimate Sarit’s power and position. The military and the monarchy thus formed a strong alliance,
and King Bhumibol (Rama IX) was seen giving speeches in many special events. His local
development projects and those under royal patronage were widely publicized (McCargo, 2005;
Winichakul, 2014). In the 1970s when the country was torn by political violence between the
military and student activists, King Bhumibol intervened to stop the violence that hurt his
‘children’, a perjorative term which referred to the Thai people. The fatherly figure of the King
became a unifying symbol of the Thai state. King Bhumibol was the most prestigious figure and
extremely popular among Thais to the point that no one could criticize him openly. The power of
the monarchy ascended that of the military (McCargo, 2005; Tejapira, 2006; Winichakul, 2014).

The monarch, however, was no longer an absolute ruler. It was a political network that operated
in both ‘hierarchical’ and ‘networked’ form. At the top of the network sits a ruler. Although the
position was not easily changed, it was sometimes challenged and switched. From the 1970s to the
early 2000s, the King sat at the top of the network with his prestige at the zenith. King Bhumibol
was admired and revered by most of the Thai population. He set the national agenda through his
annual birthday speeches. His words could influence the decisions of the Prime Minister or the
Constitutional Court. Those who had royal support could stay in power while those against the
royal family faced pressure from the elite alliance and the public who loved the king
(Chachavalpongpun, 2014).

Apart from the ruler at the centre of network, there is also an alliance builder mechanism to develop
a network-based monarchical rule (McCargo, 2005). During 1980s to 2001, Prem who was under
royal patronage became an active alliance builder for the palace. Prem, a commander in chief of
the Royal Thai army, was handpicked by the King to serve as the Prime Minister of Thailand in
1980. He then governed the country for eight years (1980-1988) before being appointed a member
of the Privy Council and its president in 1998. Following the death of King Bhumibol in October
2016, Prem served as Regent of Thailand until the proclamation of King Vajiralongkorn in
December 2016. With his long tenure and royal support, Prem was able to extend the network
monarchy by promoting military officers and high-level bureaucrats that were royalists and used
this power to transfer or pressure those who were disobedient. He also worked as a spokesperson
for King Bhumibol, promoting the King’s ideologies such as the Philosophy of Economic
Sufficiency as well as many economic and social development projects under royal patronage
(McCargo, 2005; Chachavalpongpun, 2014; Champers and Waitoolkiat, 2016).
As McCargo puts it ‘for the palace, power sharing was the logical response in a political order where royal control was necessarily limited’ (McCargo, 2005: p.502). According to the Thai Constitution, the King was placed above politics. King Bhumibol usually maintained his constitutional role by staying out of politics but would occasionally intervene in the times of crisis. At other times, he typically exercised power through his influence networks such as the Privy Council (Chachavalpongput, 2014). The palace thus provided strong support to Prem during his premiership and presidency in the Privy Council. This network, however, was limited to conservatives who can promote and maintain royal prestige. The prestige, in turn, was used to provide legitimacy to those associated with the throne (McCargo, 2005). As McCargo suggests, the network monarchy is a web of people who have vested interests in the dominance, power, influence, and longevity of the monarchy as a social and political institution (Winichakul, 2014).

The network monarchy was challenged by the rise in power of Thaksin in 2001 (Chachavalpongput, 2014). Thaksin’s popularity among the poor was immense while his political network also quickly expanded. As a businessman and former police officer himself, Thaksin’s network was able to embrace businessmen, bureaucrats, the military, the police, the media, and activists, many of whom were normally not included in the old elite establishment. His pro-poor welfare programs and his policy rhetoric of ‘offering a new way of thinking to all Thais’ that can have better life under his government threatened the supremacy of the palace (Tejapira, 2006; Hewison, 2010). At the same time, Thaksin heavily promoted and transferred military officers including the Army Commander in Chief, typically selected by Prem and the palace. Thaksin also relied on the police to carry on many major missions, then rewarded them generously, resulting in the rising power of the police during his era (Hewison, 2010; Chachavalpongput, 2014). Thaksin’s rise to power, his downfall as well as the legacies that challenged the old elite network and reconstructed political power in Thailand will be discussed more in detail in the next chapter.

3.5 Examining the Thai case

This study aims to understand why businesses support the Pracharat for Social Development policy in Thailand. To do so, this study adopts the political accommodation thesis as a central theoretical framework. Although businesses possess structural power over economic resources and have a privileged status in a capitalist economy, they still need to compete with other political
actors in influencing policy. The political accommodation thesis holds that employers do not have genuine interests in supporting social policies, rather their actions reflect their strategic accommodation to the political challenges they face. If they could not avoid a certain social policy, they would accept the policy option that they consider as a lesser evil or a second-best choice. Therefore, the policy choices employers have made are not necessarily their first-order preferences but are likely to be the second-order preferences.

A number of comparative case studies of political accommodation thesis provide potential explanatory factors that might be relevant to the Thai case, including 1) strength of pro-welfare actors (a left-wing political parties or strong labour union) 2) likelihood of policy outcome and 3) policy legacy. This implies that the power struggle between capital and other social actors, as well as the historical embeddedness of preferences and goals, are reasons for differences in employer’s policy preference (Paster, 2012). Therefore, it is necessary that business power and influence in relation to other two major political actors of Pracharath for Social Development, namely the government and the people, be addressed. The people used in this study in a broader sense refers to ordinary people who exert their political power through voting, and in a narrower sense refers to labour and specific social representations such as associations representing persons with disabilities and older persons. During the Thaksin era, business was brought to the forefront of politics and the people were brought into the centre of political attention, shaking the political power of the old establishment. Thaksin created a legacy that continues to affect the way the government, business and the people interact.

The central argument of political accommodation thesis is built upon the institutionalist views that sees policy options as endogenous to the political context (Paster, 2012). This study thus employs historical institutionalism as a complementary lens to reconstruct a clearer picture of the political context from pre-Thaksin era and Thaksin era to the Prayuth regime. However, institutionalist views that inform this study do not only advocate that historical and political context matters in business preference formation, but also place much emphasis on informal institutions, which the broader literature indicates are important in the functioning of East Asian varieties of capitalism. Informal institutions that are persistent in Thailand include those of an elite network, patronage, reciprocal relationships, and hierarchy (Kantamara, 2009; Suehiro and Wailerdsak, 2014; Susomrith and Suseno, 2017).
This research is drawn upon the conception of informality especially the elite network and reciprocal relationship which are evident in East Asian Capitalism. This study expects that given strong business power and close political ties with government, businesses might compromise to support social policy for political goals such as access to the policymaking process, being in good side with the government, in exchange for future benefits from being in reciprocal relationship with the government, even in the absence of challenges from labour or left parties. In other words, business might not have economic interests in social policy but expect political returns from supporting the government’s social initiatives. The study highlights the concept of non-confrontation, mutual benefit and interdependency between the government and business. The government uses social policies to attract voting or stabilize its ruling positions while business supports the social policies the government initiated to maintain a close tie with the government in expevt of political benefits. Each party thus comes to agreement based on the mutual self-interests forming a strategic alliance supporting social policies. To compromise, each party might give up part of their demand to realize the common goal. Often, this will involve a ‘give and take’ action between two parties.

While businesses are considered a significant ally of the government and their power has been dominant in Thai politics (business power, and its relationship with the government will be discussed in more detail in the Chapter 5), the political power of labour is weak. There is no peak labour association that can contain business power nor left political party representing labour. Trades unions in Thailand have played a less important role in industrial relations since they are weak and fragmented and do not normally participate in policymaking processes. It is estimated that about 1.6 percent of the workforce is organized into trades unions (Ministry of Labour, 2020). Unions exist in about 34 provinces out of a total of 76, which gives rise to the question as to who is representing workers in the tripartite committees at the provincial level in these provinces (ILO, 2017). This low trade union density is a result of the combination of factors such as restrictive laws, resistance from employers, lack of enforcement of workers’ rights, fragmentation of Thai enterprises, Anti-union discrimination supported by the state, and paternalistic regime (Chatrakul Na Ayudhya, 2021; Ng Yap Hwa, 2021). This in the end weakens trade unions' capacities to represent workers effectively.
Thai workers also encountered strong anti-union discrimination from employers. In 2015, eighteen cases of union busting and unfair dismissals were submitted to the ILO by IndustriAll Global Union on behalf of its Thai affiliates, for example when Thai workers were intending to or planning to register labour unions, they were dismissed by the companies (ILO, 2015). Even after successful union registration, employers could use excuses such as downsizing businesses to lay off the leaders. The threat of dismissal caused fear to deter Thai workers forming or joining labour unions (Ng Yap Hwa, 2021). ILO called for Thai government to take serious action against union busting and amend the domestic laws to ensure the freedom of association and collective bargaining. Yet until now, the Thai government has not yet ratified ILO Convention 87 on Freedom of Association and Convention 98 on Collective Bargaining (ILO). Given that public officials are forbidden to go on strike, more than 50 percent of Thai workforce are in informal sectors, and 70 percent of enterprises in Thailand employed less than 10 workers, the organized collective actions are fragmented and further hindered (Chatrakul Na Ayudhya, 2021).

Moreover, Thailand’s paternalistic regime and repetitive military coups repressed and controlled people’s freedom and labour movement while offering certain employment benefits and work insurance to satisfy basic employee’s needs without granting them political power. There was no formal, peak association for the civil society organizations, making the civil society organizations in Thailand systematically weak. The most recent evidence that the government tried to suppress civil society organizations was the draft act of the Operation of Not-for-Profit Organizations in 2021. The draft was denounced by more than 40 Thai and international civil society organizations which expressed concern that the excessively restrictive law could be misused to restrict freedom of work, or to shut down a number of civil society organizations in Thailand (Amnesty International, 2021).

Since the political power of labour in Thailand in much weaker than that of businesses and government, this study expects the domination of elite alliance even in the area of social policymaking. Since labour poses no real threat to businesses, businesses will not accommodate to labour demands but may negotiate with the government to get the best conditions out of the proposed social initiatives, especially if they perceive that avoiding such social initiatives might deprive them from position in an elite alliance or from access to the policymaking process. This sometimes results in the second-best policy options businesses prefer. In this case, informal
institutions such as informal relationship and elite political network are expected to perform accommodating functions allowing actors to achieve their goals without violating formal rules (Helmke and Levitsky, 2004).

**Figure 1: Theoretical framework**

In sum, this study employs the political accommodation thesis to explain why businesses support Pracharath for Social Development in Thailand. While doing so, it also adapts related concepts including business power, historical institutionalism (critical junctures, policy legacy), and informal institutions, all important features of East Asian Capitalism to investigate historical and political contexts that shape business’s policy preferences.

**CONCLUSION**

This chapter presents theoretical concepts that are related to business interest and preference formation. It starts with micropolitical theories of firms based on a rational choice theory of profit-maximizing goal to the behavioural theory of firms, and finally institutionalist views. It then expands historical institutionalism, which this study is based on, in more detail in explaining policy actors’ preferences and actions. Since Thailand is a developing country possessing different
political settings from the West, this chapter further discusses the unique characteristics of East Asian Capitalism, especially of informal institutions like interpersonal relationships and reciprocal favours. It then discusses a concept of network monarchy, a persistent informal institution in Thailand. Finally, it presents theoretical frameworks adopted in investigating Thai case with political accommodation thesis at the centre and literature on business power, historical institutionalism, informal institutions of East Asian Capitalism as complementary theories. This chapter upholds that understanding the political and socio-economic context is vital in disassembling the complexity of business interests and the mechanisms used to influence policies.
Chapter 4

Methodology

This chapter presents the methodology implemented during this study. It first states the objectives of the study and research questions. Then, it discusses the methodological approach and the underpinning philosophical paradigm. The research design, methods, and justification of case study are indicated respectively. The chapter then discusses the issues of validity, reliability, replication, generalisability and the approaches used to enhance the quality of the research. Finally, ethical considerations, and transparency of this research are explained.

4.1 Research objectives and questions

Most of the empirical studies regarding business interests and social policies have been conducted in Western societies where formal institutions such as corporatist interest intermediation between business and labour is strong, or where trades unions possess much political power to contend with capital. Lack of research about employer’s social policy preference formation in different capitalist settings presents an opportunity to extend knowledge in the field to developing countries of the Global South.

The primary purpose of this study is to understand business interests and involvement in social policy in Thailand, a developing country where political settings are different from the West by using Pracharath for Social Development policy as a case study. Given the absence of labour unions or a strong left-wing party, why do businesses support the Pracharath Policy for Social Development, an option which generally costs them both financial and non-financial contribution? Do businesses see economic advantages in the Pracharath Policy for Social Development or do they just act strategically to political challenges. If they have genuine economic interests in this policy, what are those benefits? If they act strategically due to political challenges, then what are the challenges that affect business’s policy preference formation? The secondary purpose of this study is to provide theoretical reflections on existing theories of business power, interest, and preference formation and their applicability outside the global North.
To achieve the purpose of the study, the research focuses on Thailand’s Public-Private-People Collaborative Committee for Social Development (E6) which has been established to exclusively promote the public-private-people collaboration on social development.

**Guided by the conceptual framework discussed earlier, the research questions are:**

1) Why do businesses support Pracharath Policy for Social Development? What are the underlying motives of businesses in joining the E6?
2) Do businesses have genuine interests in Pracharath Policy for Social Development, or they respond strategically to this social initiative?
3) What shapes social policy preferences of businesses in Thailand?

**4.2 Methodological approach**

Considering the research questions, a qualitative research approach was selected for this study. One of the strengths of the qualitative method is to provide in-depth explanations by looking at individual accounts and contexts (Mason, 2002; Silverman, 2014). This research attempts to understand the reasons why businesses agree to support social programs which do not directly generate profit and sometimes increase both labour and non-labour costs, rather than the ‘pre-defined’ variables, as well as to understand how business responds to specific policy initiatives. This study also aims to explore factors that influence businesses’ decision to support social policies and shape their policy preferences. The qualitative approach, which excels at gaining individual insights and understanding phenomenon at meso and macro levels is appropriate. The qualitative method that focuses on narrating phenomena in a context (Silverman, 2014) and examining a process and an event (Neuman, 2006) allows an in-depth and rigorous explanation in response to the research questions.

The epistemological foundation is interpretivism since the research attempts to understand individuals and to grasp ‘subjective meaning’ of social action and interaction with individuals (Creswell, 2014). The ontological position of the method of this research is constructivism, which believes that realities are multiple and socially constructed, and that phenomena and meanings do not exist independently. It is individuals that construct the meanings based on their backgrounds and experiences (Bryman, 2008:19).
4.3 Research design and data collection methods

To serve the purpose of this research, a case study was selected for several reasons. First, the key research inquiry is related to ‘why’ and ‘what’ questions. ‘Why do businesses support Pracharath Policy for Social Development?’ is explanatory in nature. It adopts the established theories of business interests in social policy to explain the Thai case. However, the purpose of this study is not to verify or falsify a theory but to gain a better understanding of a phenomenon. The questions ‘What are the underlying motives of businesses in joining the E6?’ and ‘What shapes social policy preferences of businesses in Thailand?’ are however exploratory questions because they seek to find the factors that encourage or impede business support for social development policies. Since there is relatively little literature focusing on business’s preferences on social policies in Thailand and the global South, exploratory research is useful in gathering information and gaining a better understanding about phenomena (Yin, 1994; Robson, 2003). In sum, the research questions of this study require a research design that allows the researcher to dig deeper into actors’ insights. Case study fits well with this requirement.

Second, the research requires a careful reconstruction of political settings in examining business preference formation. The case study approach provides the opportunity to trace the development of business power, of influence, and of its involvement in social policy over time. When Thaksin came into power, he dramatically changed the strategic environment in which the state, business and the people interacted. The strategic contexts in which actors make decisions are vital in determining what shapes business interests, and in turn lead to a change in policy options. The case study allows us to see a clearer socio-political configuration of Thai society over time.

Case study considers what can be learnt from the case rather than the extent of replication and generalisation (Stake, 1995). The case study approach provides benefits of deeper analysis of a specific case and what that case can tell us about specific theory, rather than enumerating frequencies (Yin, 2003). Case study can also help develop, refine, or test theories (Yin, 2003). Therefore, the case study approach meets a secondary objective of this research, to reflect on to what extent theoretical frameworks established in the West could be used to explain what is happening in a developing country.
4.3.1 Justification of Empirical Case

Given several potential explanatory factors identified by Western-centric literature, especially strong pro-welfare actors such as trade unions and left-winged political parties, Thailand has been chosen as a crucial case study for several reasons. Firstly, Thailand is a developing country where labour representatives are weak. Less than two percent of the total workforce of 39 million are members of trades unions (Ministry of Labour, Thailand, 2020). As of January 2023, there are only 1,425 registered trades unions, 366 in Bangkok and 1,059 in provinces. There is no formal, peak association for the civil society organizations, making the civil society organizations in Thailand systematically weak. Workers occasionally protest or demonstrate but have no real position in influencing the policymaking process. For instance, the increase in minimum wage came from election campaign rather than pressure of labour representatives. To elaborate, one of the major electoral campaigns of Yingluck was to increase the daily minimum wage to 300 baht. Once Yingluck won the election, Yingluck’s Puea Thai Party tried to keep this promise but the implementation did not go smoothly due to opposition of businesses (Teerakowitkajorn, 2016). The government had to divide the implementation of the wage increase into two phases. The pilot project was first implemented in Bangkok and other 7 adjacent provinces in April 2012, and the second phase was implemented in the rest of the country in January 2013 (Teerakowitkajorn, 2016). This was Thailand’s highest increase in the minimum wage since the country’s first minimum wage legislation was passed in 1973. This also was the first time that all provinces had the same minimum wage, irrespective of the cost of living and other socio-economic characteristics. (Durongkavero, 2022).

Three years after Prayuth seized power from Yingluck through a military coup, the military government put aside the demands for a minimum wage increase, from labour groups led by the Thai Labour Solidarity Committee, saying that workers needed to undergo competency test to see whether their capacity met the standard and deserved wage raise (Bangkok Post, 2016). In the 2019 election, however, Prayuth’s political parties campaigned for a nationwide wage increase. In fact, increases in the minimum wage became factors in the electoral campaigns of almost all major political parties in two following elections after the military coup (year 2019 and year 2023). With the upcoming election in 2023, Prayuth announced that his government would increase the minimum wage as promised in his previous political campaign. However, the increase was
minimal given that Prayuth was highly dependent on business elites who lobbied against significant increase (Herrera-Lim, 2022). In October 2022, the military government approved wage increase of between 8 – 22 baht (approximately 0.18 – 0.5 pounds Sterling). All provinces were divided into nine zones based on the local cost of living; each zone received a different wage increase (National News Bureau of Thailand, 2022). This implied that the military government did not favour the universal wage policy. As we will see in Chapter 5, the Prayuth government prefers a means-tested social policy over the universal one. During Prayuth’s term, there were a few attempts of trade unions demanding for increase of minimum wages, but failed to create any visible impact (IndustriALL, 2015). In sum, as Haggard and Kuafman (2008) said, the expansion of social entitlements in East Asia was a result of political motives rather than the strength of pro-welfare actors (Haggard and Kuafman, 2008).

The example of the increase in the minimum wage as a result of electoral campaigning rather than in response to labour union’s demands reflects the second political aspect of Thailand, the lack of left-wing political parties. Two of the prominent pro-welfare actors normally determined by the existing academic literature thus are absent in Thailand. This presents the opportunity to see whether knowledge based on the experience of countries in the Global North can adequately explain the Thai case. Finally, political change from the Thaksin and post-Thaksin era makes Thailand an interesting case to see how changing political power and past legacies influence business’s policy preferences, and whether the military government has an overwhelming power to pressure business to follow their orders.

In terms of policy case study, this research selects Pracharath Policy for Social Development because it is the first initiative that formalized a business role in social policymaking and brings business and the people together with its tripartite structure to deal with social problems. Although this tripartite arrangement keeps organised labour out, it creates policy space for civil society intermediary organisations that speak on behalf of different groups of people. The Pracharath Policy for Social Development provides an opportunity to observe more closely the interaction between the government, business, and the people in forming policy preferences as well as an opportunity to apply the competing theories of employer-centred thesis and political accommodation thesis.
Pracharath policy with the establishment of 12 Public-Private Collaborative committees has formalized the private sector role in the economic and social policymaking process. It indirectly obliges firms to contribute their resources, both financial and non-financial, for the development of the country. Pracharath also carries political implications. When the military government came into power through the coup in 2014, the Prime Minister Prayuth Chan-ocha promised to end populist policies, on which Thaksin and later governments in Thailand have heavily and continuously relied (Laothamatas, 2006; Satidporn, 2014; Hewison, 2017; Kongkirati and Kanchoochat, 2018). He has introduced Pracharath policy as an attempt to differentiate from Thaksin’s Prachaniyom (populist policies) (Kongkirati and Kanchoochat, 2018). Although the policy rhetoric of both policies is different, Pracharath and Prachaniyom demonstrate several similar traits that reflect the interdependency between business and the government and how they form political alliances to stabilize their ruling power, while using social policies to contain possible social unrests and draw popular support. Analysing the root and rhetoric of this policy allows us to see how political changes and policy legacies have affected the way businesses respond to social policy. The political contexts do matter when we attempt to understand the motives of those who have high incentives to hide their true intentions.

Since social policy is my area of interest, the E6 which was established exclusively to promote social development will be the focus of this study. The E6 offers us a good opportunity to explore businesses’ motives in participating in a social development program. It also serves as a platform to observe power dynamics among the state and non-state actors which include those from private sector and civil society organizations in negotiating to achieve their particular objectives. This is important to determine whether pressure from civil society organizations or the government have significant impact on businesses’ decisions.

The E6 consisted of almost 70 board members selected from the three sectors. Note that the figure below listed only core organizations that played an active role in the committee. Since the government gave freedom to propose social problems and related social programs to the private sector, the agenda was solely set by the larger companies. The result was diverse, with vast areas of policy with little common goal. The five priority areas were 1) the employment of persons with disabilities, 2) the employment of older persons, 3) saving for retirement, 4) affordable housing for low-income earner and 5) road safety. Five taskforces were set up to handle the proposed issues
with major companies at the head of each taskforce. The role of the public sector was to facilitate rather than to steer or monitor. The contribution was entirely voluntary. Although there was a regular reporting mechanism, there was no binding or sanction in case of the failure in contribution.

Figure 2: Structure of the E6 committee

![Structure of the E6 committee](image)

(Received for publication in consultation with an official of the Ministry of Social Development and Human Security)

To further examine businesses’ interests in social policy, two policy areas that the E6 has prioritized are selected purposefully to compare businesses’ stated policy preferences and the policy outcomes. Two selected policies are (1) the employment of persons with disabilities and (2) the employment of older persons. They are selected because both policies had been implemented in Thailand before the introduction of Pracharath policy. With the E6, the private sector become the main actors in implementing such policies. This allows us to compare business engagement in social policies before and after the introduction of Pracharath. We can also explore how businesses interact with other societal actors and power relations among them more closely through these case studies. Among five task forces, only taskforces on the employment of persons with disabilities and the employment of older persons have the organized representation of specific interest groups. The former has four organizations representing persons with disabilities, while the latter has three representing the older persons. The former has also played a more active role in every board meeting and exercised their voices much more strongly than the latter. This gives us opportunities
to observe the power dynamics among different policy actors, and see to what extent those interest groups can influence business’s social policy preferences.

Moreover, among five priority areas of the Pracharath Policy for Social Development, these two selected policies are most involved with the labour and non-labour costs that business must bear if they were to implement such a policy. It also is a long-term commitment that will bind the companies. Employers must weigh the pros and cons in supporting these social policies more seriously than the other three priority areas. Comparing two social polices allows us to observe how employers differently negotiate and revise their policy options. This enables us to track the stated preferences, strategic adjustments, and policy outcomes, which are necessary for determining business interests and preferences.

It is worth discussing the nature of the selected policy cases themselves. They were different from the social policies that most scholars of business interest and social policies studied in the West, usually related to welfare policy such as social insurance, unemployment benefit, pension or some co-determination between labour and capital. Therefore, using these case studies to test whether businesses have genuine economic interests in supporting social policies might be less convincing since the selected policies already targeted the disadvantaged population, not typical workers. However, the case studies can shed light on business’s policy preference formation by exploring what influence business’s decision to support social policy may have had.

4.3.2 Data collection methods

Documentary research and semi-structured interviews were selected as data collection methods because of their strengths in acquiring empirical data. Documents are a crucial source of evidence and ‘windows’ on realities’ (Bryman, 2012). It can help form an initial understanding of how policy is shaped, those who are engaged, and the way political actors interact within political organizations. In addition, this study attempts to build an understanding of business influence and its role in social policy within complex political settings over long periods of time. Documentary research can provide relatively rich data at various levels, and allows access to relevant past events (Silverman, 2006).
In order to explore the initiation and development of the Pracharath policy, various documents have been selected purposively based on the critical cases and the conceptual framework of the study. The scope of documents included those from the government side such as policy documents, official reports, fact sheets, executive statements, meeting minutes, and published articles as well as items from the non-government side to triangulate data from different sources. However, its limitation is that documents sometimes can be incomplete or impartial because they are produced based on an author’s understanding and interpretation. It is also difficult to uncover the hidden motives behind the political strategies implemented by several actors. For instance, the published articles from private companies tend to be presented with a public relations purpose in mind. To enhance the richness of the data, the interview method was adopted as triangulation.

A semi-structured interview method offers one-to-one interaction and an opportunity to uncover the complexity of interviewees’ opinions and experiences (Mason, 2002). The research questions outlined earlier are complex, explanatory, and exploratory in nature, and so the flexibility of the semi-structured interview enables the researcher to examine unexpected issues raised spontaneously during the interview, and thus to gain in-depth answers for the research questions. Since most of the research participants were government and business elites or experts in their field, the semi-structured interview allowed freedom for participants to manoeuvre within the topic.

Acknowledging that the informants were experts and/or elites, the interview followed the guidelines and cautions of the elite and specialized interviewing. For this type of interview, it is necessary to let the interviewee structure his/her own account of situations to a considerable extent (Dexter, 2006). I am aware that unbalanced power relations between myself as a researcher and the elite interviewees might occur during the discussions. Thus, much background knowledge about the policy in question, the interviewees, and their organizations was carefully studied in order to build a frame of reference.

Another challenge of conducting an elite interview is the credibility of data. Dean and Whyte (2006) offer key questions in investigating the informant’s ‘subjective data’: what factors can be expected to influence the informant’s reporting of accounts under this interview occasion?; are there any ulterior motives that the informant might alter the reporting of situations?; is there any
‘bar to spontaneity’ inhibiting the informant from free expression?; does the informant have any desire to please the interviewer?; are there any other idiosyncratic factors? These issues have been addressed as far as possible, so as to reduce any negative influence on the informant’s ability to report the situations under discussion. In addition, the triangulation of interview data with data from documentary sources increased the credibility of the subsequent data interpretation.

The research was be conducted in consultation with the Ministry of Social Development and Human Security, Thailand to establish a purposive sampling to include: those being formal members of the E6 and being engaged in priority policy areas that the E6 has implemented. The impact of the collaboration on findings was minimized by establishing criteria in selecting samples. The criteria of this sampling are based on ‘critical cases’, which is selecting the sample that has knowledge and experience to provide information related to the research topic (Patton, 2002). In total, 24 interview participants (including 1 pilot interview) were distributed among three sectors: people from the public sector, private sector, and civil society organizations were interviewed. The research also applied a snowball sampling technique to increase the sample.

The system of inquiry consisted of three phases of data collection:

**Phase I:** A documentary analysis was undertaken to expand knowledge about Thailand’s political and economic settings with the focus on political changes, social policies, the relationship between government and business, business associations, big business families, and informal institutions such as political and business networks, plus culture and beliefs. This is mainly to identify political differences between Thailand and Western countries, and the theoretical limitations or challenges when applying theoretical frameworks established in the Global North to the Global South. Since the study focused on more business engagement in social policies in Thailand, the selection of documents was concentrated on business and social policies in Thai history.

The documents were also selected based on temporal dimensions, which covered a period from 1932 when Thailand was changed from an absolute monarchy to a democratic government to 2021 when the period of data collection ends for this study. The main challenge was that there were many fewer documents regarding social policies before Thaksin’s era, since at that time Thailand focused only on the economic growth. Documents about social policies and business engagement were more available after Thaksin’s premiership.
Phase II: A documentary analysis focusing on the official documents related to the Pracharath policy and the E6 committee, in particular, was employed to see who is included or excluded from the representation and what policy outcomes are as a result of this arrangement. Documents were selected purposively to cover data from the public sector, the private sector, and the civil society organizations. This included policy statements from the government side, from the private sector, and from the civil society organizations available from official websites and media. The main documents in this phase were 76 reports, summaries, and the meeting minutes of Pracharath committees at the national level, committee level, and the taskforce level. The selection of documents was concentrated on but not limited to Pracharath for Social Development. Since the documents related to the establishment of the Pracharath policy, the involvement of business and other interest groups in other policy area were considered necessary to better understand the Pracharath initiative itself.

In addition, two selected policies namely (1) the employment of persons with disabilities and (2) the employment of older persons were examined in detail to further see a) how business respond differently to these comparable policy areas, b) how they revise their policy preferences, c) what are the power dynamics among three sectors, and d) whether businesses have genuine interests in such policies.

Phase III: The semi-structured interviews with 24 board members of the E6 from 25 targeted organizations from public sector, private sector, and civil society organizations (see the figure below) were conducted to better understand the power dynamics among the policy actors of the E6 committee, and to examine the role of the E6 committee as an intermediation platform. The attitudes, motives, and preferences of political choices made by businesses were also be uncovered during this phase. The interviewees were selected from organizations representing the public sector, the private sector, and the civil society organization in the E6 committee as triangulation and to enhance the richness of data collection.
Table 1: List of Target Organizations (Targeted 25 organizations in total)

<table>
<thead>
<tr>
<th>Public</th>
<th>Private</th>
<th>CSOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Office of Permanent Secretary, MSDHS (head)</td>
<td>1. Mitr Phol Group (head)</td>
<td>1. Thai Health Promotion Foundation (head)</td>
</tr>
<tr>
<td>2. Department of Empowerment of Persons with Disabilities</td>
<td>2. Thai Chamber of Commerce</td>
<td>2. Senior Citizen Council of Thailand</td>
</tr>
<tr>
<td>5. Ministry of Finance</td>
<td>5. PTT (State-owned enterprise)</td>
<td>5. Don’t Drive Drunk Foundation</td>
</tr>
<tr>
<td>6. Ministry of Health</td>
<td>6. Thai Beverage co.</td>
<td>6. Association of Siamese Architects</td>
</tr>
<tr>
<td>7. National Housing Authority</td>
<td>7. Central</td>
<td>7. Chulalongkorn University</td>
</tr>
<tr>
<td>8. Community Organization Development Institute</td>
<td>8. The Thai Bank Association</td>
<td>8. Thammasart University</td>
</tr>
</tbody>
</table>

A pilot interview was carried out with a convenient sample from the Ministry of Social Development and Human Security to ensure that questions were clear and covered all relevant information. After the necessary revisions to the interview guide, the potential interviewees were contacted by telephone or email to provide an overview of the research. The formal invitation letter and the written consent form were later sent to the participants by email or post.

All Phases are interrelated. Data collection form Phase I and Phase II allowed initial theorizing of the study, which has evolved along the research process. Data collection about the stated preferences in Phase III was analysed against the policy outcomes in Phase II and under the contexts provided in Phase I.

Due to the covid pandemic during the period of data collection, all of the interviews were conducted distantly via telephone and Skype. A drawback of this remote interview method is the
inability to clearly observe body language of the interviewees. However, a few interviewees reported that they preferred a phone interview because they felt more comfortable. An audio recording and note-taking were be used during the interviews. The duration of the interviews ranged from 30 to 60 minutes.

Among 25 targeted organizations, the interviews cover 8 public organizations, 8 private companies and 7 civil society organizations. The participants from the Office of Permanent Secretary are double because one of them participated in a pilot interview. Ten of the interview participants are in the executive positions of their agency, and the rest are staff involved in the project.

**Table 2: Summary of the interview participants in Phase Three**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Target numbers</th>
<th>Numbers of Participants</th>
<th>Positions of Participants</th>
<th>of Participants</th>
<th>Participant code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sectors</td>
<td>8</td>
<td>9</td>
<td>3 executive, 6 staffs</td>
<td>PB1-PB9</td>
<td></td>
</tr>
<tr>
<td>Private sectors</td>
<td>9</td>
<td>8</td>
<td>4 executives, 4 staffs</td>
<td>PV1-PV8</td>
<td></td>
</tr>
<tr>
<td>Civil Society Organizations</td>
<td>8</td>
<td>7</td>
<td>3 executives, 4 staffs</td>
<td>CS1-CS7</td>
<td></td>
</tr>
<tr>
<td><strong>Total target number (25 persons)</strong></td>
<td><strong>24 persons (14 male, 10 female)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**4.4 Data Analysis**

To prepare the data for analysis, 43 out of 76 initial policy documents including meeting minutes and official reports of Pracharath committees were selected. The criteria of selection are 1) documents are related to the national committee of Pracharath Policy for Social Development 2) documents are related to two selected policy case studies (the employment of persons with
disabilities and the employment of older persons) 3) documents are related to other policy areas under the E6 but have potential implications on research questions.

All 24 interviews including the pilot interview were fully transcribed in the original language of the interviews to retain the substantive meaning. Given the topic guide was not substantively changed, data from the pilot interview was included because it gave a meaningful insight. Moreover, the sample in this study was purposively selected to include only those actively engaged in the Prachenath committee, thus the inclusion of the pilot study in the final result gave useful information for this study.

This study employed thematic analysis to analyse, identify, and report themes or patterns across a data set (Braun and Clarke, 2006). Thematic analysis allows the researcher to identify themes in various ways. The major advantage of thematic analysis is its flexibility. It can be applied for different theoretical frameworks, sizes of data, and methods, and can describe complex data in rich detail (Braun and Clarke, 2006) and interpret or unravel many aspects of ‘reality’ (Boyatzis, 1998). This study aims to go beyond the simple description of patterns at a semantic level, but to examine the underlying motives, assumptions, and ideologies; a latent thematic analysis (Braun and Clarke, 2006). Moreover, this research collected data from interviews and a wide variety of relevant documents, thus a thematic analysis is suitable for analysing the rich details and complexity of the gathered data (Braun and Clarke, 2006). The process of thematic analysis includes 1) encode qualitative information (seeing) 2) explore and discover (making sense) 3) interpret (analysing) and 4) report identified themes within data (systematically observing) (Boyatzis, 1998; Spencer et al., 2014).

One of the challenges in applying thematic analysis is the lack of clear and commonly agreed guidelines for this approach. This research thus followed Braun and Clarke’s 6-phase guide to conducting thematic analysis, ‘A 15-Point Checklist of Criteria for Good Thematic Analysis’, while keeping in mind potential pitfalls to avoid (Braun and Clarke, 2006). To ensure stable coding, a codebook was used to organize a set of codes and definitions of coding (Creswell, 2009). Though this seemed to compromise with positivist orientation and undermine the highlight of ‘subjective elements’ of hermeneutic phenomenology, the use of a codebook here was only to enhance the systematic coding, not to measure the code.
All data were coded in English. The data from the documentary research were manually coded and analysed on paper since the original sources were hard copies and soft files, then an Excel spreadsheet was used to collect the codes with a reference, together with a link to main texts. The interview transcriptions were coded in Word files. The Nvivo program was used to organise the coding.

4.5 Validity, reliability, replication, and generalization of the study

According to Bryman (2012), the criteria for evaluating the quality of social research are validity, reliability, and replication. The validity of qualitative research is the accuracy of findings and ‘appropriateness’ of the tools used throughout the processes (Bryman, 2012; Creswell, 2014). This research seeks to strengthen the validity by triangulation of methods and sources of data collected. Both documents and interviewees were selected from government and non-government sides.

Instead of the exact replicability of the processes and the results, the reliability for qualitative research lies with consistency (Gibbs, 2007). An internal check and necessary information about the research provided to research participants can strengthen reliability (Lewis and Ritchie, 2003). Since the interviews were mostly conducted in Thai, field notes were checked against the audio records transcribed in the original language to maintain elements of subjectivity and accuracy. The researcher also gave the participants a thick description of the project, as well as an opportunity to receive transcriptions along with the author's comments for verification of their accounts. In addition, the interview guide was tested by pilot interview to ensure that questions would not be misunderstood, a process which helped enhance the reliability of the research tool.

Since there is no standard method of thematic analysis, having clear methods of identifying data, coding, and recording information is key. A codebook was produced during data analysis to ensure the consistency and stability of data coding, and avoid a potential change of meaning (Gibbs, 2007).

Although the replication or the generalisability of the study was not an expected attribute of the research, which aimed to gain in-depth information using a small sample, providing a detailed description of research questions, sampling criteria, data sources, and other implications raised during the entire process helped maximize the chance of generalisation in other contexts.
4.6 Ethical considerations

This study followed the ethical principles of social science research and received ethical approval from the university to guarantee that it caused no harm to participants, researchers, or the public. An official letter from the School of Political and Social Studies was issued to relevant agencies to request approval for my access to documents. All respondents were provided with an information sheet stating the purpose, the process of the research, the intention to publish the results, and their rights to withdraw at any point of the process. Informed consent was sought in advance from the interviewees. Since the data collection of this study was conducted during the Covid pandemic, the study also passed the risk assessment for fieldwork during the Covid to guarantee safety of both researcher and participants.

The identification of the interviewees was maintained at all times by using a code to conceal their names, organizations and other specific details to protect the identity of interviewees as far as possible. The anonymised transcripts were stored in a password-protected file within the University of Edinburgh’s storage drive by an encrypted memory stick.

4.7 Reflexivity

Self-reflection of the researcher can enhance the validity of the study (Perry, 2002). I am aware of the possible impact of my insider status on the participants, and on the findings of the research. Prior to starting this PhD project, I was working at the Ministry of Social Development and Human Security, Thailand for six years. I was though on an educational leave during the period of conducting this project (from 2019 - 2023).

I was familiar with the Pracharath project and personally knew a few of the research participants, especially in the public sector. I thus considered myself as an insider. However, the nature of project and the sampling criteria minimized the possible bias or implications to the findings. The nature of this study focused on the business’s social policy preferences, which was very distant to my work at Ministry of Social Development and Human Security. The criteria for sampling were set to include only those being the E6 board members.

One of the disadvantages of being affiliated to the government agency was that there was a possibility that research participants might feel reluctant to share their experience with me,
especially those from the private sector. For transparency, I first informed the participants about my position at Ministry of Social Development and Human Security, and then reassured them that I was on educational leave and that my current position was as a researcher. I also guaranteed their confidentiality and anonymity, and provided research information for them in advance. The research information sheet provided the necessary information such as the usage and storage of data, confidentiality, contribution of the interviews, and rights of the research participants which eased the potential reluctance of participants.

For the advantages, my insider position granted me easier access to policy documents, which might not be easily shared with the outsiders, especially confidential matters such as meeting minutes. It was also easier to build trust and gain acceptance from the participants whom I knew before starting the research, so the interviews went rather smoothly with a friendly atmosphere. I, however, maintained the objectivity of the researcher by carefully guarding against my background and experience affecting my judgement. The sampling criteria, topic guide questions, code book, and triangulation of research data helped enhance the transparency and enhance the reliability of the study.

4.8 Linguistic Translation

There are a few Thai words that were difficult to translate into exact English words. From the literature review and interview data, the words ‘Buun Kuhn’, ‘Kreng jai’ and ‘Phu yai’ can cause confusion for readers who do not understand the Thai context. This problem, however, did not pose a challenge to the interviews since all of the interviewees are Thai. Therefore, when I transcribed the interview recordings, I did not translate them into English but used Thai to avoid mistranslation. However, to present the findings and analysis of this study, these terms were carefully described based on the definition given in a Thai dictionary and the literature review.
Chapter 5

Thaksin and Post-Thaksin Era: Bring Business and the People to the Front

This chapter describes the political situation from the 1940s when Thailand’s regime was changed from an absolute monarchy to a parliamentary democracy to the Prayuth regime. Then it shows how and when business and the people were brought into the policymaking process. The chapter explores the power dynamics between the government, business, and people, which is crucial in unpacking the Pracharath policy in the next chapter. I consider the Thaksin regime as a critical juncture of Thai politics as well as for the development of welfare policy. More than ever, social welfare policies were introduced, and social entitlements were expanded during his era including universal health coverage. This chapter is divided into three main sections namely 1) the pre-Thaksin era 2) the Thaksin era and 3) and the post-Thaksin era

5.1 Pre-Thaksin era

5.1.1 Business and Government

In 1932, Thailand changed from being an absolute monarchy to a democratic government. The country has transformed into a constitutional monarchy with a prime minister as the head of government. However, its transition to democracy was ‘on a bumpy road’. Unlike those in Western European, Thailand’s national revolution took place before the emergence of any working-class movement. In the 1930s to 1950s, the country was mostly ruled by military governments. The changes of government primarily came about by a series of mostly bloodless coups (Ferrara, 2015).

The emergence of non-bureaucratic forces such as the business sector influenced a policy decision dated back to the Phibun era (1938 – 1944, and 1948 – 1957). Phibun or Marshal Plaek Phibunsonkram was a nationalist leader. While promoting nationalist economic policy, he also imposed an anti-Chinese policy, encouraging Thai people to stop doing business with Chinese people so as to reduce their economic power (Thaiprasert and Roidoung, 2020). The domination of Thai market by those of Chinese descent was restricted by various measures. This created rent-seeking opportunities for generals and elite bureaucrats to ask for money from Chinese businessmen in exchange of protection (Thaiprasert and Roidoung, 2020). Phibun also
promoted the nationalist economy and encouraged Thai people to start their own business. He himself also established the company called Thai Niyom. In his second term after WWII, Phibun sided with the US to contain the communist expansion and issued the Industrial Promotion Act 1954 promoting private and foreign investment in Thailand (Siriprachai, 2009). At the same time, Phibun supported the establishment of several state-owned enterprises. He also listed some occupations that became reserved exclusively for Thai citizens such as barber, and in the industries he stated that Thais must have at least three-quarters of ownership (Thaiprasert and Roidoung, 2020).

In 1957, with the support of the palace, Field Marshal Sarit seized power from Phibun and saw the restoration of the monarchy as an opportunity to legitimize his absolute rule. His ideal reflected the “Platonic guardianship” in which the King was at the top of the hierarchy and put his auxiliaries in charge of running the country. As a result, the palace-military alliance was forged under Sarit (Ferrara, 2015; Kumlungpat, 2018). Sarit was a key figure in constructing the ideology of neo-royalism and elevating the absolute position of King Bhumibol. The King was shaped as the top leader of the country, positioning the security of the monarchy as equal to the security of the country. Thus, the military defence of the King and the palace was equal to defending the country. The resurrection of the monarchy helped support the role of the military in politics (Chachavalpongpun and Kurlantzick, 2019).

During Sarit’s regime (1959-1963), the country’s economic policy became more liberal. Sarit was supported by America to deal with the rise of Chinese communism in Asia. As a strategic country in Asia to fight against communism, the US provided considerable economic and military aid to Thailand while the World Bank played an important role in promoting a free market and pro-capitalist policy. The World Bank criticized Phibun’s nationalist economy and advocated Sarit to open up the economy to foreign investment. The establishment of the National Economic Development Board (NEDB) in 1959 and the Board of Investment (BOI) in 1960 was due to this recommendation of the World Bank (Thaiprasert and Roidoung, 2020).

Another big movement of Sarit was to lessen power of the current bureaucracy (Satitniramai, 2013). Sarit established several agencies and a number of legislations to support his capitalist policy, including the National Economic Development Act 1959 to set up the NEDB, the
Investment Promotion for Industry Act 1960 to establish the BOI, and the Industrial Finance Corporation Act 1959 to provide financial support to Thai investors. Sarit had tight control over these bodies and was able to benefit himself and his allies. The motivation behind this move was the internal struggle between two major elite groups namely the Rajchakru sect backed by Phibun and the Sisaothewas sect led by Sarit. Previously the Rajchakru sect had dominated most of the SOEs, thus the privatization of the SOEs reduced the Rajchakru sect and allowed Sarit to expand his economic power (Satitniramai, 2013).

In this period, businesses attempted to be favored by the government investment promotion scheme through bribery and patron-client relations with the government. Several companies invited military-bureaucratic leaders to become board members or hold stock in their companies, while some businessman used political ties and financial resources to gain political positions and exploited that power to benefit their business. Some Thai scholars called this use of political ties for business gains “Vanichayadhipatai” or “Thanadhipatahi” which referred to the money politics (Laothamatas, 1988; Satitniramai, 2013; Kumlungpat, 2018).

Field Marshal Thanom, one of Sarit’s right-hand men, was appointed Prime Minister after Sarit’s death in 1963. He continued the pro-American and anti-communist politics of his predecessor. Thanom ruled the country for almost 10 years until the student-led uprisings in October 1973. Thanom agreed to the King’s request that he left the country to end the violence, and his departure brought a short period of democratic rule in Thailand. In October 1976, Thanom returned to Thailand leading to the student’s protests on the campus of Thammasat University. The right-wing militants suspected the protestors to be communists and carried out a massacre of the unarmed students. After the massacre of 6 October 1976, a military coup led by Admiral Sangad seized power from the elected civilian government of Democrat Seni and an anti-communist and royalist Thanin was appointed by King Bhumibol as premier (Baker and Phongpaichit, 2009; Ferrara, 2015). After Kriangsak the prime minister following Thanin had retired in 1980, Prem was chosen as Prime Minister. Prem led three administrations and often shifted coalition partners. Prem was an influential figure in Thai Politics. He was honoured as a statesman and appointed as president of the Privy Council. He also served as a Regent of Thailand from the death of King Bhumibol on 13 October 2016 until the coronation of King Vajiralongkorn on 1 December 2016. Prem was the second key figure after Sarit who strengthened the network monarchy – networks of
royalists including the military, business, bureaucracy with the palace at the centre (McCargo, 2005; Chambers and Waitoolkiat, 2016; Chachavalpongpun, and Kurlantzick, 2019).

During Prem’s premiership (1980 – 1988), the strategy of managed democracy was adopted to oversee the country from the parliament level to the village level, which meant that most of authority remained in his government, the military, and the palace. Prem ascended the monarchy’s power and strengthened the network monarchy (McCargo, 2005; Chachavalpongpun, and Kurlantzick, 2019). Prem recognized business as one of the powerful forces in the society and took some businessmen into this Cabinet, though key ministries including ministry of defense, interior, finance, and foreign were reserved for his trusted military men and technocrats (Baker and Phongpaichit, 2014).

Prem government also set up the national Joint Public-Private Consultative Committee on Economic Problems (JPPCC) in 1981. Its creation was to serve as a channel of dialogue between the government and business leaders. The members worked together in the ‘kreng jai’ way instead of competition and traditional bargaining in the Parliament. The main purpose was to solve economic problems with the participation of business (Laothamatas, 1992). This institution was highly regarded by both government and private sector. Business representatives that joined the JPPCCs were the three most influential business associations, namely the Thai Chamber of Commerce (TCC), the Thai Bankers Association (TBA), and the Federation of Thai Industries (FTI). While the representatives from the public sector were ministers in charge of economic affairs with the Prime Minister presiding the meeting and the National Economic and Social Development Board (NESBD) providing research and secretarial support, the national JPPCC was able to reach 34 key resolutions during its first six years (Laothamatas, 1992). The key issues raised by business representatives included laws and regulations, taxations, and excessive bureaucratic routine (Laothamatas, 1992). The main criticism of the JPPCC was that it only represented big business interests (Langford and Brownsey, 1990). The agenda of the meeting was set by three peak business associations (banking, commerce, and industry), while the concerns of small and medium business were overlooked. Small and medium enterprises thus sought the direct connection with bureaucrats (Langford and Brownsey, 1990). The establishment of JPPCC at the national level was mirrored on the provincial level. However, neither level had representatives from the labour side (Laothamatas, 1988).
Before the creation of JPPCC, business association’s power to influence government policy was limited. Generally, businesses could express their concerns through the media such as the business sections of Prachachart Turakij newspaper, or by holding press conferences. The direct encounter with top government officials were rare. Some companies used more indirect methods to influence technocrats and society by commissioning leading research institutes to conduct research to persuade the government by its research data (Laothamatas, 1988). In the other words, instrumental business power was still limited at that time.

Following the election in 1988, Prem denied the invitation to continue his premiership. Consequently, the head of Chart Thai Party, Chatichai, was chosen to be Prime Minister. Chatichai’s premiership witnessed the growing business power in the political arena. His government consisted of the Ratchakru group, textiles tycoons, banks, and joint ventures with the Japanese. He built a strong electoral base in the north-eastern region and was the most successful party gathering the provincial businessmen (Laothamatas, 1988).

The power of provincial businessmen could not be underestimated. They had close connections with local officials, creating a strong patron tie. They used money to fund local projects to increase their influence. Some developed into ‘Cho Pho’ or a big influential group that local officers could not easily touch. During the elections, provincial businessmen could influence electorates through vote-buying, intimidation or the promise of funding local projects. Once candidates who invested in elections became members of parliament, they sought to recoup the investment through political advantages (Laothamatas, 1988; Hewison, 1989; McCargo, 2005).

Chatichai’s government was accused of corruption and abuse of power, and ousted in a military coup in 1991. The military formed a National Peace Keeping Council (NPKC) to run the country. The NPKC appointed Anand who had a clean background and was closely linked to the Palace to be an interim prime minister. Anand, however, had a conflict with the junta and declared that he intended to follow an independent course (Bunbongkarn, 1992). Amongst those ministers and advisors selected by Anand were Prem’s previous subordinates. Anand was succeeded by General Suchinda. This led to growing dissatisfaction towards military influence in government, and later resulted in the Black May uprising on 17 May 1992. The military government responded with a
violent crackdown until royal intervention. Suchinda resigned on 24 May 1992, and Anand once again was appointed as interim prime minister (Baker and Phongpaichit, 2009; Ferrara, 2015).

The King’s interventions to end violence in 1973 and 1992 have played a significant role in elevating the status of monarchy, which reached its zenith during King Bhumibol’s reign. During Black May, Prem was also said to play a crucial role in ending the bloodshed. McCargo (2005) argued that looking through political networks is the best way to understand Thai politics. The most influential one is the network monarchy with King Bhumibol and Prem as the real driving force behind it (McCargo, 2005; Chachavalpongpun, and Kurlantzick, 2019). Following the election in September 1992, Chuan a leader of the Democrat Party became Prime Minister, with a five-party coalition. Chuan dissolved parliament in 1995 and Chart Thai Party’s leader, Banharn became prime minister. In November 1996 election, Chavalit formed a coalition government and became prime minister (Ferrara, 2015).

In 1990s, big businesses began lending support behind the scenes to democratic activists in the 1990s in the hope that more stable politics would help the economy (Baker and Phongpaichit, 2009). The urban middle class was brought on board after the economy collapsed during the 1997 Asian Financial Crisis. The Asian financial crisis started in Thailand after the government was forced to float the baht due to the lack of foreign currency to support its peg to the U.S. dollar, resulting in the massive chain reaction. Thailand acquired a burden of foreign debt, many big companies collapsed, around 600,000 foreign workers were sent back, the baht devalued quickly, with the Thai stock market dropping by 75% (Nidhiprabha, 1998). GDP growth dropped from 5.9 percent in 1996 to -1.4 in 1997 and -10.5 in 1998 (Punyaratabandhu, 1999). Chuan once again formed a coalition government with the agenda of the economic crisis management (Thabchumpon, 2018). The government’s attempt to deal with the aftermath of the Asian financial crisis failed to bring the country out of recession. There was growing public dissatisfaction that accused the government of being obsequious to the IMF and selling the country to foreign business (Hewison 2010; Thabchumpon, 2018). This partly gave a way for Thaksin and his party, the Thai Rak Thai (TRT) to winning the 2001 election.
5.1.2 Social Policy and the People

Phibun’s era was heavily influenced by an American (US) model of economic and social development. Developing social welfare was one of major attempts to modernize Thai society. Phibun had set up the Department of Public Welfare under the Prime Minister’s Office in 1940. The purpose of its establishment was to ensure basic welfare necessities including food, clothing, shelter, employment, and a decent lifestyle (Monhkolnchiarunya, 2013).

The first five-year National Economic Development Plan was issued in 1961 to direct the economic development of the whole country. During the 1960s to 1970s, the first and second five-year plan was to mainly stimulate the economic growth, focusing on constructing basic infrastructure (TeoKul, 1999). The plan also identified some necessary social services in the areas of health, education, and public welfare. Social assistance was targeted to young children including orphans, homeless children, and juvenile delinquents (TeoKul, 1999). During this period, social welfare facilities such as hospitals, child shelters, and schools were founded. There were also an increasing number of small local charitable foundations to provide social assistance to underprivileged people. The National Council on Social Welfare of Thailand, a non-profit organization, was founded in 1961 to serve as the coordinating centre on social welfare among government and private organizations, and to promote and support charitable organizations (National Council on Social Welfare of Thailand, n.d.)

The third five-year plan (1972 – 1976) was the first national development plan that formally integrated a social agenda into the plan, consequently the government changed its name to the National Economic and Social Development Plan. This plan emphasized the expansion of basic social facilities including schools and hospitals. The concept of ‘Health of All’ was introduced in this third plan. People participation was addressed to expand the primary healthcare in communities. The education reform happened in 1978 during the fourth plan. The curriculum was changed to 6 years in primary schools and 6 years in secondary schools (NESDB, 1977).

In 1980s, the country experienced rapid economic growth and more political stability yet faced many social problems such as wider inequality, rural poverty, slum expansion, poor sanitary conditions, malnutrition, and low access to education and employment (TeoKul, 1999; Monhkolnchiarunya, 2013). Since the poor distribution of wealth was considered as a root cause
of conflicts and multiple social problems, the fifth and sixth five-year plan (1982 – 1991) thus emphasized poverty eradication and rural development. The Social Insurance Bill was issued in 1990 requiring employers, employees, and the government to contribute money to a common fund that would be used to pay for employees when they were hospitalized, unemployed or retired (Rueangkul and Treephetchara, 2022).

The role of societal actors such as non-governmental organizations (NGOs) and civil society organizations (CSOs) in the policymaking process significantly increased from the late 1980s to the 1990s (Jaturong and Gawin, 1995). The sixth five-year plan recognized the role of NGOs, and the coordinating unit called the NGO Coordinating Committee for Development was set up (Kitthananan, 2007). Various NGOs played an important role in criticizing the government policy, exposing corruption and abuse of power (Kitthananan, 2007). Through the 1990s, the public space for societal actors was expanded. Numerous social agenda were mobilized to public attention through NGOs, CSOs, journalists, and public intellectuals (Kitthananan, 2007).

In the early 1990s social development policy focused on improving human capacity especially the expansion of secondary education and training to be more responsive to the labour market and so able to compete in the global economy. The government also adopted a more participatory approach to incorporate more sectors including technocrats, academics, private organizations, civil society organizations, and international organizations such as UN agencies in developing the five-year plan (TeoKul, 1999).

During the 1990s, the country witnessed several changes of the government with Chuan from Democrat party lasted the longest and was twice able to be the Prime Minister (1992-1995 and 1997 – 2001). Chuan government introduced several outstanding economic and social development policies such as agricultural land reform, school milk program, student loan fund, and old age allowance. The school milk program was implemented in 1992 to improve the nutrition issue in young children and to support the Thai dairy industry at the same time. At this time, the program was operated under Ministry of Agriculture and Cooperatives (Yothasamut, Camfield and Pfeil, 2018).

The Student Loan Fund (SLF) was established in accordance with the Cabinet Resolution on March 28, 1995. The Fund operated as a working capital. It began with an initial capital of 3 billion
baht from the national budget to provide opportunities for children who did not have money to pay for tuition at the high school level, vocational education, and bachelor's degree. Students must start paying their individual debt once the two-year debt free period after graduation had ended. Full repayment must be completed within 15 years at an interest rate of 1% per annum in annual instalments or deducted (Tangkitvanich and Manasboonphempool, 2010). Chuan established the welfare fund for the elderly in the community in 1993. The subsistence allowance was paid to the elderly aged 60 years and over at 200 baht per person per month. However, the allowance had not made universal during his premiership. Instead, it was only given to the elderly who had insufficient income for subsistence or had been abandoned and were unable to make a living for themselves. When Chuan assumed his second term as the Prime Minister, he increased the amount of allowance to 300 baht per person per month (JIGA, 2010).

To conclude, the chronological account of Thai history shows that the development of social policy between the 1940s and the 1990s is insubstantial and only targets the poor and the disadvantaged. Before Thaksin came into power in 2001, Thailand had experienced a series of political conflicts and military coups. Though businesses were somewhat recognized, their power in policymaking process was rather weak. The development strategies during 1980s to 1990s focused on economic growth, resulting in rising inequality and social problems. The majority of social development policies emphasized labour competitiveness and education, while other social protection programs except social insurance were rarely mentioned. Social policies that the governments have initiated throughout this period were scattered and mainly charity-based programs. Social assistance was provided to those who were extremely poor. Although social policies during the Chuan era to some extent expanded, they were not made universal. Social entitlements were also limited to the elderly having insufficient income. There was also no central agency tackling social problems or planning for a social welfare system.

5.2 The Thaksin era

5.2.1 Business and Government

Thaksin became the Prime Minister in January 2001 and was re-elected in a landslide victory in 2005. Under his premiership, Thailand experienced impressive economic recovery, with growth rates of 6.1, 7.2 and 6.3 percent in the years 2002 to 2004 respectively (Jha, 2011). The government
managed to repay its debts to the IMF in 2003, two years ahead of schedule. The country experienced an economic mini-boom, Thailand's GDP surged by 22.2 percent – the second-fastest rate in East Asia after China (Jha, 2011).

The set of economic policies attempting to cope with the Asian financial crisis contributed to the first election success of Thaksin in 2001. Previously, there was public dissatisfaction with the Democrat Party-led government which strictly complied to the International Monetary Fund (IMF)’s policy constraints but failed to solve the economic problems. Thaksin’s TRT party was elected partly due to economic politics addressing the hardship of domestic enterprises and rebuilding the economy (Hewison, 2000). Once Thaksin assumed the power, he brought a lot of changes to politics and power structures due to his unique governance ideology. As a successful businessman himself, Thaksin’s speech reflected a business orientation. He said “A company is a country. A country is a company. They are the same. The management is the same.” (Phonpaichit and Baker, 2005). Therefore, the TRT party’s initial election campaign promised to restore economic growth by stimulating entrepreneurship. The set of economic policies during Thaksin’s era was sometimes called Thaksinomics - a dual track approach that promoted both exports and foreign investment in parallel with local economy development (Thanapornpan, 2005). Thaksin signed several free trade agreements (FTA) which benefited many big corporations (McCargo and Pathmanand, 2005). He delivered the promise that once the economy was restored, it would benefit all people in the country, based on the trickle-down effect.

Business power and its involvement in politics increased tremendously during Thaksin’s premiership. Scholars (McCrago and Pathmanad, 2005; Baker, 2005; Hewison, 2017) considered the rise to power of Thaksin and big business as a way to capture the state power to protect domestic capital. The 1997 Asian financial crisis left deep damage to the local economy. Thai baht (THB) plummeted from THB 24.53 = US$1 in April 1997 to THB 53.74 = US$1 in January 1998. The banking system collapsed, and Thai companies went bankrupt. More than half of the country’s finance companies were closed. Approximately 69,000 firms went into debt restructuring and two-thirds of all Thai companies were left with no capital (Overholt, 1999). The crisis raised unemployment from 0.6 million (2.1 percent of the total workforce) in 1997 to 1.48 million (4.6 percent of the total workforce) in 1998 (World Bank, 1999). The Democrat-led government tried to strictly follow the IMF’s approach but failed to recover the situation, and faced criticism of
favouring foreign bidders at the expense of the local economy. Thaksin who presented himself as a modern politician and a saviour of small and medium business as a solution for economic recovery managed to draw public support and win the election (Pasuk and Baker, 2000).

Thaksin’s government consisted of big business families that survived the crisis and his close personal associates, technocrats, reformers, activists, and old political figures within the TRT and allied parties. Thaksin moved to politics after he was successful with a business career. When he founded the TRT party, he used his own financial resources and pooled funds from his business friends. Thaksin’s position and power thus were interlinked and supported by a great number of big businesses in telecommunications, petro-chemical industry, banks, real estates, food and beverages, and several entertainment businesses. These big corporate groups and Thaksin’s relatives and acquaintances formed the TRT inner circle which some called a cronyist network (McCargo and Pathmanand, 2005; Phongpaichit and Baker, 2005; Hewison, 2007).

Thaksin’s networks became the largest gathering of big business by a ruling Thai party. In the past, business stayed behind the scenes and funded political parties, but under Thaksin’s premiership, capital groups were in the light, enjoyed new positions and openly supporting the government. Thaksin rewarded his supporters by offering several positions in his administration (Crispin, 2003). Thaksin and TRT indeed faced criticism of his cabinets having noticeable business over-representation, but Thaksin suppressed media criticism by threatening to withdraw advertising (McCargo and Pathmanand, 2005). Meanwhile he and his supporters had shares in several media firms following the financial crisis in 1997. Thaksin thus had rather tight control over the media. He managed to convince the public that business-minded politicians could better manage the economy than traditional politicians in the previous government, and that the whole population would benefit from the economic growth. Thus, during Thaksin’s era, business was able to expand their influence (Crispin, 2003; Rowley, 2006).

While businesses expanded their influence in the political arena, they also were introduced to new power networks that has been woven by Thaksin including bureaucrats, the military, and the police. Thaksin expanded his influence into the military by appointing his relatives and classmates from the Armed Forces Academies Preparatory School Class 10 to several high-ranking positions including Army Commander in Chief. Moreover, Thaksin was a former policeman. He appointed
several classmates from the Police Cadet Academy and relied on the police to carry on many big missions such as the ‘war on drugs’ to strengthen his political standing. Thaksin also put the Government Lottery Office (GLO) under the control of a senior policeman whom he trusted. Money that was raised through the GLO was not securitized by the parliament and could be used to fund his populist policies such as the 30-Baht Health Care scheme, the Village Fund program, and the One Tambon (District) One Product program to increase his popularity (McCargo and Pathmanand, 2005; Hewison, 2017; Hawkins and Selway, 2017).

In his assessment of Thaksin’s legacy, Hewison pointed out that as a successful businessman himself, Thaksin’s initial political campaigns were driven by business interests (Hewison, 2017). To save the Bangkok-based business class, Thaksin and TRT needed mass support, especially from the relatively poor rural voters who were a majority of his electoral base. Thus, Thaksin’s so-called populist policies (McCargo and Pathmanand, 2005; Hewison, 2017; Hawkins and Selway, 2017; Kongkirati and Kanchoochat, 2018) provided social welfare benefits and other income support. The most popular among them were a 30-baht healthcare scheme, farmer debt moratorium, and soft loans for every community. Thaksin and the TRT created their brand and became unique in political competition since no past government has ever taken the poor seriously. Previously, Thai politics were dominated by the monarchy, military, and bureaucratic elites where the interests of a small group were protected at the expense of the larger population. Many of Thaksin’s pro-poor policies made him popular among the grassroots and he was re-elected with an overwhelming victory in 2005. Thaksin and the TRT popularity became a threat to the conservative establishment (Panaspornprasit, 2004; Kengkij and Hewison, 2009; Pasuk and Baker, 2009; Chachavalpongpun, 2014).

Scholars (Pasuk and Baker, 2009; Hewison, 2010; Chachavalpongpun, 2014; Chambers and Waitoolkiat, 2016) have attributed Thaksin’s downfall to his underestimation of the network monarchy which as an old ruling establishment in Thailand. Thaksin went too far to control the military and started to introduced reforms in the military establishment. Meanwhile he made a tax exemption to sell off his family stake in Shin Corporation, which was considered as a national asset to Temasek, Singapore’s state firm (Tejapira, 2006). The anti-Thaksin People’s Alliance for Democracy (PAD) backed by the military and the royal family led several protests and accused the Thaksin government of corruption and nepotism. Several protests, the media, and influential
public figures condemned him as a selfish and greedy businessman and accused him of use of tax law loopholes, selling out the national asset, and that he insulted the late King Bhumibol. This greatly aroused public anger. In February 2006, Thaksin dissolved parliament and called for a general election. However, the opposition parties boycotted the following April 2006 election. King Bhumibol interceded by asking the judges to do what they should. The judges thus annulled the elections and even jailed the election commissioners (Pasuk and Baker, 2009; Hewison, 2010; Chachavalpongpun, 2014). While waiting for the new election scheduled for October 2006, Thaksin continued to act as a caretaker Prime Minister (Tejapira, 2006). Afraid of Thaksin’s popularity, the PAD seized power when Thaksin attended a United Nation summit in New York. Thaksin has been in exile since then. However, his supporters never conceded and would like to bring him back (Tejapira, 2006; Chachavalpongpun, 2014).

5.2.2 Social Policy and the People

Thaksin and the TRT party were well known of social policies aiming at poverty reduction and rural development. TRT was abbreviated from ‘Thai Rak Thai’ meaning that Thai people love Thai people. They offered the concept of ‘new thinking for all Thais’ that promised to improve people’s standards of living at all levels, not just Bangkok-based entrepreneurs but rural people as well. (Hewison 2017). Unlike other political parties, the TRT’s policies came from workshops with student activists, experts, and ordinary citizens to capture a variety of voters (Laotthamatas, 2006; Pasuk and Baker, 2009; Hewison, 2010). The result was a rural development program and welfare policies targeting the poor (Brown and Hewison, 2005; Pasuk and Baker, 2009).

As mentioned earlier, Thaksin’s initial motivation to appeal to the poor and to rural people was to get their votes. The farmer debt moratorium, for example, was viewed by scholars (Brown and Hewison, 2005; Pasuk and Baker, 2009; Kornnaktgowit and Wongsayan, 2018) as the TRT’s exploitation of continuous rural protests to gain their support. Farmers had been protesting to the previous Democrat government for price support for years, but the government had continued to ignore them and viewed the protests as illegitimate. TRT consulted with rural leaders and NGO workers and took their advice about rural development with farmer debt moratorium as a main project. TRT then gained support from farmers in the North and Northeastern areas. This region became the largest electoral base of the TRT (Pasuk and Baker, 2009).
More importantly, Thaksin was able to deliver his promise to people quickly. TRT’s electoral policies including the farmer debt moratorium, village funds, and the 30-baht healthcare scheme were successfully implemented in his first year. Baker attributed Thaksin’s anxious delivery of the promised policy as a way to quickly gain popular support to stabilize his position. He urgently needed popular support to fight the case concerning the asset concealment, and he did win the case in the end (Pasuk and Baker, 2009). The Constitutional Court favoured Thaksin in an 8-7 decision, allowing him to continue as Prime Minister. Later other rural development and social polices such as One Tambon (District) One Product (OTOP) scheme, soft loans for communities, ‘one district, one scholarship’ program, and the ‘Bann Eua Arthorn’ a cheap housing scheme for low-income earners followed (Satidporn, 2016). With these welfare-oriented policies, some scholars viewed Thaksin’s regime as a “golden age of social welfare in Thailand” (Kamhom, 2011; Satidporn, 2014; Kornnakitgowit and Wongsayan, 2018).

Indeed, during his premiership, Thailand’s welfare policy has been more clearly established. The Ministry of Social Development and Human Security was also established under the government’s bureaucratic reform. The Department of Social Development and Social Welfare was set up within this Ministry with an aim to provide assistance to the specific groups of the population including children, women, older persons, people with disabilities, and other minority groups. Three social welfare acts were passed in 2003 namely the 2003 Child Protection Act, the 2003 Act on the Elderly, and the 2003 Social Welfare Promotion Act (Kamhom, 2011). A monthly allowance of 500 baht for HIV infected patients was introduced in 2005 (Kamhom, 2011).

These policies and their rapid implementation brought overwhelming popularity to Thaksin, which made a wide range of his government’s pro-poor policies recognised as Prachaniyom (popular with people) or populist policies (Hewison 2017). Among these the 30-baht scheme was most popular among voters and received praise from international organizations. This universal health coverage program, aiming to improve health care access to the poorest citizens, was called “the 30-baht for all diseases” because the patients only needed to pay 30 baht (approximately 0.7 pound) per hospital visit in public-funded hospitals. This flat rate fee had a wide coverage including office visit, in-patient admission (C-sections included) and medication (Coronini-Cronberg, Laohasiriwong, and Gericke, 2007). The scheme is financed from tax revenue with the objective to extend coverage to the estimated 20–30% of the population of mostly informal sector workers.
that remained uninsured (Coronini-Cronberg, Laohasiriwong, and Gericke, 2007). It is estimated that health insurance coverage increased from 71 percent of the national population in 2001 to 94.3 percent by 2004 (Sumriddetchkajorn et al., 2019). This universal healthcare scheme, however, faced heavy criticism of budget burden from conservative medical doctors, and anti-Thaksin groups (Coronini-Cronberg, Laohasiriwong, and Gericke, 2007).

Thaksin’s opponents (mostly technocrats, academics and the middle-class) labelled him as a populist (Coronini-Cronberg, Laohasiriwong, and Gericke, 2007; Hewison, 2017). They attacked his party, TRT and policies as well as painting populism as political abuse, nepotism, and corruption. Since the country had just recovered from the economic crisis, the government was expected to be prudent in their economic policy. TRT’s policies were attacked as promoting dependence, encouraging consumerism, hurting the economy, and weakening democracy through vote-buying (Hewison, 2017). Anti-Thaksin demonstrators berated Thaksin as a dictator and slammed him for making use of populist policies financed by taxpayers’ money to indulge the unprincipled wants and needs of the people for his own political advantage (Chambers and Waitoolkiat, 2016).

Hewison (2006) commented that following the 1997 crisis, domestic capital set aside their economic competition and cooperated politically with Thaksin’s government so that the government could take control of the country and rescue domestic businesses. Businesses recognised that political instability and social unrest could worsen the situation, thus they supported Thaksin’s expansion of social protection policy (Hewison, 2006). Thaksin’s social welfare and pro-poor policies thus were used to prevent social unrest possibly caused by rural stagnation and poverty. Thaksin, however, guaranteed that the role of the state would be diminished once the gap between the rich and the poor were sufficiently reduced (Hewison, 2006). Later, Thaksin’s so-called populist policies were expanded to maintain popular support for the 2004 election (Phongpaichit and Baker, 2005; Hewison, 2006).

Even though Thaksin’s populist policies faced a lot of criticism and attack from his opponents, social policies that appealed to people were pursued by Thai politicians after him. Thaksin’s popularity continued even if he himself fled out of the country. He made political parties recognise the importance of the popular support. Social welfare thus became an important feature of electoral
politics. Most elements of social welfare programs have been expanded or renamed by the post-Thaksin government.

In the area of social policy, Phongpaichit and Baker (2005) argued that the Thaksin government representing a coalition of big business that adopted “populism on demand” to draw popular support and secure ruling power. In fact, if considered closely, most of Thaksin flagship social and poverty reduction policies such as 30-baht healthcare scheme and village funds were funded out of the government pocket. These policies aimed at poverty reduction and relief after the crisis, not at altering labour market relations. Thus, there was less visible direct tension from the business side. Most of the criticism targeting Thaksin’s populist policies was from technocrats and economists warning that these policies created artificial demands without real productivity (Paireerak, 2002), and might cause large public debt and financial crises in long run (Satidporn, 2014).

The role of other societal actors also experienced some changes. The influence of NGOs and CSOs was heightened right after the 1997 financial crisis, which could be considered as a permissive condition for the rise of Thaksin and NGOs. The crisis left the country with urgent issues of unemployment and poverty. The aftermath of the crisis also led to the debates concerning the role of the state, the private sector and the civil society organizations, and the most suitable institutional reform the country needed for its economic recovery and long-term development. Workshops and seminars were carried out throughout the country, opening public space for civil society organizations (Kitthananan, 2007). The civil society gained an increased role in shaping the poverty reduction policy. These pro-poor policies influenced Thaksin’s electoral campaigns (Kitthananan, 2007). However, once Thaksin had grasped control of the country, he began to restrict the public space (Phongpaichit and Baker, 2005). Thaksin suppressed protests and criticism, and publicly declared that NGOs and CSOs were unnecessary because his government already efficiently served the country (Phongpaichit and Baker, 2005).

In sum, during his term, Thaksin built a powerful business and political alliances never seen before in Thai politics. With his power and governance style, business was brought to the forefront of politics for the first time. Under Thaksin’s leadership and the corresponding economic success, business also expanded its influence and formed connections with other politicians, bureaucrats,
the military, and the police. Business’s instrumental power, in particular, largely increased when those business executives served in the government. This allowed these corporate giants to benefit their companies and in turn enhanced their structural power. Thaksin initiated a lot of social and welfare policies with the main purpose to gain popularity from the poor. Once this strategy was proved successful, more social policies were introduced. The populist policies later became one of the most influential of Thaksin’s legacy.

5.3 Post-Thaksin era

5.3.1 Business and Government

The post-Thaksin period was marked by long period of political unrest. Thaksin’s influence was immense. Even after he left, a pro-Thaksin party continued to win the elections, resulting in another wave of street protests by the PAD. PAD supporters started wearing yellow shirts, the symbolic colour of the royal family. To contend with the PAD, the United Front for Democracy against Dictatorship (UDD), wearing red shirts, was established. This marked the start of color-coded politics in Thailand. The PAD faction released several speeches through many platforms against Thaksin’s populism policies. They accused Thaksin of using tax revenues to draw the poor in rural areas to win the elections, and stated that his pro-poor policies would destroy the country in the long term. While Thaksin was painted as an ‘evildoer’, the Red Shirts were also framed as uneducated, ignorant, and poor. The UDD or the Red Shirts called for the restoration of democracy and the end of the network monarchy that strongly exerted their influence on the elected government (Chachavalpongpun, 2014; Chambers and Waitoolkiat, 2016; Connors and Pathmanand, 2021).

A general election was held on 3 July 2011. Yingluck, a leader of the Pheu Thai Party and Thaksin’s sister became the first female Prime Minister of Thailand. Seeing the continued influence of Thaksin, his opponents were dissatisfied. Protests resurfaced following the proposed amnesty bill by the Yingluck government in fear that it would allow Thaksin’s return. The anti-government protests were led by the People’s Democratic Reform Committee (PDRC), using a whistle as a symbol. They viewed Thaksin as corrupt and an ‘evildoer’ and thus tried to eliminate his influence on Thai politics (Chambers and Waitoolkiat, 2016).
In accordance with the Thai constitution Yingluck dissolved the parliament and announced a new election within 60 days, but protestors boycotted because they were afraid that pro-Thaksin party would win again. The Yellow Shirts called for an appointed council to lead and reform the country. Between 2013 and 2014, political violence escalated. On 20 May, Army commander-in-chief Prayuth invited both sides led by Yingluck and Suthep to come to agreement but failed, so he staged the coup against Yingluck. He stated that the purpose of the military coup was to stop the violence that harmed the country. A few days later, King Bhumibol gave a royal endorsement to legitimise the coup (Thothaveesansuk, 2022).

The Army established the National Council for Peace and Order (NCPO) and Prayuth was appointed Prime Minister. Prayuth became the first coup leader to serve as a Prime Minister after Marshall Sarit. The NCPO announced that they would be an interim government to restore peace and order until the next election in 2015. They revoked martial law and replaced it with the Article 44 under the Constitution of the Kingdom of Thailand (Interim) 2014, authorising Prayuth to issue orders to suppress any acts that disturbed national security and harmony, or undermined the monarchy. Article 44 also allowed the military government to make arbitrary changes to existing laws and regulations without judicial review (Kumlungpat, 2018; Kongkirati and Kanchoochat, 2018).

The legitimacy of the Prayuth government was backed up by the royal endorsement. As an extreme royalist and Thaksin’s opponent himself, Prayuth vowed to protect the monarchy’s prestige. He also established himself as an honest general who would fight against corruption and end the populist policies that it was said would damage the country in the long term (Kongkirati and Kanchoochat, 2018). Prayuth, however, did not prevent businesses from joining politics. On the contrary, he openly announced his alliance with business, but he did so differently. Instead of appointing several businessmen in his cabinet like Thaksin, Prayuth’s cabinet was full of generals. He made sure that the full control was returned to the military while guarding the royal family’s interests. (Kongkirati and Kanchoochat, 2018; Thothaveesansuk, 2022). The military and royal family are the long-standing ruling network in Thailand (McCargo, 2005; Chachavalpongpun, 2014). Prayuth then used Pracharath to form alliances with business leaders. Leaders of big business groups that lost out during Thaksin’s regime reportedly supported Prayuth and the anti-Thaksin protests in 2014. (Hewison, 2017; Kongkirati and Kanchoochat, 2018). These business
groups such as Thai Beverage, Mitr Phol Sugar, Saha Pathanapibul, King Power Group, Dusit Thani Hotel, and Muang Thai Life Assurance became the strong supporter of the Prayuth government and actively participated in the Pracharath committee. CP group, the biggest conglomerates in Thailand and a major supporter of Thaksin, also sent the CEO of its telecommunication business True Corp. to join Pracharath to secure their interests. The Pracharath policy and how the Prayuth government implemented it to extend their network and power will be discussed in detail in the next chapter.

Apart from the Pracharath policy, there are many other traces indicating that one of the reasons why Prayuth could stay in power for so long was business support. When Prayuth and his alliances established the political party called Palang Pracharath (PPRP) to compete in the 2019 election, the party organised a dinner for its closest business allies including Charoen Pokphand (CP) Group, ThaiBev, King Power Group, Boonrawd Brewery, Central Group, Gulf Energy, and Muang Thai Leasing. They managed to raise about 622 million baht (about 143 million pounds) for the election campaign (Crispin, 2019).

The five families behind these companies saw their power and profits grow, and continued to expand into new businesses. They were granted state concessions and contracts which some critics saw as payback or reward for donations to PPRP (Crispin, 2019). The CP, for example, without any prior experience in infrastructure building, was given a state contract of approximately 260 billion baht to build a 220-kilometer high-speed railway connecting three airports of Thailand (Crispin, 2019). One of the airports was in the special economic zone in Rayong province called the Eastern Economic Corridor (EEC) that Prayuth used section 44 to create. The EEC concept was first introduced under Thaksin’s Asian Economic Connectivity but was successfully implemented during Prayuth’s rule (Crispin, 2019).

The nature of benefiting big businesses at the expense of competitive market interests was apparent in this era. Thailand’s beer and liquor sector was also dominated by duopolies of Thai Beverage and Boonrawd. Government tariffs and other production regulations prevented both international and local entrepreneurs from expanding businesses in Thailand (Crispin, 2019). Thai Beverage, especially, worked closely with Prayuth’s right-hand man, General Anupong in Pracharath Rak Samakee projects that were implemented in every province of Thailand (Prachathai, 2016).
These big businesses prospered under Prayuth’s government and dominated the core of the country economy ranging from the alcohol, hotel, retail, to agricultural sectors. Prayuth used laws and regulations, making amendments more possibly by Section 44, to benefit big business while less well-connected small businesses faced stronger oligopolistic and monopolistic structures (Kongkirati and Kanchoochat, 2018). The World Bank reported that the country’s inequality worsened during Prayuth’s rule and that the bottom 40 percent of the Thai population had their average consumption and income reduced. Perceptions of financial well-being, standards of living and income have worsened among all Thais beginning in 2016 (World Bank, 2017). The Global Wealth Report 2018 showed that Thailand scored 90.2 on the Gini index, making it the country with the widest income inequality in ASEAN and one of the worst four on a world chart (Credit Suisse Research Institute, 2018). Charavanont, a family behind the CP group, was ranked the fourth in Forbes’ Richest Families in Asia in 2017. The head of the family, Dhanin was ranked 137th in the Forbes Billionaires list 2022 – net worth $13.5 billion. There are other Thai billionaires in the list, most of whom came from the big business families including Sirivadhanabhakdi (Thai Beverage), Ratanavadi (Gulf Energy Development), Prasarttong-Osoth (Bangkok Dusit Medical Services) and Petampai (Muangthai Leasing) (Forbes, 2022).

5.3.2 Social Policy and the People

Thaksin’s popularity and the winning streak of the pro-Thaksin camp in elections made ‘appeal to people’ strategies, mostly through social and welfare policies, major political instruments of Thai politicians. The demand of the people was more focused and analysed to design policies that would receive support from voters. Social policies were increasingly used for political purposes such as during elections or for calming social unrest. Several social programs initiated by Thaksin were also maintained or replicated. For example, Surayud, a military government following the coup in 2006, made the 30-baht universal healthcare program completely free. The ‘One District, One Scholarship’ program was renamed as the "Scholarship for Community Development". The debt-relief measures for farmers were approved in fear of Northeastern farmers' protests (Jha 2011). Surayud also increased the old age allowance for those in poverty from 300 baht to 500 baht per person per month (Kornnakitgowit and Wongsayan, 2018).
Samak of the Thaksin camp revived a lot of Thaksin’s social programs such as farmer debt relief, and housing for low-income earners. He also approved the free education for 12 years and introduced a program of universal free bus travel in Bangkok (Kornnkitgowit and Wongsayan, 2018). Abhisit appealed to the mass with his “Putting People First” slogan. He promised that some elements of the so-called Thaksinomics such, as the 30-baht healthcare scheme, the Village Fund, and the SML (small-medium-large enterprise) program, would be improved and not revoked.

Subsequent governments also presided over the noticeable increase in social policies. Abhisit’s government increased the length of free education from 12 years to 15 years and also universalised the allowance for older persons, first granted to those in extreme poverty in Chuan’s government in 1993. In addition, the movement to expand the social security coverage to informal workers, which originated in the Thaksin era but failed due to the political turmoil, succeeded during the Abhisit government. Facing economic crises and domestic political unrest, Abhisit approved the demand of labour groups for expanding coverage of the social security system to informal workers, to gain support from workers in the informal sector (Satidporn, 2016). The existing old-age allowance was also made universal during Abhisit’s premiership. The Democrat-led government changed the criteria for the old-age allowance from low-income earners to all people aging 60-year-old and above for 500 baht monthly. In addition, the disability allowance, an unconditional cash transfer, was introduced in 2010. Citizens who register as a person with disabilities are entitled to receive a transfer of 500 baht monthly (Satidporn, 2016).

Yingluck’s government raised the minimum wage to 300 baht per day and the minimum wage for the graduates to 15,000 baht per month. The government also offered free tablets for education, introduced a first-time homebuyer program, and provided cashback for first-time car buyers. The universal old age allowance was increased using age criteria. For those aged 60 - 69 years, the transfer of 600 baht was given per person per month. The monthly allowance was increased to 700 baht per person for those aged 70 - 79 years old, 800 baht per person for those aged 80 - 89 years old, and up to 1,000 baht for those aged 90 years old and above (Kornnkitgowit and Wongsayan, 2018).

After staging the coup against Yingluck, Prayuth assumed a tough stance against Thaksin’s so-called populist policies. He enacted laws adhering to fiscal discipline and prohibiting cabinet
members from funding their policies using state funds in the fashion that might damage the country’s economy (Neelapaichit, 2020). He also condemned politicians for using populism to attract votes (Bunyamanee, 2018). However, he too could not resist the appeal of populism. Social policies during the Prayuth government were practically similar to those in Thaksin’s era including social cash transfers to the poor, and a rural development program. Only names and policy rhetoric were revised to be in line with the late King Bhumibol’s Philosophy of Sufficiency Economy, and the promise of ‘Leave No One Behind’ of the UN’s Sustainable Development Goals. The policy documents implied that the government pursued ‘the appeal to people’ strategy but at the same time tried to differentiate itself from Thaksin’s populism. The prominent social policies were the Welfare Card Scheme, and the Local Development based on the Pracharath approach (Kongkirati and Kanchoochat, 2018; Thothaveesansuk, 2022). Later, more and more pro-poor and rural development schemes were introduced under Pracharath policies. Prayuth’s government also sought to dispel criticism that it favored big over small businesses, and the rich over the poor, by introducing a few national campaigns such as Thailand 4.0 to demonstrate how business know-how and innovations could help upgrade the Thai economy (Kongkirati and Kanchoochat, 2018).

The welfare card scheme was introduced in October 2017. This new welfare scheme was a means-tested welfare card aiming to help people living with poverty ease their cost of living (Durongkaveroj, 2022). Low-income earners were defined by the government as those earning no more than 100,000 baht per year. Instead of directly giving cash to people as Thaksin did, which would lead to frustration and resistance especially from Thai middle-class (Durongkaveroj, 2022), the welfare card functioned like a debit card but could only be used at registered stores with the electronic data capture (EDC) machines. The cardholders were not able to withdraw cash but could add money to the balance. The cash value was renewed monthly and could not be accrued. This design aimed to prevent the cardholders from buying drugs and alcohol, and other undesirable purchasing habits, as well as to gradually change people’s behaviours toward a cashless society (Durongkaveroj, 2022).

In Bangkok and adjacent provinces, the welfare card was worth between 200 and 300 baht per month, plus a 500-baht allowance for Bangkok-based transportation. In other provinces, the card holders did not receive the allowance for public transportation, so the value of the card was between 200 and 300 baht. The difference of 100 baht came from the income criteria. Those
earning less than 30,000 baht per year received an additional 100 baht per month, unlike those having the annual income between 30,000 and 100,000 baht (Kornnakitgowit and Wongsayan, 2018). The cabinet later approved a fund called the Pracharath Fund for Local Economy and Society to sustain the welfare card scheme. Currently there are 13.34 million state welfare cardholders who receive a monthly welfare allowance (Bangkok Post, August 2022). Once the welfare card received a good response from the poor, the government later made more social cash transfers through the welfare card under different schemes including the subsistence allowance to the older persons with low income, additional cash transfer for person with disabilities, and cash back for electricity and a water bill refund for the poor (Kornnakitgowit and Wongsayan, 2018).

Social cash transfer schemes were also expanded. The government increased the disability allowance from 500 baht to 800 baht in 2015, and 1,000 baht for those living in poverty in 2021. The additional 200 baht was paid to the welfare card instead of transferring to the bank accounts of the disabled (Kornnakitgowit and Wongsayan, 2018). Prayuth government also approved the child support grant proposed by the Ministry of Social Development and Human Security. Initially, this subsidy program covered children aged 0-1 years in families earning less than 100,000 baht per year), then was expanded to cover children aged 0 – 3 years, and the amount increased from 400 baht to 600 baht monthly in 2016. In 2020, the scheme was expanded to cover all children under 6 years (UNICEF, 2020).

As well as the social assistance transfers, the rural development policies that were well-received in Thaksin’s period were also replicated. Rural development policies under the Prayuth regime were made through the big umbrella project called the Local Economy Development based on a Pracharath approach. The government allocated 35,000 million baht to strengthen the local economy. Under this project, every village was eligible to apply for a fund of up to 200,000 baht to upgrade municipal goods and services (Ministry of Finance, 2020) which was not much different from Thaksin’s ‘Village fund’ and the ‘One Tambon One Product’ project.

While Prayuth introduced a number of social policies, freedom of expression and the role of civil society organizations were much suppressed. The military government enforced censorship and severely punished those criticizing the government and the monarchy (Human Rights Watch, 2023). The rights to peaceful assembly and freedom of expression were restricted (Amnesty
International, 2020). The Cabinet also approved a guideline for the drafting of the Act on the Implementation of Activities of Non-Profit Organizations in January 2022 (Thai Government Newsletter, 2022). Under this proposed Act, all non-profit organizations must register with the Department of Provincial Administration, following the guideline action of the Ministry of Interior and disclosing the sources of incomes, as well as filing income tax yearly (Thai Government Newsletter, 2022). The civil society and international organizations such as Human Rights Watch considered this Act as a silencing device of the state to control civil society organizations (Amnesty International, 2022). There were at least 10 attempts from CSOs network to submit the statement of opposition to Prayuth, however, these protests never received any response from the government (BBC News, 2022). Currently, the drafted Act was still under public hearing organized by the Ministry of Social Development and Human Security.

In short, the post-Thaksin era saw the expansion of social welfare policies, which became a vital element in the electoral campaigns of Thai politicians. Several social programs introduced during Thaksin’s premiership were expanded in scope, or revised and renamed to gain popularity among people.

CONCLUSION

Prior to the Thaksin era, Thai politics was dominated by the monarchy, military, and bureaucratic elites. During Thaksin’s premiership, the political landscape was fundamentally changed. Business was brought to the forefront and its agenda was discussed openly under the term ‘Thaksinomics’, Thaksin’s economic policies. Thaksin gained support from both businesses and rural people through his ‘new thinking for all Thais’. Thaksin’s appeal to people and his pro-poor policies made him popular among rural people, which was a broad electoral base. His popularity among the people came to be seen as a threat to the old oligarchy and extensive power network. Though he was ousted in 2006, Thaksin’s legacy and influence remained evident in Thai politics, and in welfare policies.

During the semi-democracy in the 1990s, Thailand’s social welfare policies were not organised. There was no central government agency to coordinate the social welfare policy. Social assistance to those in need was mostly provided through charity organizations. When Thaksin was in power, he introduced several social welfare policies including the 30-baht healthcare scheme. The central
government agency, Ministry of Social Development and Human Security was established to set up and implement social policies especially for the older persons, persons with disabilities, children, women and the homeless. His regime was recognized as a golden age of social welfare development in Thailand (Kamhom, 2011; Satidporn, 2014; Kornnakitgowit and Wongsayan, 2018).

The post-Thaksin government reprised Thaksin’s ‘appeal to people’ strategy to win popularity and to cushion political instability. Many social welfare policies remained or expanded, sometimes using different names. Once the military government returned to power in 2014, they began to differentiate their social policy from Thaksin’s populist policies. The policy rhetoric of the same pro-poor policies was revised to be based on the Late King’s Sufficiency Economy Philosophy and the UN’s Sustainable Development Goals. The tool was changed from direct ‘physical’ cash transfer, that was prone to fraud, to the cashless welfare card. It also inclined to a targeted, mean-tested social assistance policy using an annual income of 100,000 baht as a baseline. Several rural development schemes were implemented under the Pracharath policy, which emphasized the importance of collaboration between the government, business, and the people.

This chapter showed that Thaksin’s legacy has changed the strategic environment in which politicians, public officials, businesses, and other interest groups interact. Thaksin has brought ‘the people’ into a political arena usually dominated by elites. This changing strategic environment is necessary for analysing Pracharath policies in next three chapters.
Chapter 6

Thaksin’s Legacy and Pracharath Policy for Social Development

This chapter examines the Pracharath Policy for Social Development under the Prayuth’s regime to investigate how the private sector was drawn to this government initiatives, what were the reactions to such invitation, and whether the Pracharath model altered relations between the state, business, and the people. It argues that Thaksin’s legacy has changed the strategic environment of Thai politics in which the people could no longer be ignored, like that in the semi-democratic period. The government needs the recognition and acceptance of the people to stabilize its position as a ruler, especially amid the political conflict and economic downturn due to shrinking domestic demand and the lower confidence of tourists and investors given the prolonged political conflicts (Fiscal Policy Office, 2014). Thailand’s GDP growth fell sharply from 7.2 percent in 2012 and 2.7 percent in 2013 to only 1 percent in 2014 (World Bank, 2014). This put pressure on the military government to quickly restore security and improve the country’s performance. Pracharath was one of policies the military government initiated to integrate businesses and other social actors to attempt to solve the economic and social problems.

6.1 Prachaniyom (populism) and Pracharath

The ‘populism’ or Prachaniyom (pracha: the people/citizens, niyom: popular) was brought about during Thaksin’s premiership. Before this, this term was rarely seen or used in Thailand. In the past, Thai politics had been dominated by a network consisting of the monarchy, the military, and bureaucratic elites. There were no political parties that seriously addressed the poor’s grievances as Thaksin’s party Thai Rak Thai (TRT) subsequently did. Once Thaksin brought the people to the centre of his party’s political campaign, he was able to establish and quickly expand his electoral base. Thaksin’s pro-poor policy made him popular among the grassroots, and he was re-elected with an overwhelming victory in 2005. His popularity became a significant threat to the old establishment which was centred around the palace and the military. Political struggle between those who supported him and those who opposed him, mainly royalists and the Bangkok-based middle-class, resulted in prolonged conflicts and violence that hurt the Thai economy. As a side-effect of the anti-Thaksin movements, the term Prachaniyom was associated with various negative
phases such as political abuse, nepotism, vote buying, and corruption (Tejapira, 2006; Chambers and Waitoolkiat, 2016; Hewison, 2017). Thaksin, as a businessman himself, was painted as corrupted and greedy (Chambers and Waitoolkiat, 2016; Hewison, 2017).

Once General Prayuth had staged a coup against Thaksin’s sister in 2014, he presented himself as a strong royalist and ‘the King’s solider’. He promised to end corruption and populist policies (Kongkirati and Kanchoochat, 2018). Prayuth thus received support from royalists, military, non-government organizations activists and academics who were suppressed and the middle-class who also disapproved of Thaksin’s populism (Ferrara, 2015; Kongkirati, 2019). In the early term of Thaksin’s rule, however, the middle class did not oppose Thaksin’s populist policies, they were gradually convinced by rhetoric from anti-Thaksin forces that those populist policies benefited the poor who were TRT’s electoral base at the cost of the middle class (through the income tax) (Ferrara, 2015; Kongkirati, 2019). Wangkititkul (2017) studied Thai people’s attitude toward Thaksin’s populism and found that the middle class was dissatisfied with Thaksin’s populism because they felt that they had lost out, while the lower income class supported Thaksin’s polices. Since the number of people in the middle class was fewer than the lower income class and could not defeat Thaksin through election, they joined forces with other powerful political actors, especially the military, to fight against Thaksin and the lower income group (Wangkititkul, 2017). Rhetoric from anti-Thaksin forces backed up the royal-military alliance became a baseline for mass mobilisation, resulting in prolonged political polarization and violence.

Therefore, the legitimacy of Prayuth when he first came to power was to stop the violence and conflicts, restore stability and protect the King (Kongkirati and Kanchoochat, 2018; Thothaveesansuk, 2022). To secure and restore the power once lost to Thaksin, the military was pressed to quickly improve the country’s situation. Prayuth, who positioned himself as opposite to Thaksin, could not resort to the same set of Thaksin’s economic and social policies and thus introduced the Pracharath policy in September 2015, claiming that it was a new paradigm shift to sustainable development (Thai government newsletter, May 2016).

Policy rhetoric was used to attack Thaksin’ Prachaniyom. Prachaniyom was framed as a chemical fertilizer, which was expensive and damaged the soil in the long term while Pracharath was a natural fertilizer good to the environment (Government newsletter, May 2016). The late King
Bhumibol’s Philosophy of Sufficiency Economy (PSE) was applied as a baseline instead of Thaksin’s free market and capitalism. While a free market encouraged competition, the PSE highlighted self-sufficiency and sustainability. It was portrayed and encouraged by number of government agencies including the Office of National Economic and Social Development Board (NESDB) as a balanced way of living. It consisted of three principles namely moderation, reasonableness, and self-immunity (Mongsawad, 2010). In his royal statement, King Bhumibol warned the government of focusing only on economic growth without creating a good and stable foundation of the country. He suggested that the government should be prudent and vigilant in making policies (Poungsuk, Pourpan and Thongsuk, 2016). The PSE became relevant to Thai society after the 1997 Asian Financial Crisis where Thailand faced an external crisis, and a lot of people lost their jobs. The PSE was conceptualized to discourage overconsumption and raise an awareness of the detrimental effect of globalization and rapid economic growth (Mongsawad 2010; Poungsuk, Pourpan and Thongsuk 2016).

After the 2006 coup against Thaksin, the military junta claimed that the populist policies of Thaksin were inconsistent with the King’s PSE, and that its new constitution would promote self-sufficiency as a fundamental role of the state (Crispin, 2006). Immediately after grasping the power from the elected government, the Supreme Commander Surayud started actively promoting projects in line with PSE (Bangkok post, 2007). The story was very similar to the 2014 coup by Prayuth. He attacked Thaksin’s populist policies while promoting the late King’s PSE. In fact, both PSE and Thaksin’s populism are influential and enduring legacies. They were competing in nature. They somehow represented the competing power between royal-military establishments and Thaksin’s camp.

In contrast to Thaksin’s Prachaniyom, the Pracharath policy the military government initiated adopted King Bhumibol’s PSE at its core. Instead of top-down policy making, Pracharath emphasized the cooperation between government, business, and the people. People’s needs would be addressed by the people, the government and business as well as other institutions such as academia would pull resources together in tackling those issues. This essence reflected in its name: Pracha (the people/citizens) and Rath (the state).
Unlike Thaksin’s model of governance where the state channelled budget and other resources stimulating the local economy, and the social program was decided by the government, Prayuth announced that he would govern the country in a cooperative manner (The Manager, 2015). It thus established twelve public-private collaborative committees with the main objective being to quickly improve economic situations damaged by prolonged political conflict.

“Business is not enemy but ally who has money, knowledge, manpower that can help the country grow. When working with them, many government projects can be implemented more efficiently.” (Pracharath committee meeting minutes, 2016)

Under Pracharath policy, business was redefined as an important partner who can benefit the country with its resources and know-how. Tracing back to Thailand’s economic and social development, we can see that the role of business in policymaking has increased from the Authoritarian Capitalism in 1960s. Sarit supported the capitalist policy influenced by the U.S., and improved nationalist regulations of the previous Phibun government, allowing all private enterprises regardless of nationality to enjoy the same rights and business benefits such as tax exemption or reduction. Although the business community received more support from the government, its influence on policymaking was still limited. Businesses mostly attempted to be favoured by the government’s investment promotion schemes through bribery and patron-client relations with the government. Even after Sarit’s capitalism supporting policy, businesses continued to invite civilian and military bureaucratic leaders as nominal executives in their companies due to the nature of favouritism and nepotism of Thai society. Organised business associations such as the board of trade and the chamber of commerce worked as subsidiary policy instruments of the government, instead of representing business interests. Thus, the relationship between the government and businesses in 1960s to the 1970s could be characterised as state corporatism (Laothamatas, 1992).

The role of organized businesses was elevated with the creation of the JPPCC in 1981. Business associations were no longer merely subsidiary policy instruments but were able to exert power, influencing economic policy and legislation through a formal public-private negotiation platform.
Despite the different regime and more than 30 years apart, the Pracharath committee and the JPPCC shared many similar characteristics. Both are the public-private cooperating institutions, initiated and legitimised by the state during a time of political unrest and economic slowdown. During the early years of the Prem era, Thailand experienced economic decline after the prolonged political protests between 1973 and 1980. The decision makers saw a serious need to stimulate economic growth by listening to business demands, and solving immediate issues affecting the economic performance. Prem thus adhered to the technocrats’ advice and created the JPPCC, allowing the peak business associations to have a formal access to economic policymaking. Later, the JPPCC became a venue for business to direct its complaints or requests to the government (Laothamatas, 1992), increasing the instrumental power of business.

In both cases (JPPCC and Pracharath), the decline in economic growth did not reduce business structural power but strengthened it instead. The economic slowdown coupled with an unstable political climate propelled the government into placing more importance on the business community, and thus created a formal institution to solve business concerns, and so improve the business climate. The JPPCC and Pracharath in turn increased the instrumental power of business by allowing them to access the policymaking process. However, under Prem’s managed democracy, it was organized business associations that were given a formal channel into the policymaking process which was different from Prayuth’s era, in which big businesses were the main policy actors. Comparing the JPPCC and Pracharath enables us to examine the change of this model of interest intermediation more clearly. During Prem’s semi-democracy, Government officials, the military and technocrats still dominated the policymaking process while the rise of business organized interests just started under the approval of the government. Although these associations were no longer a political tool that the government used to control enterprises but were able to offer their inputs directly to the government through the JPPCC, the decision making in important policy areas was still under bureaucratic control (Laothamatas, 1992).

The different dynamics of the Pracharath committee in the Prayuth regime showed that the balance of power has been tilted towards businesses, and that big businesses dominated the decision-making of the committee. While the JPPCC was represented by peak business organizations, Pracharath had the CEOs of big businesses as heads of each Pracharath committee, co-chairing with the Minister of a related government agency. For example, Thapana, a CEO and president of
Thai Beverage (Thailand’s largest beverage company, and one of the largest beverage companies in Southeast Asia) co-chaired the Pracharath committee for promoting local economy (E3) with the Minister of the Interior. Chanin, Vice Chairman & Chairman of Executive Committee of Dusit International (Thai multinational hospitality company) was a co-chairperson with the Minister of Tourism and Sports.

The structure and operation of a Pracharath committee does not only allow the private sector to engage in the policymaking process openly and formally, but also exposes them to more connections, which many times lead to conflicts of interest. This in turn enhances business’s political resources; business instrumental power. To elaborate, under Pracharath policy, Ministry of Tourism and Sports, which has the mission to promote tourism, consulted with Dusit International and other related tourism companies what should be done to promote the Thai tourism industry. Pracharath committee thus became a channel that the private sector could use to propose a policy of interest directly to the government.

While the private sector became a co-chairperson of Pracharath committee, they did not just chair the meeting but were able to direct the conversation. Suphachai, CEO and executive chairman of C.P. Group, a multinational conglomerate, and a CEO of True Corporation a telecommunications company owned by C.P., was a co-leader of the Pracharath Committee for Education and Leadership Development (E5) along with Minister of Education. He advocated for digital literacy for children and proposed the CONNEXT ED projects. One of its strategies was to upgrade the digital infrastructure of schools. True Corp. used its own money to provide schools with computers and access to the internet. True Corp. later received the award from Minister of Education and won the bidding of “NET Pracharath”, the government’s campaign to provide limited free internet all over the country (Thairat, 2018; The Manager, 2108).

The telecommunication industry presents a clear cleavage between Thaksin’s and Prayuth’s network. There are three big telecommunication companies in Thailand namely AIS, Dtac and True. The AIS, currently Thailand’s largest mobile phone operator, was founded by Thaksin and granted a 20-year monopoly concession from Telephone Organization of Thailand (TOT), and later became the first company to use the GSM-900 frequency band. The company has grown rapidly since then. In 2006, Temasak became the biggest shareholder through the acquisition of
Thaksin’s Shin Corporation. During the political conflicts, the Yellow-Shirts called for a boycott of AIS as it is connected to Thaksin’s family. As AIS saw the number of subscription and contract cancelations growing, so the company made a public announcement that Thaksin has already sold his shares to Temasak and no longer had anything with the company (Sakewee, 2014).

True corporation, which allied itself with the Prayuth government, has been engaged with several government campaigns including Pracharath. In November 2022, True corporation proposed the merger withDtac. The proposal received a fast initial approval from the government. If succeeded, the merged entity would control more than half of the country’s mobile phone market share, overtaking AIS. AIS voiced an opposition that this merger would affect the market competition. The proposal underwent the roadblock and public protests for a year before gaining the approval on 20th October 2022, making Thailand’s telecommunication industry a duopoly. While the government depends on the private investment for sustaining economic growth and needs businesses as an ally, businesses also ally themselves with the government for political advantage. In this case, informal institutions such as network, patronage, and reciprocity perform an accommodating function by enabling actors to achieve their own political goals without violating formal rules.

6.2 Pracharath for Social Development

After operating Pracharath projects aiming for economic development for a year, Somkid and Prawase held another meeting with top executives of the public and private sector at Dusit Thani hotel and called for the attention to social issues. Somkid asked Isara Vongkusonkit, the chairman of the Thai Chamber of Commerce, to draw on private resources to help solve social problems. Later the new Pracharath committee called the Public-Private-People Collaborative Committee for Social Development (E6) was established. This was when the people were actually brought on board. In fact, before the initiation of Pracharath policy in 2015, the term ‘Pracharath’ was used by civil society in 1990s referring to the collaboration of the politics sector, the government officials, civil society and communities (Social Fund Office, 2002; Laothamatas, 2019). Pracharath provided social space for civil society organizations and community leaders to collaborate and negotiate with the state (Social Fund Office, 2002a). During that period Pracharath appeared to be more relevant to civil society organizations rather than businesses. In 2015 when the term
Pracharath was revived, the role of business, however, was more prominent than that of civil society organizations even in the area of social policy.

6.2.1 Aspiration, structure, and role of the state

Pracharath committees concerned with economic issues have two chairpersons: one from the public side and the other from the private side. The E6 has included the people side to the formal structure, so representing the collaboration between the public sector, private sector, and civil society organizations.

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<thead>
<tr>
<th>The Public-Private-People Collaborative Committee for Social Development (E6)</th>
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<tr>
<td><strong>Chairperson</strong></td>
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<td>Public</td>
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<td>Minister of Social Development and Human Security</td>
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(Author’s creation in the consultation with an official of Ministry of Social Development and Human Security)

Please note that the above figure lists only core organizations that play an active role in the committee. The list of its formal members consisted of 67 members: 20 from the public sector, 26 from the private sector and 21 from civil society organizations.

The tri-partite committee and the ideology of the public-private-people collaboration remind us of corporatism concept. In fact, Prayuth’ messages in the government newsletter of May 2016 brought up the concept of corporatism.
If the country was a human being, people would be the body and heart, the public sector would be a brain, while the private sector would be the organ system. The body, heart, and organs should properly function and are in sync for good health (Government Newsletter, May 2016).

The tripartite committee and its rhetoric that if a body’s organ functionally performs, the human body or corpus in Latin will achieve the best condition corresponds well with the essence of corporatism. Corporatist thought contends that the state has a moral authority to intervene in economic and social affairs to ensure that justice or the national interest prevails (Schmitter, 1974; Winkler, 1976; Williamson, 1989). Indeed, the Pracharath policy was the state initiative to bring together resources from the public, the private and the people to improve the country’s economic performance and solve social problems. Within the Pracharath platform, interests of the people were represented by civil society organizations. Given such aspiration, does the state intervene to adjust the relationship between the government, business, and the people? What is the role of the state in arranging this tripartite national committee?

“On 3 December 2016, the Deputy Prime Minister (Mr. Somkid Jatusripitak) led 24 major companies to meet with the Prime Minister, who then assigned them to set up a joint working group between the public sector, private sector, and civil society with the goal of creating a mechanism or an operating structure that can coordinate among three sectors (the government, the private sector, and civil society organizations) to reduce inequality, improve quality of life of the people, and increase competitiveness of the country. For this 13th committee called Pracharath Policy for Social Development, it will be established with the concept of balance between economic and social development.” (Pracharath committee meeting minutes, 2016).

For Pracharath policy, the state indeed took the lead in introducing and setting up the common goal, formal structures, and missions for each committee to be completed. The Pracharath committee for social development, a central case study of this thesis, was established one year
after the successful implementation of Pracharath for Economic Development by the order of Deputy Prime Minister Somkid and under the lead of Minister of Social Development and Human Security. Somkind asked Isara, at that time a president of Thai Chamber of Commerce to mobilize the private sector to help with this issue. While on the people side, the Thai Health Promotion Foundation would take the leading role under the guidance of Prawase.

Initially, five social issues were proposed by the Thai Health Promotion Foundation namely 1) early childhood health development 2) the employment of people with disabilities 3) improving the quality of life of older persons 4) reducing road accidents and 5) strengthening local teams. The originally set direction was that the people side identified social issues that should be prioritized. The government considered their current programs or approaches and pointed out the gaps that the private sector could contribute to filling. The private sectors then utilized their financial and non-financial resources to fill the gap. The real operation, however, seems to be the opposite with the private sector in the lead, the public sector as facilitator and the people treated as minor supporting characters.

After the formal establishment of the Pracharath Committee for Social Development, the government gave total freedom to the private sector to choose the areas that they wanted to help, as well as the strategies to achieve that. Later the priority issues were changed to 1) the employment of persons with disabilities, 2) the employment of older persons, 3) saving for retirement, 4) affordable housing for low-income earners and 5) road safety. Child-related issues that were proposed by Thai Health Promotion Foundation and Ministry of Social Development and Human Security were neglected. The Chamber of Commerce commented that the committee should work on the existing projects to deliver quick results such as the employment of persons with disabilities, and older persons, and left the education issue to the Pracharath Committee for Education and Leadership Development (E5).

Five taskforces were set up to handle the proposed issues with big companies at the head of each taskforce. The role of the public sector was to facilitate rather than steer or monitor. The contribution was entirely voluntary. Although there was a regular reporting mechanism, there was no binding contract or sanction in case of the failure in contribution. The result was diverse, with vast areas of policies with little common goal.
The study found that Ministry of Social Development and Human Security, a leader of the public side, assumed rather passive role. Once five priority issues were identified, the strategies, goals, and indicators were almost all proposed by the private sector. To elaborate, under the taskforce on the employment of persons with disabilities, the target number of the disabled persons employed was set solely by Thai Chamber of Commerce as a leader of this taskforce, not by the Ministry of Social Development and Human Security, the government body responsible for promoting such action by law. The only taskforce on the government side which took the initiative to set a goal and its following target was the employment of older persons. However, the private side gave a passive response, resulting in little meaningful action. We will further discuss the interactions between the public sector, the private sector, and the civil society organization of these two policy taskforces in the following chapters.

The saving for retirement was proposed by the Stock Exchange of Thailand (SET). The policy actions and goals were also set by them. SET originally had the program promoting financial literacy so they offered what they have been doing to be expanded and promoted under the Pracharath scheme. SET did not directly make a financial contribution to the scheme but used their existing tools and projects to promote financial literacy to a wider population. For instance, they connected with local communities with help of the Department of Older Persons, Minister of Social Development and Human Security to provide older persons in local communities with manual and training in financial literacy. Although the Department of Older Persons reported that they had a pleasant cooperation with SET, the role of public side was very limited. Instead of the private sector filling the gap left by the government, it became more like the government helping the private sector with their existing programs.

The head of taskforce on the affordable housing for low-income earners was the Siam Cement Group (SCG), the largest and oldest cement and building material company in Thailand. The affordable housing for low-income earners was one of the government’s major schemes. Meeting minutes of this taskforce revealed that the National Housing Authority of Thailand did have many consulting meetings with SCG and other real estate companies, and wanted them to provide some money or materials or to help with construction, or to allocate some zones of the housing estate with lower prices for low-income earners. The private sector, however, complained that this was not their duty and that the money required was too much. What they could contribute was some
blueprints and universal design manuals. From the interviews, members in this taskforce also expressed dissatisfaction about the collaboration. Representatives from the private sector felt that several meetings wasted their time and personal resources. They did not see any benefits from contributing, nor could they be forced to contribute. The Ministry of Social Development and Human Security and the National Housing Authority of Thailand had little power to control or direct those big corporations. Consequently, nothing meaningful has been achieved under this taskforce.

The last priority area was the road safety led by PTT Public Company Limited (PTT), a Thai state-owned oil and gas company. Like SET, PTT also used their existing CSR program and renamed the program with the Pracharath term attached to it. They, however, used their own money and personnel to run road safety projects in three provinces namely in Chonburi, Rayong, and Chachoengsao. They also managed to draw more than 50 organizations from the public sector, the private sector, and the civil society organizations to sign the MOU on promoting road safety. The MOU required that partner organizations punish their employees if found drunk driving (Cabinet report, 2018). However, there was no evaluation later to see whether those organizations followed the MOU, since it was not legally binding. Other projects such as providing safety checks for vehicles during national long holidays were carried out in the gas stations by the PTT. This implied that what PTT have contributed to the Pracharath campaign was rather close to their company’s agenda. One of the interviewees made an observation about this taskforce, that once the head of the public side changed to General Anantaporn, a former Minister of Energy who used to have an authority over PTT, the PTT became more active in Pracharath Policy for Social Development projects.

In sum, findings suggest that the role of government in Pracharath for Social Development was limited. It did introduce the policy and asked the private sector and the people to come join the cooperation for the country’s economic and social development. However, it did not limit the policy choices available for the private sector. Instead, the government gave them considerable freedom to propose the policy areas, the goals as well as responding projects. There was no penalty if the private sector failed to deliver any results. In some policy areas where the government attempted to set the direction, it proved to be mostly unsuccessful because companies were unwilling to put resources into projects. This was different from how corporatist arrangements
should be when state sought to control or limit the ranges of choice available to the private sector not to merely influence their decisions (Schmitter, 1974; Winkler, 1976; Williamson, 1989).

6.2.2 Interest Representation

The tripartite committee of the E6 included those from the public, private and people side. There were 20 representatives from the public side, 21 from the people side and 26 from the private sector side. The Minister of Social Development and Human Security, Manager of Thai Health Promotion Foundation, and President of Thai Chamber of Commerce were co-chairpersons of this committee. The number of representatives made the committee a large national body and the number of board members were allocated among three sectors with representatives from the business side at the highest number.

Regarding the selection of board members, the findings indicated that unlike representatives from the public sector, those from the private sector and civil society organizations were invited based on connection rather than function. While the representatives of the government side covered all necessary agencies that dealt with social issues (by function) including the Ministry of Social Development and Human Security, Ministry of Health, Ministry of Labour, Ministry of Finance, Ministry of Transport, National Housing Authority, and Community Organization Development Institute, the selection of private companies almost entirely depended on the recommendation of Isara, a President of the Thai Chamber of Commerce. The companies that were selected as board members of the E6 were mostly big firms operating in the country, while a few expanded their business to other countries such as China, Vietnam, and Lao PDR. The companies’ profiles were quite varied. The lines of business of these companies ranged from sugar and bioenergy (Mitr Phol), to cement and building materials (SCG), oil and gas (PTT), animal feed products (Betagro), insurance (Muang Thai Insurance), financials (Bangkok Bank, Siam Commercial Bank), department stores, hotels, and restaurants (Central, King Power) and supermarkets (Tesco Lotus and Big C). Civil society organizations were selected by the recommendation of the Thai Health Promotion Foundation with similar practices. There were no exact criteria for what agencies could join the committee. Instead, interpersonal relationships and connections were the main factors in determining who would be included in the Pracharath committee.
Four peak organizations namely the Thai Chamber of Commerce, the Stock Exchange of Thailand, the Federation of Thai Industry, and the Thai Banker’s Associations agreed to participate. They, however, assumed a more minor role than Isara, a chairman of Mirt Pol Group and a president of Thai Chamber of Commerce at that time. Several significant CEOs joined the committee because Isara, who had a close tie with Prawase, and the Deputy Prime Minister Somkid in supervising the country’s economic performance, personally called them. One year later when the president of the Thai Chamber of Commerce changed from Isara to Kalin, Isara still assumed the position of co-chairman of the Pracharath committee instead of passing the position to Kalin, and this meant that the Thai Chamber of Commerce’s involvement dropped a degree (Interviews: PB-7 and CS-2).

Of course, the business community was not a homogeneous entity, they each competed to influence public policy. A model of interest intermediation between the government, the private sector, and the people as well as the structure of the Pracharath committee demonstrated the corporatist arrangements aiming to reach a consensus between two parties in the economic development area and three parties in social development. Unlike the JPPCC, where the interests were negotiated between the government and peak business association representing commerce, trade, and industry, Pracharath consisted of twelve collaborative committees pairing CEOs of big corporations with ministers in related policy areas. This structure should encourage more competition of policy demands of each area while providing unequal negotiation power between the head of committee and other members. However, if there was indeed competition to influence a certain policy, most competition was limited to the collaborative committee level, then only a consensus would be presented to the national Pracharath committees, with the Prime Minister as a lead to endorse.

For the people side, there was no real peak organization, but a few smaller organized interests representing older persons, and persons with disabilities. The rest were influential individuals invited by the Thai Health Promotion Foundation. Although some were recognized at the national or even international level, they did not possess real power to negotiate with business. For instance, Montian, a Senate and a member of the Committee on the Rights of Persons with Disabilities (CRPD) voiced his view, and made demands on the question of the employment of persons with disabilities, yet faced a sluggish response from business.
As discussed before, tripartism practice in Thailand was limited because of the absence of left-wing parties and weak labour representatives. Compared to the capitalist class, Thai labour unions lacked strength and power to exercise a political voice. They lacked a proper channel to voice their demands, especially after the military government took control of the country. Even though there were some individual influencers, they possessed no real negotiation power with the private sector. The representation from the people side in the Pracharath committee reflected this problem. Among twelve collaborative committees, only the Public-Private-People Collaborative Committee on Social Development (E6) had representatives from the people side. The rest of the collaborative committees dealing with economic issues did not have labour representatives in its formal structure. And even in the E6 only civil society organizations representing specific interests such as persons with disabilities, older persons, road safety, architecture, and universities were invited. The E6 became the formal channel for those civil society organizations to voice their demands directly to the government and businesses in the tripartite fashion, but did civil society organizations manage to pressure businesses and government to respond to their demands using the E6 negotiation platform?

6.2.3 Interest, Interaction and Goal

While the earlier discussion told us about the unusual, unexpected leading role of the private sector, given the area of social policy compared to the limited role of the government and civil society organizations, this section discusses the goals of each sector as well as their strategic responses to Pracharath policies. It gives much weight to employers’ interests since it is central to this research. Instead of any collective common goal, I argue that these three sectors pursued different goals which partly resulted in different response strategies and policy outcomes.

Regarding the government, we have already discussed the political drive behind Pracharath policy earlier in this chapter. While taking control of the country, the military government assumed a role of hegemonic rule to preserve their position in the long term (Kongkirati and Kanchoochat, 2018; Thothaveesansuk, 2022). They have been building a new political structure and power networks, in which business elites are significant allies. While the Pracharath policy was used to differentiate the economic development policy from Thaksin’s Prachaniyom, it also served as a platform to openly formalize the private sector role as a government ally. After the Pracharath policy had been
running for more than two years, Prayuth and his allies established a new political party named *Palang Pracharath* (Power of Pracharath) and ran for election (Jatusripitak, 2022).

Once Prayuth assumed power by a military coup, Thailand experienced slow growth (GDP growth 0.98 percent in 2014 compared to 7.2 percent in 2012 during Yingluck premiership). In 2015, Somkid, a Deputy Prime Minister and Minister of Commerce, who had a strong connection with the communities of Sino-Thai tycoons, asked CEOs of big businesses to join forces with the government to quickly improve the country’s economic situation (Kongkirati and Kanchoochat, 2018). This resulted in the establishment of the Pracharath Committee for Economic Development. I agree with Kongkirati and Kanchoochat (2018) who analysed the Pracharath policy for economic development that the design and operation of Pracharath committee ‘reflect the endeavours of Thai business tycoons to constitute what may be called hierarchical capitalism’ (Kongkirati and Kanchoochat, 2018, p. 293). The structure and operation of Pracharath policy was indeed top-down, with those in power of the public and private sector coming to agreement with each other, deciding policy direction in a top-down fashion.

To stabilize its position, the military needed both performance and strong alliance. This strategy was not different from Thaksin who promptly delivered his electoral promise, rescuing the Thai economy from the aftermath of financial crisis while introducing many social welfare policies. Since the government needed to show quick results after the coup, it gave much power and freedom to businesses which the government believed could help improve economic and social situations. They thus formed an elite alliance with businesses for economic results first, then addressed social issues and incorporated civil society organizations a year later.

For the people side, most of the interviewees expressed their willingness and happiness to join the Pracharath Policy for Social Development because they wanted to connect with business and business associations, especially the Thai Chamber of Commerce.

“We want to connect with the Thai Chamber of Commerce to make a bigger impact” (CS-3)
Before the establishment of Pracharath, these diverse organized interests were sometimes consulted by government officials but rarely interacted with businesses. While some of them were wary of businesses, they still aspired to connecting with big corporations in the hope of making a bigger impact. After Pracharath policy started to fade, a few of them expressed that they still used the relationships they obtained during Pracharath to continue working with the private sector. However, as mentioned before, the selection of board members was on recommendation by the Thai Health Foundation. As a result, the civil society organizations invited were limited, fragmented, and possessed no real political power. The demand from civil society organization, negotiation process, and its outcome will be discussed using case studies in the next two chapters.

The goals of private sector actors are more difficult to analyse. Some might genuinely want to participate for the sake of helping solve social issues, while others just strategically respond to government’s invitation because they cannot refuse the government in order to maintain a good relationship. When businesses were first invited to join Pracharath for Economic Development, they were quite eager because economic growth was in their interests. Many major companies were able to put forward an agenda beneficial to themselves. For example, Isara, the owner of the Mitr Phol Group, a top sugar producer, was also deputy chairman of the Pracharath’s executive committee, and head of the private sector side of Pracharath Committee for Social Development that proposed land zoning which favoured plantation interests, including sugar. The government agreed, and his suggestions were imposed on local farmers (Kongkirati and Kanchoochat, 2018).

However, this is different when businesses were invited to join Pracharath Policy for Social Development. They felt that this would be less likely to produce any win-win situation. Several interviewees from the private sector side expressed that almost all big companies had their own brand reputation-building team that arranged social responsibility activities suited to the company’s image. Participation in the social agenda of the government was unnecessary and too distant from the company targets. Indeed, some projects presented to the cabinet under Pracharath

“I am willing and very happy to join. Without Pracharath, my connection with CEOs of big companies is almost impossible” (CS-2)
Policy of Social Development were companies’ original CSR projects that were renamed and expanded to different population target.

“We did this out of ‘Kreng jai’ the Minister.” (PV-1)

“Most of the companies come because they cannot say NO but they have no passion on the projects. They came because ‘Phu Yai’.” (PV-4)

“If they Kreng jai, they will come. If they are not Kreng jai, they will not come. It is all about the connection” (PV-2)

The interview data suggested that businesses supported Pracharath Policy for Social Development out of ‘Kreng Jai’ feeling. The term ‘Kreng Jai’ reflects East Asian culture that places importance on seniority and personal relationship. ‘Kreng Jai’ feeling makes it difficult for Thai people to decline a request, especially to those in higher positions (Phu Yai). It also implies that maintaining a good relationship with government is a way of doing businesses in Thailand.

“I think that since Phu Yai from many sectors brought the issues on the table, it is bound to have some progress.” (CS-1)

A few interviewees mentioned the importance of the leader. However, they did not refer to having leadership but having a powerful leader or Phu Yai (those in higher political positions) that makes people feel ‘Kreng Jai’ and do what they are told. One of the prominent ‘Phu yai’ directly involved in the setting up of the Pracharath for social development is Somkid Jatusripitak who has a strong connection with Sino-Thai tycoons. He was a Deputy Prime Minister and Minister of Finance who supervised the economic side of the country. Thus, it is not surprising that several interviewees reported the importance of his presence in the meetings. Given Somkid’s reputation and power as
well as strong link with business tycoons, his request for cooperation with the private sector held much weight. Consequently, big corporations supported Pracharath Policy for Social Development and contributed to such scheme even though it would not generate any tangible profits for their business.

To elaborate, employers interviewed expressed that hiring older persons or persons with disabilities led to more labour and non-labour costs yet lower labour efficiency, thus companies were reluctant to do so. The companies complied, not because of the military government or civil society organizations’ pressure, but as they would not directly refuse the government’s request in order to maintain a political network. Instead, they agreed first and negotiated for second-best options or some tax incentives later. This mechanism of policy interaction in which businesses refine and update their strategies will be discussed in the next chapter.

“I think all big companies, let’s say those are listed in SET, are willing to help the government because when we do business, it is inevitable to ask the government for help.” (PV-7)

“It is not worth resources and money invested. To be frank, we come to help because as a big company, we are obliged to help the government and make something happen” (PV-1)

Interview data supported the documentary research that interpersonal relations, hierarchy, and patronage influenced business’s decision to join Pracharath. In doing business, companies depend on the government so they would not refuse the government request outright. Even though it is not worth their resources and money but they still ‘are obliged to help’.

“The government also kreuang jai the private sector. These projects are for cooperation and participation. They cannot order the private sector to do” (PV-1)

“The cooperation is not legally binding, so we need to build connection and keep a good relationship.” (PB-7)
However, the government also depends on the private investment and resources to sustain the growth. The above quotation also implies power of big business in Thailand. Considering that big businesses have much power in Thailand, the government cannot force business to support the Pracharath policy, they can only ask for cooperation. The leaders of those corporations also feel ‘Kreng jai’ and will not directly say ‘No’ to Phu yai’s request, thus supporting Pracharath. Insights from representatives from the civil society organizations also suggest that due to their limited influence they cannot pressure major companies to follow their social agenda.

The findings thus suggest the notion of interdependency and reciprocal relationship between the government and business, a small elite circle that has dominated policymaking processes in Thailand. Several generals were appointed as the Minister who later co-chaired the Pracharath steering committees with CEOs of big companies, and thus strengthened the bureaucracy-business networks and increased private sector’s policy access. In fact, there are several institutions that offer special executive courses that aim to nurture networks across the elites of the society. For instance, the National Defence College under the Ministry of Defence offers a prestigious national defence course to the selected influential persons from the military, the government, businesses, and media to study together with the objective of increasing an understanding about “the roles of the military, the public sector, the private sector and political sectors to maintain national security” and “build a good relationship among sectors to coordinate more effectively” (National Defence College, n.d.). This study found that there were at least two social development projects that were closely related to this bureaucracy-business networks. The CEO of A company was able to propose and implement the project using the Pracharath mechanism because he used to attend the national defence course with the higher-up of government agency B. Another case was that higher-up of government agency C asked CEO of D company to help social development projects financially and technically. The higher-up of government agency C said she became close to the CEO of D company because they studied on the same executive course, which was also the national defence course. Apart from this personal connection, the CEO of D company also felt ‘Kreng Jai’ towards the Minister of the government agency C, so he agreed to help.
CONCLUSION

This chapter discussed the Pracharath policy under the military regime in relation to Thailand’s historical context. It argues that Pracharath is a model of economic and social cooperation that the military government used to differentiate its economic and social policy from those of Thaksin’s. Thaksin’s legacy not only reshaped the political landscape of Thailand but also redefined the role of government in response to people’s need. However, the resilient informal institutions in Thailand including patronage, paternalism, network and connection, reciprocity and hierarchy repressed the expansion of labour movement while strengthening elite alliances. As a result, labour and other social forces had much weaker political power than businesses.

Pracharath Policy for Social Development reflected state-business relations of the networked capitalism from the selection of members to the actual policy implementation. Pracharath, which meant ‘the people’ and ‘the state’, did not elevate the people’s position in this interest intermediation platform. Instead, it strengthened the tie between the government and business elites, and the interdependency between the two. The military government wanted quick results of both economic and social development to stabilize its ruling position. It thus formalized businesses who possessed much structural power as social partners and gave them power in designing policies. Businesses adopted a compromising attitude with the government. Even though they were unwilling to contribute to some areas, they would not refuse the government outright in fear of losing connection. Business acted out of ‘Bun Khun’ and ‘Kreng jai’ to maintain the good relationship with the government, mostly in the expectation of future favours from the government.

Pracharath’s consensual mode of participation was created under elite alliance between the military government and larger conglomerates, which was different from a cross-class alliance observed in many developed countries where capital and labour sometimes formed alliances in pursuit of shared interests. In Thailand, big businesses originally hold much structural and instrumental power, which in turn increases the government’s dependence on them. This dependence allows big business to be included and institutionalized in the policymaking process, which eventually further increases their power. Pracharath policy shows how businesses are able to assume a role of ‘big brother’ not only in the economic area, but with social aspects as well.
Once big businesses assume such roles, the balance of power inevitably tilts towards them, and make the voices of civil society organizations less heard.

Since the government depended on businesses to deliver quick-win results to the public, it gave business freedom in selecting the social issues they wanted to contribute to, and did not pose any penalty in case businesses failed to deliver results. Hence, the tripartite structure of the Pracharath Policy for Social Development did not increase the negotiation power of the people according to the corporatist point of view. Instead, it served as an alliance building mechanism for the Prayuth government to openly ally with big businesses. The people became a political tool used to justify that Pracharath was different from Thaksin’ populism, that it focused on people’ needs, not on the capitalist class’s interests.
Chapter 7

Employment of Persons with Disability: A Second-Best Option

This chapter investigates the taskforce on the employment of persons with disabilities in greater detail to see how the government, business and civil society organizations representing the interests of persons with disabilities interacted and negotiated the policy outcomes. It shows that businesses were initially reluctant to employ more persons with disabilities because they believed that such action would cause high non-wage labour costs such as providing the disabled friendly facilities. They, however, did not oppose this policy but negotiated for a second-best outcome as well as tax benefits.

7.1 Employment of Persons with disability in Thailand

Employment of persons with disabilities has been at centre of attention in many countries. Several large international organizations such as the United Nations have promoted the rights-based approach to improve the quality of life of persons with disabilities through various means including employment and anti-discrimination (UNDP, 2022). However, employment of persons with disabilities continues to be a challenge. The main issue is that persons with disabilities would like to work but have difficulty finding jobs, resulting in low employment rates of working-age persons with disabilities (Cheausuwantavee and Keeratiphanthawong, 2021).

In Thailand, even though there were increasing attempts from the government to promote employment opportunities for persons with disabilities, they still faced a number of barriers to employment. The UN Committee on the Rights of Persons with Disabilities (CRPD) indicated that “persisting negative attitudes, stereotypes and prejudices against persons with disabilities” were the main reason of low employment rates of persons with disabilities in Thailand (UNDP, 2022). Lack of accessible transport and persons with disabilities-friendly buildings such as universal design infrastructure also posed difficulties for persons with disabilities in securing jobs in Thailand (UNDP, 2022).

According to the Department of the Empowerment of Persons with disabilities, there were 2,015,385 people with disabilities registered with the authorities or about 2.89% of the total
population. The Disability ID card holders receive benefits such as monthly financial assistance, free education (up to bachelor’s degree) at public institutions, and access to no-interest loans from the Empowerment for Persons with Disabilities Fund (Department of Empowerment of Persons with disabilities, 2020). Official data of year 2020 revealed that among registered persons with disabilities, 850,270 persons or 41.71 percent were of working-age (15-59 years of age). Among them, 265,918 persons were job holders, and 196,446 persons or 23.23% had sufficient capacity to work but were unemployed. The rest were unable to work or not specified (Department of Empowerment of Persons with disabilities, 2020).

The Thai government ratified the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) in 2008. Among its earliest attempt to improve the quality of life was the introduction of a quota system in 1994, in which the employers were required to hire one person with disabilities for every two hundred employees (200:1 quota system). If they could not hire persons with disabilities, they had to send money to the State Fund equal to 50 percent of minimum wage multiplied by 365 days. This regulation, however, was activated on a voluntary basis, which meant that if private companies did not hire persons with disabilities or send money to the State Fund, they were not fined or punished. This was because the government at that time disagreed with the proposal of the representative of persons with disabilities to enforce a quota system on the private sector. The government thought that offering tax incentives to private sector actors that hire persons with disabilities was more appropriate (Namsiriponpan, and Tapwong, 2011).

_The government is willing to add quota system, but it will not make compulsory. It (employing persons with disabilities) depends on kindness of employers_ (Namsiriponpan, and Tapwong, 2011).

The 1994 regulation was replaced by the new Persons with Disabilities Empowerment Act 2007 with stronger enforcing mechanism (ILO, 2011). The Thai government reported to the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) that the Persons with Disabilities Empowerment Act from 2007 was the important legal mechanism to prevent discrimination against persons with disabilities, and improve their quality of life (Srisuppaphon, Sriboonroj, and Riewpaiboon et al, 2017). For the rights to participate in economic life and
employment, the main sections are Sections 33, 34, and 35. According to Thailand’s Persons with Disabilities Empowerment Act 2007, the employers are imposed with duties to promote the rights of the Persons with disabilities under section 33, 34, and 35.

Section 33 stated that “For the purpose of the Empowerment of Persons with Disabilities, employers or owners of the establishments and State Agencies shall employ Persons with Disabilities to work in suitable positions in proper proportions to the entire number of the employees in the establishments or State Agencies.” The quota scheme requires companies and public agencies to hire one person with disabilities for every one hundred persons employed (ratio 1:100) (Persons with Disabilities Empowerment Act, 2007).

Section 34 offers the alternative to employers that if they cannot employ persons with disabilities at the required proportions, they shall send money on an annual basis to the State Fund for Promoting Quality of life of Persons with Disabilities pursuant to section 24(5). The contribution amounts to the minimum wage a disabled worker would have been paid. Any delays in or insufficient payment will result in an interest rate of 7.5 percent per annum of the outstanding amount to the Fund being imposed. Thailand’s minimum daily wage is 300 baht. Companies are thus obliged to contribute 109,500 baht per every one hundred persons employed yearly to the State Fund, resulting in approximately 2,000 million baht being sent to the fund each year. In 2016, the fund had already accumulated more than 10 billion baht and was increasing every year (Social Innovation Fund, 2016).

Employers complying to sections 33 and 34 are entitled to tax relief equal to 100 percent corporate tax deduction of expenditure incurred on employing people with disabilities, or of the amount of money sent to the Fund. Moreover, a total tax exemption can be claimed if the company employed 60 percent or more disabled persons in total workforce with a condition that disabled employees must be employed for more than six months in that fiscal year.

According to Section 35, employers who do not wish to employ disabled people based on the ratio 1:100 or do not wish to send money to the State Fund can support the employment of persons with disabilities through alternative methods, such as granting concessions, subcontracted employment, providing apprenticeships, equipment or facilities, sign language interpreters, or any other assistance to persons with disabilities or their caregivers, in accordance with the rules (Office of
the Council of State, 2007). Therefore, Section 35 offered a much wider range of activities than Section 33 and 34. For example, offering a place for disabled people to use for selling their products and services would not require the company to invest in facility improvement, and could still be eligible for tax relief. The companies had more choices to choose other than actual employment of section 33, while receiving the same tax benefit as under section 34.

Before the quota system was changed from 200:1 to 100:1 in the Persons with Disabilities Empowerment Act, revised 2013, there was some debate about what the right ratio (number of total employees : number of persons with disabilities employed) should be. Representatives of persons with disabilities proposed that a quota system should change from 200:1 to 50:1 because there were a number of persons with disabilities who were willing to work but could not find a job (Namsiriponpan and Tapwong, 2011). In 2010, companies hired only 3,778 persons with disabilities out of the 43,584 they were required to hire by law (Namsiriponpan and Tapwong, 2011). Private sectors opposed the demand of representatives of persons with disabilities and insisted that the current ratio was proper. Changing the ration to 50:1 would place too heavy a burden on companies because it was already difficult to find persons with disabilities that were suitable for available jobs. Moreover, this would also seriously impact small and medium-sized enterprises (SMEs) (Namsiriponpan, and Tapwong, 2011). Therefore, the ratio of persons with disabilities employed per total employees was set to 100:1 in 2013. Unfortunately, there were no recorded internal meeting minutes regarding the negotiation of that time. However, interview data was in line with the study conducted by Namsiriponpan, and Tapwong (2011) funded by the ILO, that one of the reasons companies chose to send money to the State Fund rather than the actual employment was because they could not find persons with disabilities with matching skills. Namsiriponpan, and Tapwong (2011) also commented that “increase in the employment of persons with disabilities attributed also to campaign of civil society organizations to reform Thailand, reduce inequality, create social justice by asking the business sector to reduce profits to help generate more income and social welfare to the disadvantages including persons with disabilities” (Namsiriponpan, and Tapwong, 2011, p.29).

Although Thai law had introduced legal binding regulations, policies, and infrastructure to promote the rights of persons with disabilities, there was not much improvement in the promotion of actual employment of disabled people (the United Nations Committee on the Rights of Persons
with Disabilities, 2016). Key challenges to the employment of persons with disabilities identified by scholars and experts included negative stereotypes and stigmatization, and discrimination against persons with disabilities (UNDP, 2022; Cheausuwantavee and Keeratiphanthawong, 2021). The issue thus became one of the policy areas that the Pracharath Committee for Social Development viewed as a priority.

7.2 Taskforce

Once the five priority social agenda proposed by Thai Health Promotion Foundation in consultation with the Ministry of Social Development and Human Security and the Thai Chamber of Commerce were settled, five associating taskforces were also set up. The main objective of the taskforce on the employment of persons with disabilities was to increase the number of the disabled persons employed.

Figure 3: Taskforce of the Employment of Persons with Disabilities

![Taskforce of the Employment of Persons with Disabilities](Image)

The taskforce also had a tri-partite structure similar to the national level committee. Three chairpersons were appointed from the Department of the Empowerment of Persons with Disabilities, the Thai Chamber of Commerce, and the Social Innovation Foundation, a civil society.
organization mainly working with persons with disability issues. Once the taskforce was established, representatives from three sectors held two working group meetings to identify the goals and strategic actions to be implemented under this policy area.

The representatives from the people side led by Disabilities Thailand, and the Redemptorist Foundation for the Development of Persons with Disabilities first voiced their demands that private companies should employ persons with disabilities according to section 33 instead of sending money to the State Fund under section 34. They argued that while the private sector followed the Persons with Disabilities Empowerment Act 2007, most of the contribution fell under sector 34 which was the State Fund. However, the money accumulated every year in the State Fund was an enormous amount and there was no efficient method of fund allocation, so much of the fund did not reach the persons with disabilities. They emphasized the fact that there were a large number of persons with disabilities that could work and were willing to work but unable to find jobs. Hiring them provided not only income but opportunities and dignity. The government seconded this request and urged the companies to do so. They emphasized that companies would not lose out since they could have more manpower and were eligible for tax relief (Pracharath Committee for Social Development, 2016).

However, the private sector hesitated. Several of them expressed concern over the inconvenience of the workplace, productivity, and unnecessary costs that might incur such as investments in providing facilities for the disabled people. The appointed head of the private sector side was the Thai Chamber of Commerce which chaired by Isara from Mirt Phol Group at that time responded that they understood the importance of providing opportunities for the disabled persons to work and realize their potential. They were willing to help the government reach out to more private companies and convince them (Pracharath Committee for Social Development, 2016).

7.3 Negotiation

At first, the demand of increasing real employment of persons with disabilities proposed by Disabilities Thailand and the Redemptorist Foundation for the Development of Persons with Disabilities was well accepted by the government, and reluctantly followed by the private sector. The main reason that the private sector gave was that even though they recognized the potential and advantages of hiring persons with disabilities, they did not have proper facilities including
building infrastructure and transportation to support the working conditions of persons with disabilities. Moreover, it was said that most of people with disabilities had insufficient or mismatching skills for the available jobs. In the past, the government had increased its public-funded programs to provide vocational training for persons with disabilities but persons with disabilities still found it difficult to get the suitable jobs. Representatives from Disabilities Thailand insisted there were many positions that persons with disabilities could be employed in, such as call centre or administrative work because there were different types and degrees of disabilities. In the first taskforce meeting, the attitude of the Department of the Empowerment of Persons with Disabilities was quite firm in supporting the real employment under section 33. The government indicated that there were more than 200,000 persons with disabilities registered with them that have been looking for jobs but had been unable to secure one. They emphasized that to increase the number of persons with disabilities employed is the main mission of Pracharath, and that this task requires the cooperation of all parties.

After the first taskforce meeting, there was no more taskforce meetings held to reach consensus between three parties before the general meeting of the Pracharath Committee for Social Development, chaired by Deputy Prime Ministry Somkid. The vice president of the Thai Chamber of Commerce took the lead in proposing the main agenda of the taskforce on the employment of persons with disabilities that they would follow the government demand in changing from sending money to the State fund to hiring more persons with disabilities. The Thai Chamber of Commerce would promote the employment under section 33 and concession and career development under section 35 among private companies.
In 2016, the number of the disabled persons required to be employed by the private sector by law (section 33, 34 and 35 combined) was 61,789 persons. The number was calculated on the ratio of 1:100 of the number of employees in the private enterprises as of 1st October annually (Department of Empowerment of Persons with Disabilities, 2016). The Thai Chamber of Commerce proposed that in responding to the government’s request, the private sector would strive to contribute to section 33 and section 35 instead of sending money to the State Fund under section 34. The target number of additional persons with disabilities employed under section 33 and section 35 would be 7,000 persons in 2017. The target number of persons with disabilities employed under the Pracharath campaign thus was set by the private sector alone. To promote this action, the Thai Chamber of Commerce asked the government to clarify the practice of section 35 and extended the time of claiming tax relief under section 35 from 31st October 2016 to 31st March 2017.
The private sector expressed our intentions to change from sending money to the State fund under section 34 to the employment of persons with disabilities under section 33 and 35. We, however, needed the government’s cooperation in clarifying what actions were considered eligible for tax incentives under section 35. We also requested the extension of such eligibility to 31st of March so that companies could have more time to consider this measure (Pracharath Committee for Social Development, 2016).

Deputy Prime Minister Somkid was pleased with the active response of the private sector. He ordered the related government agencies including the Ministry of Social Development and Human Security, Ministry of Labour, and the Revenue Department to facilitate the private sector’s actions. The Ministry of Social Development and Human Security followed Somkid’s order and extended the deadline for claiming tax relief under section 35 from 31 December 2016 to 31st March 2017. Meanwhile representatives of the private sector led by the Thai Chamber of Commerce had many internal meetings with the Revenue Department to clarify section 35 and issue a formal guideline for practices eligible for tax relief under section 35. It took several meetings and approximately one year before the Revenue Department issued the formal detailed guideline practice for tax relief regarding section 33, 34 and 35 in January 2018. This guideline specially aimed to clarify what actions could be regarded as proper and eligible for tax relief under section 35. Before that, companies that chose to follow section 35 would need to consult with the Revenue Department case by case, and sometimes with the Thai Chamber of Commerce as a middleman.

The negotiation process implied the imbalanced power between three parties namely the public sector, the private sector, and the people side. Once the offer and condition proposed by the Thai Chamber had support from Somkid, the rest was much easier for the private sector. For the public sector side, the Department of the Empowerment of Persons with Disabilities, Ministry of Social Development and Human Security was appointed according to its lawful duties to promote the rights and welfare of persons with disabilities. Ministry of Labour and the Revenue Department
were involved because they dealt with the employment and tax revenue issues respectively. The Department of the Empowerment of Persons with Disabilities initially supported the civil society organization’s demand for more actual employment of persons with disabilities under section 33 but once Somkid agreed with the Thai Chamber of Commerce’s offer, the Department of the Empowerment of Persons with Disabilities changed their stance. They later took the private sector’s demand more seriously than that of Disabilities Thailand, and assisted the Thai Chamber of Commerce in negotiation with the Revenue Department. The Revenue Department took a rather passive stance in this case since the request from the private sector did not require revisions in law but only a clarifying guideline for tax incentives under section 35. Both parties reached agreement.

For the private sector side, the Thai Chamber of Commerce was as a leader in negotiating with the government and its members. Since Isara, the CEO of Mirt Phol Groups, was at that time a president of the Thai Chamber of Commerce, the Mirt Phol Group also was actively involved. Several companies that originally joined the national Pracharath Committees were asked to contribute to this employment policy. The Thai Chamber of Commerce played an active role in the taskforce. While they took the lead in negotiating with the government, they also persuaded companies that joined under the Pracharath umbrella to contribute to this scheme. Several interviewees from private companies expressed that they adhered to the government call, and did their best to follow section 33 first, and if not they would consider section 35 before section 34.

The Social Innovation Foundation was appointed as a leader of the people side in this taskforce. The Social Innovation Foundation was supported financially by the Thai Health Promotion Foundation, and its main mission was to help persons with disabilities to realize their individual potential. Before the establishment of Pracharath committees, the Social Innovation Foundation had been working on the social employment of persons with disabilities. For the ‘social employment’, the Social Innovation Foundation acted as a matching agent. It paired the persons with disabilities with jobs available at the public benefit organizations such as community health promotion centres, schools, child centre and rehabilitation centres, or other social services such as home visit to bedridden patients and peer-counselling. The companies which wanted to fund these persons with disabilities to do these jobs or sponsor self-employment of persons with disabilities could send money to the Social Innovation Foundation instead of the State Disability Fund (Social Innovation Foundation, 2016). Basically, the Social Innovation Foundation allowed private
companies to follow section 35 more conveniently by acting as a middleman and manager. Therefore, it was no surprise that the Social Innovation Fund took the side of the private sector in promoting the use of section 35, and helped them negotiate with the government regarding the eligibility for tax relief.

Apart from the Social Innovation Fund, other representatives from the people’s side were Disabilities Thailand, the Association of the Physically Handicapped of Thailand, and individual influential persons with disabilities such as Montian who was a country representative to the United Nations Committee on the Rights of Persons with Disabilities. These representatives advocated for actual employment under section 33, and made continuous attempts to pressure the private sector and government to focus on section 33. However, their voices were not taken seriously by either the government or private companies.

“For persons with disabilities, to realize their full potential and dignity, actual employment is much better than section 35. Section 35 allows too many actions. We cannot be sure that those actions eligible for tax relief benefit persons with disabilities not companies” (CS-7)

In the normal policy making process, Disabilities Thailand, the Association of the Physically Handicapped of Thailand, and Montian, are regularly consulted by the Department of the Empowerment of Persons with Disabilities, Ministry of Social Development and Human Security. However, this time the government supported the Thai Chamber of Commerce in promoting section 35 and listened to business’s requests rather than helping to pressure them. It could be seen from the negotiation processes and policy outcomes that accommodating the private sector’s requests that this public-private-people taskforce altered the power relations between three parties in favour of the private sector.

The role of civil society organizations representing persons with disabilities was limited even though these organizations have long been established, and have members throughout the country. The Association of the Physically Handicapped of Thailand was created in 1981 and has operated until now with more than 7,000 members (Association of the Physically Handicapped of Thailand,
n.d.) Disabilities Thailand was established in 1983 and became the umbrella organization by law in 2007, of which six organizations namely the Thailand Association of the Blind, Thailand Association of the Deaf, Association of the Physically Handicapped of Thailand, Association for the Intellectually Disabled of Thailand, Association for the Mentally Disabled of Thailand, and Thailand Association of Parents of People with Autism are permanent members, and provincial disability councils in 77 provinces are regular members (Disabilities Thailand, n.d.). There are also other smaller associations for persons with disabilities in every part of the country, some of which are under royal patronage (the Department of Empowerment of Persons with Disabilities, 2018).

These civil society organizations continued to voice their demands for the private sector to hire more persons with disabilities, and to express their concerns about the misuse of section 35. Since Section 35 offered many choices of activities eligible for tax relief, it encouraged the participation by allowing more freedom for companies to choose what they wanted to contribute. At the same time, it was more difficult to determine if the action actually led to a productive life and dignity of persons with disabilities, and thus was worth the tax relief.

7.4 Outcome

With the introduction of the Pracharath policy for Social Development in December 2016, the number of persons with disabilities employed in 2018 increased. The achievement was presented to the cabinet and the public as one of the ways that the private sector had joined hands with the government to help the disadvantaged and contributed to society (Cabinet report, 2018). One year after the establishment of Pracharath Committee for Social Development, the number of persons with disabilities employed or promoted under section 33 and 35 increased by 6,313 persons. Moreover, there are an increasing number of social enterprises hiring persons with disabilities or promoting their career.

The interviewees seconded the recorded meeting minutes and actual reports, namely the cabinet report, the official progress reports, and meeting document presentation. All of the interviewees agreed that the result of this taskforce was better than the rest of the taskforces. The government representatives felt that the progress of this taskforce outdid other taskforces, and that the private sector actively contributed to the scheme. The attitude of companies that participated in this action was positive and willing to continue following section 33 and 35, though some of them still felt
that the practice guideline for section 35 could be clearer. The responses of the people’s side were separated into two. Some reported that they had a satisfactory collaboration with the private sector. They valued the connection channel that Pracharath offered and would like to further collaborations in the future. Others felt that although Pracharath gave them the platform to voice their demands, the demands were not listened to.

In the progress report presented to the cabinet in 2018, the increased numbers of persons with disabilities employed under the Pracharath policy were divided into three categories. The first one was the contribution of private companies that joined Pracharath, which contributed 3,829 positions under Section 33 and 35. Out of twelve names that appeared in the report, eleven of them were major corporations such as the CP group, SCG, PTT, Thai Beverage, Betagro, and Central. The second category was companies under the Thai Bankers’ Associations which contributed to 1,388 positions. The third category was the Social Innovation Foundation that worked with several small and medium companies to hire or promote career development for 2,359 persons with disabilities.

The empirical findings illustrated that the Thai Chamber of Commerce reported the increased number of persons with disabilities hired or supported under section 33 and section 35 inclusive. However, once the number was separated, we would see that section 35 contributed to 67.54 percent of the number increased. In sum, the change in actual employment under section 33 was less than the change in career development and other support under section 35. This means that the private sector followed section 35 which gave them a wider variety of choices than section 33.

7.5 Interests and strategic realignment

This section intends to look into each party’s goal and response to this social policy. It argues that this policy case study reflects the policy interaction observed in the previous chapter. As we could see from the process of setting target goals of the taskforce to the real negotiation and policy outcome, the government assumed a passive role. They did not steer the direction of policy negotiation. Instead, the government gave considerable freedom and decision-making power to the private sector. Somkid himself urged all related government agencies to facilitate the private sector’s actions so Pracharath could deliver a quick result to the public. Consequently, the Pracharath platform was used as a short-cut or fast track for the private sector to advance their
demands to the government. For instance, once the Thai Chamber of Commerce reported their willingness to follow section 33 and section 35 and asked for facilitating measures from the government, they could pass these messages directly to Deputy Prime Minister Somkid. The government agencies adhered to his order, thus the extension of the deadline for an application for tax relief was approved within a month. Although the formal practice guideline of tax relief under section 33, 34 and 35 took a year to complete, Pracharath still offered a channel for the private sector to hold several meetings with the Revenue Department and get what they wanted in the end.

Moreover, there was no penalty if companies could not reach the target. There was only one reporting mechanism which was a board meeting approximately two times per year. The legal mechanism like the Persons with Disabilities Empowerment Act from 2007 allowed three choices for companies, the government did not possess the authority to forcefully make companies give up the easiest choice of simply sending money to the State Fund and choose the actual employment, which would incur other related labour and non-labour costs.

“President of this association has a good relationship with us, so they come help and ask others to come. But if the president were changed, and if there was no good relationship with us, it would be much more difficult because this project was not their mission” (PB-1)

The government could not force the private sector to contribute to this social policy (increase the actual employment of persons with disabilities), they asked for a contribution in a cooperative manner and compromised with the private sector’s demands. In sum, the government adjusted the policy stance from supporting the civil society organization’s requests to siding with the private sector, in the hope that the latter would contribute to the scheme.

The interview results with representatives from the people’s side were mixed. Some revealed that they would like to connect more with the private sector while others saw the opportunity to demand more rights and social support for persons with disabilities. Corresponding to these varied expectations, their strategic actions were different.
Multiple meeting minutes both in the general meetings and in the taskforce meetings revealed that there were several attempts to oppose the generous choices of action available under section 35, which pressured the private sector to eradicate prejudice against persons with disabilities and give them the opportunity to work. Although the demands were supported by the government initially, the support grew weaker once the Thai Chamber of Commerce had proposed their plan of action to the government and gained Somkid’s approval. Coupled with the fact that the voices of the people’s side were not unified since some of the representatives also supported the utilization of section 35, the demands for the actual employment of persons with disabilities under section 33 were not effective.

“Later when Deputy PM did not have time to come to the meeting, many private sectors were more even passive.”

(CS-4)
The interviews with civil society organizations emphasized the importance of ‘Phu Yai’ like Somkid. They expected Pracharath to be a platform that the government could help pressure companies and hire more persons with disabilities, especially when Somkid chaired the meeting. However, this worked in a different direction since Somkid sided with the Thai Chamber of Commerce. Some also reported that in the second year of the operation Somkid did not come to the meetings, and this made the progress of Pracharath more sluggish.

For the private sector side, the recorded meeting minutes and interviews similarly pointed out that the private sector was initially reluctant to follow the government’s demand. They felt that hiring persons with disabilities would cause them more costs than benefits. The main concerns were the productivity issues and the investment on the necessary facilities. Some companies contended that there were no suitable positions for the disabled person in their industry. Why then did the Pracharath Committee for Social Development report that the taskforce on the employment of persons with disabilities had made satisfactory progress?

After listening to the demands of the people’s side that was seconded by Ministry of Social Development at the first meeting, the Thai Chamber of Commerce calmed down the complaints and concerns of companies then reassured the government that the private sector recognized the importance of giving opportunities to the disadvantaged, and would do their part for the betterment of society. The Thai Chamber of Commerce adopted a compromise position. They did not agree to follow the demand for section 33 nor refused outright. They consulted with other private companies then announced their target and plan of action directly in the later meeting that was chaired by Deputy Prime Minister Somkid. Unfortunately, the consultations between CEOs of big corporations were verbal, so there are no records for analysis. However, the interviews implied that CEOs of these companies were persuaded by Isara, a president of the Thai Chamber of Commerce to help the government’s Pracharath policy. The companies expressed that they were personally invited so they felt ‘Kreng jai’ to refuse.

“Head is important. Many did out of ‘Kreng jai’ the head. Even though the Deputy Prime Minister Somkid does not always sit at the meeting table, but his messages are strong that private sector must help.” (PV-7).
With Somkid’s support, the private sector had strong grounds to negotiate with the government agency, such as the Revenue Department, to take any necessary measures to ensure that the expenditure under section 35 was eligible for tax relief.

Helping social disadvantaged people is not a mission of the firms. It is too ‘distant’ from companies’ most basic interest of making profit. The informants expressed that usually all big corporations had their own corporate social responsibility (CSR) team to build brand reputation that was more related to their products and social policy under Pracharath thus was too different from their business. They were reluctant to help but agreed because of ‘Phu Yai’.

“Big Corp. have their own CSR team to build and protect the brand. Social programs suggested by government are too distant from their targets. Government agenda are too different from what the company are doing. Mostly they do because of Phu yai”
(PV-3)

“We can help but what you will return us. Any incentives? Subsidy? Can you clear the roadblock?” (PV-7)

The findings suggested the reluctance of the private sector to support this social policy. They felt that hiring persons with disabilities was a burden. They needed to invest in facilities while being uncertain about productivity issues. They also felt that it was not their mission to help out persons with disabilities. However, they agreed to help after the Thai Chamber of Commerce persuaded other companies to cooperate. While negotiating for the guideline of section 35 and tax incentives, the Thai Chamber of Commerce together with the Social Innovation Foundation held many workshops with companies to educate them about practices under section 35. They also asked for cooperation with the Ambassador of Japan to Thailand, to convince Japanese companies operating in Thailand to follow section 33 and 35 instead of section 34. Moreover, the taskforce reported increasing social enterprises hired more persons with disabilities. Does the result of this taskforce mean that the business sector has a genuine interest in supporting social policy?
Given the findings of this case study, the answer is ‘No’. On the contrary, the private sector’s responses resonated well with scholars of the political accommodation thesis such as Hacker and Pierson (2002), Korpi (2006) and Paster (2012). The private sector had no genuine interest in supporting this social policy, their acceptance only reflected a strategic and pragmatic response to the government’s demand. In this case, the Thai Chamber of Commerce, a leader of the private sector side did not refuse to cooperate with the government. They expressed their willingness to support the government, then negotiated for the second-best outcome which was section 35.

Since the employment of persons with disabilities was required by law, companies were bound to choose to follow one out of the three sections. The demand from the government’s side was for them to refrain from sending money to the State Fund that had accumulated enormous reserves annually, and to hire the people with disabilities instead. It was true that there were some companies that hire more persons with disabilities according to section 33, however the increased number of section 33 and 35 were presented together in every report or meeting document. This implied that the private sector gave themselves more freedom to choose between the two sections, and not directly to follow the government’s request. They did agree to reconsider sending the money under section 34, but they did not entirely direct the action to section 33. Consequently, the result was the increase in section 35, which contributed to 67.54 percent of the total increased number of section 33 and 35 inclusive in 2018 (the Department of Empowerment of Persons with Disabilities, 2018).

The case study on the employment of persons with disabilities portrayed a few characteristics of the government, business, and the people relationship in Thailand. First, business possesses much more political power than labour. Throughout the negotiation process, the demand from civil society organizations representing the interests of persons with disabilities was not seriously considered by both business and the government. Despite the status of these civil society organizations being elevated as the government’s partners, in the same fashion with big companies, the role was limited and powers were minimal.

Second, the policy outcome in favour of business interests implied the relatively high interdependence between the government and business. This specific case study thus reflected what has been discussed earlier about the political context of Thailand when the military assumed
power after long political conflicts. The military government needed quick results of the projects to be presented to the public, and thus gave much freedom and decision power to business. The government also did not help the people’s side to put pressure on business. Instead, they were satisfied with the private sector’s active participation and expected contribution, which facilitated their actions. Business also made concessions to the government. We could see from this case study that business redefined and updated the policy preferences from section 34 to section 35 not to compromise with civil society organization but to compromise with the government’s request. They expressed their will as a government ally, too ‘Kreng Jai’ to refuse ‘Phu Yai’, instead they proposed what they would like to contribute, then negotiated with government agencies later. Since they could not avoid this social policy required by law, they would accept the policy option that they consider as a ‘lesser evil’ or a second-best choice; section 35. Therefore, the policy choices employers have made are not their first-order preferences but second-order preferences.

Finally, ‘Kreng Jai’ and ‘Phu Yai’ were frequently mentioned by the interviewees, and implied the importance of the role of informal institutions in East Asian countries. The feeling ‘Kreng Jai’ made it less likely for businesses to outright refuse ‘Phu Yai’ (that in this case refers to those in higher political positions such as Somkid) in fear of losing connection. The compromise to contribute to the government’s scheme also suggested the reciprocal relationship, in which business ‘helped the government’ (by contributing to this social policy) in expectation of future favours. Given that businesses agreed to switch from section 34 to section 33 and 35 in the end, the study advocated that informal institutions could have an enabling effect in facilitating cooperation between the government and business.

CONCLUSION

In conclusion, the case study supported the arguments made in the previous chapter that even though business was reluctant to comply with the government’s request, they would not refuse outright. Rather, they adopted a compromise position and chose the second-best option to accommodate the government agenda. While businesses felt ‘Kreng jai’ to refuse the government, they also reached out to ‘Phu Yai’ like Somkid, the Deputy Prime Minister who had power to direct the government agency. Given Somkid’s approval, the private sector had legitimate power to negotiate with the related government agencies for the less costly policy option. At the same
time, with business’s cooperation, Somkid was able to quickly deliver some results of the Pracharath Policy for Social Development, the government’s initiative, to the public. This case study shows that civil society organizations have limited power, and advocates that political ties and interdependency between business and government explain the policy adjustment of both parties.
Chapter 8

Employment of Older Persons: A Failed Negotiation

This chapter uses the Pracharath taskforce on the employment of older persons as a case study to explore the relationship and power relations between the state, business, and the people, and to examine differences of policy interaction between this policy area and the employment of persons with disabilities discussed in the previous chapter.

Like the employment of persons with disabilities, this taskforce was also set up in response to the five priority social agenda proposed by the Thai Health Promotion Foundation, in consultation with the Ministry of Social Development and Human Security and the Thai Chamber of Commerce. The main objective was to increase the number of older persons employed. However, unlike the employment of persons with disabilities, there was no legal mechanism binding companies to employ older persons. Rather, it was a push from the academia and civil society organizations especially the Thai Health Promotion Foundation that the employment of older persons became one of the Pracharath priority areas, and thus on the national agenda.

8.1 Employment of Older Persons in Thailand

According to Thailand’s Act on Older Persons 2003, an older person is defined as a person aged 60 years or older and having Thai nationality. Thailand’s National Committee on the Elderly of Thailand reported that the country has become an ageing society since 2005 when the share of the elderly to the whole population was more than 10 percent, and would become a ‘complete aged society’ in 2022 when 20 percent of the whole population are over 60 years old (Foundation of Thai Gerontology Research and Development Institute, 2021). The Office of the National Economic and Social Development Board estimated that by 2030 the share of older persons will be more than 25 percent of the whole population, Thailand and considered as a ‘super-aged society’ (National Economic and Social Development, 2013). The ageing society which became Thailand’s national agenda in 2015 was a result of the longer life span, and a lower fertility rate (National Economic and Social Development, 2013). The dramatic change in the population structure of the Thai society posed many serious challenges, especially due to its retirement systems.
The rapidly ageing society means a declining workforce and the burden of tax payment on the working-age population. The World Bank projects that Thailand’s working-age share will decline from 71 percent of the population in 2020 to 56 percent in 2060. Accordingly, the growth in GDP per capita is expected to decrease by 0.86 percent in the 2020s. The severe decline in workforce is the third largest in the East Asia and Pacific region, after the Republic of Korea and Japan (World Bank, 2021). Thailand’s ageing society issue, however, is probably more serious than the other two countries because it is happening while Thailand is still at a middle-income level, which means that the elderly dependency ratio is relatively high (World Bank, 2021). Another issue is the quality of life of older persons. A majority of Thai older persons have insufficient savings and most work longer in an informal sector to sustain their standard of living (Asian Development Bank Institute, 2021).

Consequently, social policies that the government has introduced mostly target these two issues: a declining workforce and the pension. These policies include the extension of retirement ages, the promotion of the employment of older persons, the universal stair-type monthly allowance for older persons, and a special pension program for informal workers aged 50 – 60 years old. Three of out five priority policies under Pracharath responded to the national agenda on the rapidly ageing society. The first one was the employment of older persons, the selected case study of this research, and others were saving for retirement run by another Pracharath taskforce with the Stock Exchange of Thailand as a leader, and social housing with Siam Cement Group (SCG) as a leader. However, for the purpose of comparison with the previous case study, the chapter will examine in detail the taskforce on the employment of older persons.

8.2 Taskforce

In the very first meeting of Pracharath for Social Development, chaired by Deputy Prime Minister Somkid, the ageing society issue was raised by the Thai Health Promotion Foundation and became one of the priority areas for Pracharath for Social Development. Like all taskforces under the Pracharath Committee for Social Development, this tri-partite taskforce consisted of representatives from the public sector, the private sector, and the civil society organizations.
Three chairpersons were appointed from the Department of Older Persons, the Federation of Thai Industries, and the Senior Citizen Council of Thailand. The agenda concerning the ageing society was initially proposed by the Thai Health Promotion Foundation, who stated in the first meeting with the private sector chaired by Deputy Prime Minister Somkid that currently 34 percent of older persons had incomes below the poverty line, or 2,572 baht per person per month. In the near future the State would have to provide medical care costs to 18 trillion baht. This was a crisis but also an opportunity for the private sector to come and play a role in providing care services for older persons, while the civil society organizations could act as a coordinating body connecting demand and supply as well as working with local communities (Pracharath meeting minutes, November 2016).

Somkid supported the Thai Health Promotion Foundation and asked the Department of Older Persons, Ministry of Finance, and Ministry of Health to find the solutions. He emphasized the importance of business’ resources and innovation to help government fill the policy gap. He then
revealed that the government had an intention to soon consider the tax measures for promoting the employment of older persons (Pracharath meeting minutes, November 2016).

For both case studies, the social issues were proposed by the people side and backed up by the government, however, the steering actors were different. While the Thai Chamber of Commerce representing businesses set the policy direction of the taskforce on the employment of persons with disabilities, the policy direction and target of the taskforce on the employment of older persons was set by the Department of Older Persons. The Department of Older Persons sets the target number of older persons employed at 39,000, which was equal to 1 percent of Thai older aged workers in 2017 and 58,500, which was equal to 1.5 percent of Thai older aged workers by 2018. Other action plans included promoting older persons’ social enterprises, community-based long-term care, and an “ageing in place” scheme (Pracharath meeting minutes, December 2016).

The target number and policy actions proposed were part of the existing national elderly development plan (2002 – 2021). This implied that the government took a leading role in directing the policy actions of this taskforce to benefit their own work, and then asked the private sector and the civil society organizations to fill the gap in employing more older persons in their companies or community-based organizations. In contrast to the previous case study, the government took an active role in this taskforce. The findings, however, indicated that taking a leading role was not the government’s initial intention. They needed to do so because the other two parties were passive about implementing this policy.

“There is no law requiring companies to hire older persons like that of persons with disabilities. Ours was cabinet resolutions approving measures proposed by Ministry of Finance. One of them is the tax incentive for hiring older persons. However, it is voluntary not legally binding. So, it was more difficult to persuade companies. (PB-5)

The role and contribution of the private sector in this taskforce was thus more passive when compared with its counterparts on the employment of persons with disabilities. The leading organization appointed as a leader from the private sector side was the Federation of Thai Industry,
which took a passive stance in this taskforce. They did cooperate with the Department of Older Persons in the project called ‘One enterprise, one older person hired’, resulting in 4,000 older people employed. However, they participated in the Pracharath policy as an individual organization rather than a leader representing businesses like the Thai Chamber of Commerce. They did not take the initiative to propose any projects or to persuade companies to join the Pracharath policy. Rather it was the Department of Older Person that reached out to each potential company and asked them to join.

The Se-Ed Book Centre (a book publishing company) and the Big C supercentre PLC (a second-largest hypermarket chains in Thailand) were the very first companies cooperating with the Department of Older Persons to hire older persons under the Pracharath policy. The Se-Ed Book Centre hired older persons to work in their bookstore while the Big C supercentre hired older persons to work as accountants, administrative staff, and receptionists in supermarket chains. Both projects received a positive response from the government and were used as case studies to persuade other companies to follow. The government had even sponsored a promotional video with Big C to market this project to the public. However, the number of older people employed was only 100 persons, as reported by the Department of Older Persons. After the successful implementation of the projects, the Department of Older Persons reported that more companies introduced a similar hiring policy that offered job opportunities to older persons, including Tesco Lotus (a hypermarket chain), Home Pro (a home improvement retail), IKEA Thailand (a furniture and home accessory company), and Krispy Kreme (a donut company). These companies were not board members of the Pracharath committee but were directly persuaded to implement this policy by the Department of Older Persons.

The role of civil society organizations representing older persons was minimal. The Thai Health Promotion Foundation did propose the ageing society as a priority issue, but in this taskforce they did not play an active role, rather they assumed the role of coordinator. The Senior Citizen Council of Thailand, the appointed head of the people representatives, played an even more passive role. Among eight recorded meeting reports of the general board of the Pracharath Committee for Social Development, there was no recorded demands or suggestions from the Senior Citizen Council of Thailand. Even the demand for affordable housing for older persons was raised by Montian, a country representative to the United Nations Committee on the Rights of Persons with Disabilities.
Compared to civil society organizations representing persons with disabilities, those representing older persons were much weaker. The senior citizen council of Thailand was created in 1991 under the royal patronage. However, it did not expand like the Disabilities Thailand until 2009 when the ageing society became more salient. The national agenda concerning older persons was set by the National Committee of the Elderly of Thailand, with the Prime Minister as a chairman, the Minister of Social Development and Human Security as vice chairman, and the president of the senior citizen council of Thailand as second vice chairman. Social policies regarding the quality of life or the employment of older persons were proposed and negotiated in this national committee. As a result, action or demands from the senior citizen council of Thailand in the Pracharath committee were minimal.

8.3 Negotiation

The negotiation process happening in this taskforce was different from that operating in the taskforce on the employment of persons with disabilities. In the previous case study, we saw the unbalanced power between three parties, namely the public sector, the private sector, and the civil society organizations side, with the balance in favour of the private sector side. I argue that the similar dynamics of power relations repeated itself here even though the government took a leading role in this taskforce.

Apart from the Department of Older Persons, representatives from the public side included the Ministry of Labour, Ministry of Finance, Ministry of Agriculture, and the Revenue Department. Ministry of Agriculture was involved because a great number of the Thai elderly worked in the formal sector, especially in agricultural activities (Asian Development Bank Institute, 2021). To encourage the private sector to employ older persons, the government has issued the tax incentives effective from 3 March 2017 onwards, so that the wages paid to older persons can be deducted as expenses in addition to the same type of expense totalling 200 percent. However, the number of older persons claimed could not exceed 10% of their total employees and the monthly wage of
older persons shall not exceed 15,000 baht per person. This means that the wages of senior workers in middle to high-ranking positions of the company are not eligible for the tax exemption.

The Department of Older Persons referred to the cabinet resolution and the conclusion of the National Committee of the Elderly of Thailand that hiring older persons would be of benefit to Thai economy and society as a whole, and asked the private sector’s cooperation in doing so. The Federation of Thai Industry as a head of the private sector side was quite inattentive. It was the Thai Chamber of Commerce that acted as a middleman and conveyed messages from the private sector side that most of older persons working in the private sector had their monthly income over 15,000 baht. The tax incentives did not benefit much to companies, thus could not motivate them to hire more older people. They asked the government to revise the tax benefits to cover older persons having a monthly income of more than 15,000 baht.

“Deputy Prime Minister Somkid gave an order that the government agency must facilitate the business sectors in implementing Pracharath so we asked all related agencies to consider businesses’ requests to revise tax incentives to be more proper and appealing to businesses.” (Taskforce of the employment of older persons, 2017).

The Department of Older Persons considered the ineffective tax incentives as a problem to be solved, and thus took this demand to discuss with the Ministry of Labour, Ministry of Finance, and the Revenue Department. The Department of Older Persons referred to the Pracharath policy that the government should facilitate business in this issue so that the number of older persons employed could reach the target. While the Ministry of Labour did not have any objections, the Revenue Department disagreed.

“This tax measure is among many measures approved with long consideration of the National Committee on of the Elderly of Thailand. It was designed to help out older persons with low incomes, so the 15,000-bath ceiling is set based on the minimum wage” (Taskforce of the employment of older persons, 2017).
The Revenue Department contended that the purpose of this tax incentives designed was to help low-income older persons, not those in high-ranking positions. They urged businesses to hire more older persons to do some simple jobs such as cleaning and gardening. Employing those in middle or high position did not correspond with the government’s intention.

“If the government wants us to hire more older persons, this tax incentive should be revised to reflect the reality that even cleaners or gardeners when they work with us until the retirement age, they will have salary higher than 15,000 baht. So, limiting the wage ceiling at 15,000 baht will not incentivize companies to continue hiring those senior workers. It will be more beneficial if companies hire young workers who have more energy at a lower wage.”

(Taskforce of the employment of older persons, 2017).

The private sector’s demand was pushed back to the Pracharath committee. Representatives from big companies argued that employees working with them until 50 or 60 years old would have their wages over 15,000 baht even as a cleaner. So, if they would like to continue hiring them once those employees reached the retirement age, this tax exemption would not work with this case. Thus, it was more logical for companies to hire young workers. Later the demand from the private sector was revised to negotiate with the government once more. This time, they no longer asked the government to extend the wage ceiling of older workers eligible for tax exemption to be over 15,000 baht. Instead, they advocated that the wages paid to older workers regardless of their monthly income should be tax-deductible not exceeding 15,000 baht per person. This would allow more room for companies to choose who they wanted to hire and the monthly wages they wanted to pay for older workers, while enjoying some tax benefits from the government.

The Thai Chamber of Commerce used the same strategy as the previous case study to push their demand to Somkid during the national board meeting. Somkid, again, ordered the related government agency to facilitate the private sector’s action. The Department of Older Persons and the Thai Chamber of Commerce thus made attempts to negotiate this demand with the Revenue Department. However, this time the demand of businesses involved changing the important conditions of the tax incentives proposed by the Revenue Department itself. The Revenue
Department insisted on not revising the conditions, and to maintain the original intention of the tax measure to help older persons with a low income. After a few failed attempts, the Thai Chamber of Commerce gave up.

The role of the Federation of Thai Industry in this taskforce is worth discussing. As an appointed leader of the private sector side, the Federation of Thai Industry did not represent companies in negotiating with the government. Instead, it was the Thai Chamber of Commerce that took the lead in this issue. However, the employment of older persons was not legally binding, and since the Thai Chamber of Commerce was not the head of the private sector in this taskforce, their attempt was much weaker compared to their negotiation with the Revenue Department regarding section 35 of the employment of persons with disabilities.

The appointment of the Federation of Thai Industry as a head of the private sector side revealed the features of networked capitalism. The Federation of Thai Industry is for private, non-profit organizations representing the Thai industrial sectors, operating under the supervision of the Ministry of Industry. Most of its regular members are manufacturing industries that need to comply with industrial-related laws and regulations such as air-conditioning within automotive, shipbuilding, electronics, plastic, and heavy metals industries. Although its main objective is to represent all industrial enterprises in collaboration with the government, industrial jobs are not suitable for most older persons. Besides, there was no pre-existing social programs related to the employment of older persons.

‘Thai Chamber of Commerce already took the employment of persons with disabilities, so the Federation of Thai Industry was assigned to this taskforce even though industrial jobs were not suitable for older persons’ (PS-5)

The interviews implied that the Federation of Thai Industry was selected as a leader out of ‘Kreng Jai’ feeling. Since the Thai Chamber of Commerce was selected as a leader in one of taskforces, the Federation of Thai Industry which had a similar level of prestige had to be one of the leaders too. Jan Namchaisiri, a chairman of Thai Federation, was appointed by Prayuth to serve several positions including as a member of the National Legislative Assembly, the National Council for Peace and Order, and the Joint Public-Private Sector Committee to Solve Economic Problems.
Jan, however, only attended the Pracharath meeting one time when Deputy Prime Minister Somkid was in the chair. The rest of the meetings were attended by Vice Chairman Supan. This was different from Isara, a chairman of the Thai Chamber of Commerce, who exercised his connections and persuaded a lot of big companies to join Pracharath, and support the employment of persons with disabilities. Apart from that, unlike the Thai Chamber of Commerce, the Federation of Thai Industry did not have any division that has been dedicated to social development projects, their role in promoting social policy was limited.

There was no recorded demand or request originated by the civil organizations representing older persons in the Pracharath general meeting. The Senior Citizen Council of Thailand did not exert any pressure on the private sector to employ more older persons. Instead, it was the Department of Older Persons that took a leading role. The Ministry of Labour followed Somkid’s will in promoting Pracharath. They reported in the taskforce meeting that they initiated ‘the Power of the Older’ campaign and signed the MOU with six private companies such as HomePro, PCS Security and Facility Services, Central, Food Passion, CPAll, and Se-Ed to promote the employment of older persons. Later on, the number of private companies which had signed up increased to twelve. (Pongpaitoon, 2022).

8.4 Outcome

Although the employment of older persons was on the national agenda, it had no legally binding mechanisms like that of the employment of persons with disabilities. There was no penalty if the companies did not employ older persons, nor reward if they did so. When the Revenue Department refused to adjust the conditions according to the private sector’s demand, this policy failed to convince most companies to join the Pracharath scheme. The result was that there was no extensive policy implementation among the private companies, only SE-ED, Big C and Central employed older persons under the Pracharath policy in the initial stage. Although there were a few companies that followed suit, there was no significant increase in the number of older persons employed by private companies.

The results of the policy implementation that were reported to the cabinet in 2018 revealed that most of the older persons employed were from the public agency side. For instance, the taskforce reported that it cooperated with the Ministry of Agriculture and Cooperatives, Ministry of
Education, the Government Housing Bank, the Royal Thai Police, and universities to hire 9,239 older persons in 2018. Another large portion of older persons employed, the taskforce reported, was 9,162 people, when counted from the number of the loans granted for self-employment under the Elderly Fund (Cabinet report, 2018).

The Elderly Fund was established in 2004 under the Act on Older Persons 2003. Its main objective was to support the living conditions of older persons such as by lending money to older people to start their own business, to build or renovate their accommodation, or to support other community projects for older persons. Persons applying for a loan must be Thai and aged 60 years or over. The loan can be requested by a group or by individuals (Department of Older Persons, n.d). The majority of loans were granted in the form of individual lending. The Department of Older Persons (2016) reported that the loans were granted to 51,720 older persons between 2006 to 2016. In 2011, the loans were granted to 9,555 persons in total. The number of borrowers decreased to 6,870 persons in 2014 and then increased a little to 7,015 persons in 2016 (Department of Older Person, 2016). These numbers implied that there was no significant difference of the personal loan granted before and after the establishment of the Pracharath Committee. In other words, even without a Pracharath policy, the related government agencies would continue to do their job according to their own missions.

Apart from the absence of legal mechanisms that limited the policy choices of the private sector, another factor affecting the employment of older persons among companies, mostly reported by the interviewees, was the leader.

“When company X was the head of the Chamber of Commerce, the employment of older persons could run rather smoothly, but when the head was changed, this issue started to fade.” (CS-2)

“Change of the head of Chamber of Commerce also affected the intensity of work.” (CS-2)

Since the president of the Thai Chamber of Commerce changes every two years, the social missions that each president would like to prioritize also change. During the presidency term, Isara,
CEO of Mirt Phol group, was the appointed head of the private sector side and the Thai Chamber of Commerce was assigned as the leader of the employment of persons with disabilities taskforce. As a result, they paid attention to delivering those policy outcomes under this taskforce, instead of focusing on the employment of older persons.

“Having a head that can make a decision are very important. Other taskforces do not have leader who hold power so many times the policies cannot be implemented.”

(CS-1)

This informant referred to the taskforce of the employment of persons with disabilities with the Thai Chamber of Commerce as a head. Isara was an influential leader of the business sector. As a member of the National Legislative Assembly and chairman of the Thai Chamber of Commerce, Isara was well-connected with powerful leaders in both public sector and corporations. While he persuaded others to come and join Pracharath, he could also represent them in negotiating with Somkid. Some of interviewees expressed that their bosses were personally invited by Isara who was well-connected with the government. As appointed head of this taskforce, the president of the Thai Federation of Industry seemed rather passive, however. There was no reported attempt to persuade other companies to follow this policy, nor to take a lead in negotiating with the government. The number of older persons employed by companies was not much changed. Rather, the increase of older persons employed came from the collaboration among government agencies.

From the negotiation processes and policy outcomes, we could see that even though the government took the lead in directing this social policy, they could not force companies to follow. Once the demand of the private sector was not met, they assumed a lukewarm response to such policy. The government campaign thus failed to be widely implemented.

In short, although in both case studies the private sectors led by the Thai Chamber of Commerce employed the similar strategies of compromising first and negotiating for better terms later, the outcomes of the negotiations were different. In the previous case study, the Thai Chamber of Commerce was able to negotiate for the second-best policy option, they thus followed the government’s request and persuaded companies to do so, resulting in the increase in number of persons with disabilities being employed under section 33 and 35. For this case study, the
negotiation with the government failed, as businesses became indifferent towards the employment of older persons.

8.5 Interests and strategic realignment

This section examines the goal of, and response to, this social policy by each party. It argues that even though it was the government not the private sector that took a leading role in this taskforce, the negotiation and policy outcome reflected the similar strategies. The government and the private sector adopted a compromising stance while the civil society organizations assumed a minimal role. The policy outcome of this taskforce implies that the goal of each sector is not collective. Each side has its own purpose in joining the Pracharath committee. Although analysing those goals is not a straightforward task, the case study allows us to see how differently each sector reacts to the Pracharath policy.

The study found that the reaction of representatives from the people’s side was passive from the beginning to the end. They did not pressure the private sector to hire more older persons like those representing persons with disabilities. Nor did they try to connect with companies for further cooperation. Although some of them such as the Foundation of Research and Development Institute for Thai Elderly offered their opinions and research data to the government in the taskforce meetings, they did not call for older persons’ rights or demand any particular actions from businesses. One possible reason why civil society organizations representing older persons were less active in this committee was because the agenda and target regarding the employment of older persons (that The Department of Older Persons adopted for Pracharath policy) had already been set by the National Committee of the Elderly of Thailand, along with encouraging measures such as tax incentives. For instance, the president of the Senior Citizen Council of Thailand expressed views and proposals in almost all recorded meeting minutes of the National Committee of the Elderly of Thailand between 2017 and 2018 yet was rather passive in the Pracharath committee.

Although the government took a leading role in this taskforce, it did not exert any pressure on the private sector to follow the policy. Instead, they invited them and even reached out to individual companies to collaborate on the project promoting the employment of older persons. The rhetoric used in their persuading tone was that an ageing society was a serious problem that would cost the
country billions of baht in the near future (Pracharath Committee for Social Development, 2016). The government needed the collaboration of businesses, civil society organizations and of all sectors in solving this problem. The ageing society issue led to the establishment of the taskforce on the employment of older persons, the taskforce on savings for retirement, and the taskforce on housing for low-income earners in which most of the projects focused on older persons and persons with disabilities.

Collaboration between the State and its people was the main policy rhetoric frequently used by the Prayuth government to gain popularity among Thais, and to differentiate between its economic development policy and Thaksin’s populism. While Prayuth’s government listened to people’s demands and local problems, then collaborated with all sectors for sustainable growth, Thaksin used money to fund so-called populist projects to gain popularity and votes. Thus, for the ageing society issue, the government emphasized that they would not only give out a monthly allowance to older persons but would promote the employment of older persons, savings for retirement, long-term care, community-based care, and other similar projects.

Along with the voices of concern from academia, the rapidly ageing society became a national agenda and salient in Thai society. The Department of Older Persons took a leading role in directing the policy actions to link with the national action plan on older persons. We could see from the negotiation process that the Department of Older Persons took the private sector’s demands seriously, then brought them to discuss with the related agencies namely the Ministry of Labour and the Revenue Department. Both the Department of Older Persons and the Ministry of Labour had been given the task to increase the number of older persons employed so they accommodated business’s demands concerning the tax incentives. However, the Revenue Department rejected this and insisted on the original intention of tax measures targeting low-income older workers. Once business’ demand was not meet, the policy received a passive response from companies.

“They not only want some benefits, but they will also give us something. It is more like a compromise.” (PB-8)

“Big companies do not need to work with us to build brand image. They have already done much on that.” (PB-7)
Insights from the interviews implied that businesses indeed saw some benefits of joining Pracharath and such benefits were unlikely to simply include building their brand images. As mentioned before, companies felt the government agenda was too distant from that of their companies. Indeed, there are several CSR projects where companies later adopted the surname ‘Pracharath’ to appear to be in line with the government’s campaign. However, these CSR projects were already run by the companies. There was no need for them to put more resources and energy into social policies advocated in Pracharath committees. This meant they did not need to contribute to the government’s desirable campaign to receive the government goodwill. These companies perceived that having ‘Pracharath’ in their CSR projects’ name gave them some political benefits but building brand image was not the goal of joining Pracharath. What then was the goal of businesses in joining Pracharath?

“It comes because of politics and will go because of politics.” (CS-1)

“It is important to know how to position ourselves not to be linked with politics.” (CS-3)

This case study supported my argument made in earlier chapters that businesses saw political benefits in joining the Pracharath committee. They had no genuine interest in supporting the policy of promotion of the employment of older persons nor saw economic gains such as the knowledge and experience of older persons in doing so. Rather, the compromising approach was used as a strategic response to accommodate the government’s request. Businesses did not refuse the government campaign but expressed their intention to support social policy as one of social partners first, then negotiated for a less costly option later. This corresponds well with the political accommodation thesis.

Scholars of the political accommodation thesis advocate that business’s support for social reforms is their strategic response to the political challenges they face. These responses are not their first-order but second-order preferences. Without these challenges, business will oppose State intervention. The extent of businesses’ support for social policies depends on what political challenges they meet, which will be discussed in the next chapter. For these selected policy case
studies, businesses showed their reluctance to employ both persons with disabilities and older persons as proposed by the government. However, they expressed their political will to support the government campaign as an ally, recognizing the importance of providing job opportunities to persons with disabilities and older persons. Businesses then moved to a phase at which they would try to negotiate for better conditions for them to contribute to the policy.

For the employment of persons with disabilities, the private sector needed to follow one of the three options so as to abide by the laws, so they aimed for the second-best option. For the employment of older persons, they pushed forward the demand that would benefit them if they supported this social policy. To elaborate, if the demand was met, companies would have a choice to continue to hire senior workers that have been working with them, while enjoying the tax benefits and saved cost of recruiting and training. In this case, once their demand was not met, the private sector became indifferent to this policy. Consequently, the number of older persons employed under Pracharath increased mostly due to the government project alone. The government could not directly order the private sector to comply with their policy direction. They could only ask for collaboration from each company. A few companies such as SE-ED and Big C participated in the policy because of the personal invitation by the Department of Older Persons.

It is important to note here that the failed negotiation leading to passive responses to the employment of older persons under the Pracharath policy does not mean that businesses are more eager to hire persons with disabilities than older persons. If we consider business’s policy preference from the perspective of a business interest thesis alone then we might hypothesize that due to the ageing society problem resulting in labour shortage, business might have more interest in employing older persons than persons with disabilities. From the meeting minutes and interviews, the study found that the private sector adopted the same compromise strategy at the beginning stage of a negotiation. Businesses expressed that they were willing to promote job opportunities for both persons with disabilities and older persons. For older persons especially, business saw an opportunity to continue hiring senior workers in their companies who had specific skills and were already familiar with the job. Therefore, they negotiated with the Revenue Department to revise tax benefits to be in favour with their preference. In the area of labour productivity given certain types of jobs, such as low-skilled jobs like cleaning, business still prefer young workers.
Continue hiring older persons who have been working with us, of course, could benefit companies, saving training cost for example. However, if we were to hire someone to be a cleaner or gardener, it would be better to hire young workers. And even if we continue to extend contract with our senior cleaners, when they are 50 or 60 years old, their wages would be more than 15,000 baht already, so the tax benefit is not appealing (Taskforce of the Employment of Older Persons, 2017).

The arguments that private sectors used to negotiate with the Revenue Department, however, were not in line with the survey conducted by the Department of Older Persons (2017), which found that approximately 65 percent of older workers worked in general jobs such as administrative officers, cleaning personnel, and security guards, while about 35 percent of the older workers worked in high-skilled jobs such as chairman, director, manager, and consultant (Department of Older Persons, 2017). Although the survey covered only 114 private companies, it showed that the majority of older workers performed low-skilled jobs. Thus, there is a possibility that business might overstate their position to negotiate for better terms with the government, saying that the original tax measure targeting low-income senior workers (salary not exceeding 15,000 baht per person) was not at all beneficial to the company.

Thus, apart from the compromise strategies employed by the private sector at the early stage of the negotiation of both policy areas, the extent of policy demand also reflects the similar preferences for control over the workplace. If we compare section 33 and section 35, we will see that even though section 33 offers higher tax benefits, section 35 gives more freedom to businesses. To elaborate, if businesses followed section 33 and employed persons with disabilities, they could use wages paid to persons with disabilities to be deducted as expenses totalling 200 percent. However, if businesses chose to follow practices under section 35, the eligible expenses as indicated in the guideline practice could be deducted only 100 percent of the actual expenses. Section 35, however, offers more freedom to business to choose how to support the employment of persons with disabilities. They can offer subcontracted employment, internship, or training to persons with disabilities. They can hire sign language interpreters to help those with hearing
disabilities. They can also provide financial assistance to persons with disabilities or their caregivers to purchase equipment or facilities. In fact, section 35 corresponds to concerns about productivity and non-labour cost issues (such as providing the disabled-friendly workplace and transportation) businesses expressed during the very first meeting. For businesses, section 35 is the less demanding policy option, so they thus actively negotiate with the Revenue Department for tax relief under section 35.

For the employment of older persons, business pushed the demand that wages paid to older workers regardless of their monthly income should be tax-deductible not exceeding 15,000 baht per person. If this request was approved, business would have more freedom to choose who to hire and still enjoy tax benefits. Since the deal was unsuccessful, business felt that tax incentives were not appealing enough to them. This implies that business prefers control over the workplace to any financial incentives of high expense deductions.

While both cases show some similar patterns of business responses, the outcome of negotiation for policy demands is different. Business and the government managed to make a deal regarding the employment of persons with disabilities policy, while they failed on the employment of older persons. The observed different factors contributing to different outcomes between these two case studies included 1) Regulatory measure and 2) Pressure from civil society organization.

Legal measures of the employment of persons with disabilities limited choices available to companies, making non-contribution to this social policy impossible. If the companies have more than 100 employees, they only have three choices: actual employment according to section 33, sending money to the State Fund under section 34 or other practices that contribute to the employment of persons with disabilities under section 35. If businesses were to follow the government demand under the Pracharath policy to give up a choice of the section 34 due to too much accumulated fund, then they would have two remaining options namely section 33 and section 35. Businesses thus engage more actively to negotiate with the government.

For the employment of older persons, however, the Thai Chamber of Commerce was neither the head of the taskforce nor was required by law to follow such policy, so they worked more passively in the negotiation process. Once the demand of the business side was not met, businesses simply refused to contribute. This implied that while the government depended on businesses to quickly
deliver the policy results, the government could not force them to follow, they could only ask for cooperation. The negotiation power of the business side was higher in the taskforce of the employment of older persons which had no legal binding. Since the option of not contributing to this policy was available, once the policy demand of businesses did not receive approval from the Revenue Department, businesses chose not to support this policy.

From the case study, some might say that there was also a difference in the leadership of each taskforce, and this might be the important factor explaining why one taskforce succeeded in making a deal while the other failed. I do recognize the importance of the role of the head. However, in these two case studies, it was the Thai Chamber of Commerce that took an initiative in negotiating the policy demands of the private sector with the government. The Thai Federation of Industry was passive from the beginning to the end. It was the leader in name rather than leader in action. Therefore, examining business’s responses and policy interaction had much less to do with the Thai Federation of Industry than with the Thai Chamber of Commerce.

In short, the case of the employment of persons with disabilities clearly portrayed how business adjusted their stance following the active negotiation with government. Since businesses could not avoid this policy, they chose less demanding policy choices that provided more freedom for their contribution while demanding tax relief from the government. For the employment of older persons, businesses were not required by law to follow such policy, so they worked more passively in the negotiation process. Once the demand of business side was not met, businesses simply refused to contribute.

Another factor that might contribute to the different outcomes of two case studies is pressure from civil society organization. The civil society organizations representing older persons have been passive during the negotiation in taskforce. In Thailand, the associations representing older persons were loosely organized and did not possess much power compared to those representing persons with disabilities. While the people representatives remained passive, it was the Department of Older Persons that took a leading role and assisted the business side to negotiate with the Revenue Department in the hope that they could reach the set target of the number of older persons employed. In contrast, the people side in the taskforce on the employment of persons with disabilities were more actively involved in the negotiation process. However, there are competing
interests among them. The Social Innovation Fund, at the head of the people side in this taskforce, worked closely with businesses and was able to convince the government that section 35 was equally beneficial and would ‘quickly’ bring more results to the Pracharath policy.

Even though the Social Innovation Fund took the side of business, there were more representatives from other organizations that debated in favour of section 33. The pressure from the civil society organizations to businesses as they forwarded their policy demands was thus higher in the taskforce of the employment of persons with disabilities. Does pressure from civil society organizations cause businesses to compromise with social demands, resulting in business contributing to the Pracharath policy? In other words, does pressure from civil society organizations explain firms’ strategic readjustment to supporting the Pracharath policy?

The findings from Chapter 6, 7 and 8 pointed out to the same explanation that businesses support Pracharath policy out of ‘Kreng jai’ feeling and fear of losing connection. They consider the contribution to Pracharath policy as an exchange for future favour of the government, strengthening a reciprocal relationship with the government. Pressure from civil society organizations in both policy areas has a limited influence on business decisions. Thus, even though Pracharath Policy for Social Development offers a formal negotiation platform for social demands, the role of civil society organizations is minimal. Rather, it is the government and business that make a compromise with each other for their own political interests. Pracharath, thus, demonstrates strong interdependence between the Thai government and business.

CONCLUSION

In conclusion, among five taskforces under the Pracharath Committee for Social Development, the taskforce on the employment of older persons was the only one where the government agency took a leading role in directing the policy actions. The contribution of the private sector and civil society organizations to policy outcome was limited. The government made ageing society issues salient in the society, included all sectors as social partners to help solve this problem in a more sustainable fashion, thus emphasizing the job opportunity aspects. The private sector agreed with understanding to help at first but insisted on their own demands later. Once business’ demand was not well received, the policy failed to be implemented on a larger scale. The government could only reach out to individual companies to collaborate, resulting a small increase in number of older
persons employed in the private sector. Similar to the taskforce on the employment of persons with disabilities, the Pracharath committee became a platform for businesses to directly advance their demands to a powerful political figure like Somkid.
Chapter 9

Conclusion: Business Interests and Social Policy in Thailand

This final chapter presents how the study contributes to the empirical and theoretical knowledge regarding business interests and its role in social policy in Thailand. The chapter first summarizes the key findings and arguments of this thesis in relation to the research questions. It then provides the theoretical reflections in applying the political accommodation thesis to Thailand, which has different political settings to the West. Finally, it discusses the limitations of this study, and makes recommendations for future research.

9.1 Thaksin’s legacy and social policy in Thailand

This study has explored and explained business interests and involvement in social policy in Thailand by using the Pracharath Policy for Social Development as a case study. The study first explored business roles in Thai politics and social policy in Thailand from 1930s to 2018 by dividing Thai political contexts into three phases: pre-Thaksin era, Thaksin’s era, and post-Thaksin’s era. The study sees Thaksin’s rule as a turning point of social policy in Thailand because considerable welfare policies such as universal healthcare and social transfers were introduced and expanded during this era.

Thaksin has changed the political environment of Thailand from the old elite dominance (McCargo, 2005; Baker and Phongpaichit, 2009; Ferrara, 2015; Kumlungpat, 2018; Chachavalpongpun and Kurlantzick, 2019) to a new landscape where politicians need to care for the people’s demands. Before Thaksin came into power in 2001, Thailand’s politics was dominated by the network monarchy revolving around the palace, the military, and business elites with King Bhumibol at the centre of power. Policymaking was thus a top-down process. Thaksin’s electoral strategy, designed to draw popularity among rural people and the poor, brought a significant change to Thai politics. Thaksin’s strategies of ‘appealing to people’ were not only social policies such 30-baht healthcare and social transfers or nationwide rural development projects, but a change in the way of thinking as well. He made people believe that it was possible to have a better life if they chose the right leader who cared for them. Along with the quick implementation of electoral
campaigns once he became Prime Minister, Thaksin managed to draw overwhelming popularity that was sustained for a long time.

This does not mean that there was no social policy before Thaksin. During 1950s to 1970s, Thailand followed the U.S. capitalist economy and started opening the country for foreign investment. The country focused on building basic infrastructure, and mechanisms to stimulate the economic growth, while social issues received little attention. Later in the 1980s, the country faced many social problems due to the poor distribution of wealth and rural poverty. During this time, economic and social development policies emphasized poverty eradication, rural development, and education. Between 1991 and 1992, the political violence was at its highest. There were several protests and crackdowns including the notorious ‘Bloody May’ when hundreds of protesters were killed and injured (Baker and Phongpaichit, 2009; Ferrara, 2015). Thailand then witnessed several changes of the short-lived government. Thailand during pre-Thaksin era experienced a series of political conflicts and military coups and focused on the economic development, resulting in rising inequality and various social problems. Demands from farmers and the problems of rural people were mostly ignored. Economic and social policies were designed in a very top-down fashion.

Once Thaksin came to power, the people’s need was brought to the attention of Thai politicians and policymakers. Since Thaksin cared much for the people’s needs, does it mean that his TRT party is a left-wing party standing for labour rights and equality? The answer is ‘No’. Scholars (Phongpaichit and Baker, 2005; McCargo and Pathmanand, 2005, Hewison, 2017; Hawkins and Selway, 2017; Kongkirati and Kanchoochat, 2018) said Thaksin’s ‘appeal to people’ was his political tool to capture votes to save the Bangkok-based business class. Phongpaichit and Baker (2005), for example, called Thaksin’s populism ‘business populism’ and ‘populism on demand’, which refers to the strategy that is appealing to the masses such as redistributive policies in order to secure ruling power.

While guarding capitalists’ interests, Thaksin made ‘the people’ unprecedentedly visible in Thai politics. Because of Thaksin’s extreme popularity among the people, his popular appeal based on a number of populist policies became the electoral strategy of Thai politicians. The fact that many social welfare policies introduced by Thaksin were maintained or expanded by all subsequent governments in the post-Thaksin era implied that Thaksin left the legacy that constrained
behaviours of the government. Thaksin’s legacy is not simply formal institutions such as central agency in coordinating social policies or laws and regulations granting rights and benefits to people but also the notion that the people are the true owner of the country and thus govern the country through their votes. This notion is usually normal for those living in advanced democratic countries but rather new in Thailand at that time since Thai politics in the pre-Thaksin era had been governed by elites in a network monarchy. In the other words, Thaksin’s rise to power has challenged the social order in Thailand. Once the military took power from Yingluck they attempted to restore the social order distorted by Thaksin. They, however, could not return to the semi-democracy of 1980s where the military, the palace and a few elites decided the country’s future. The rise of business classes in the State affairs, and people politics brought by Thaksin, made the Army feel the need to adapt to the new political landscape.

Even Prayuth who presented himself as Thaksin’s opponent and vowed to end populism could not resist the appeal of populist policies. Many of his economic and social policies were relatively similar to Thaksin’s. He, however, tried to differentiate his policies from those of Thaksin’s by linking his approach to the late King Bhumibol’s Philosophy of Sufficiency Economy and the UN’s Sustainable Development Goals. The rhetoric of long-term and stable growth was pitted against Thaksin’s short-term selfish political gains. This implied that while Prayuth used the military force to take power from Thaksin’s camp, he was also required to fight in an ideational terrain against Thaksin’s group in the attempt to create the legitimacy for the military, and draw popular support to secure his rule.

When Prayuth brought back military rule under the auspices of the monarchy, the coup stood on the high ground of stopping political violence and protecting the King. The military government stated to the public that they needed at least four or five years to bring the country out of crisis, and to restore the stability and prosperity to the country (Thothaveesansuk, 2022). Following the death of King Bhumibol and with the declining power of the Palace, the Army established itself as a ruler. While they gradually oppressed protesters, they institutionalized the army power by the design of 2017 constitution giving power to a minor unelected Senate while expanding their alliance with businesses through Pracharath. This created a new political network with the military at the centre, ascending the position of the monarchy. To compete with Thaksin’s popularity among Thai people, Prayuth used King Bhumibol’ Sufficiency Economy Philosophy and
institutionalizing the people and businesses as social partners, to differentiate his social policies to Thaksin’s’ populist policies.

Under Pracharath, ‘the people’ became ‘body and heart’ of the country while the government was ‘brain’ and businesses were ‘organs’. It defined the people as an important social partner not just benefit receivers or voters like Thaksin. By the policy rhetoric and structure of the Pracharath Committee for Social Development, the military government seemed to raise the position of the people in social policy-making processes since civil society organizations could raise their policy demands directly in a tripartite fashion. But in practice, civil society organizations representing different interests of ‘the people’ did not possess real negotiation power. The policy choices, targets, and implementation strategies were decided by the elite alliance between the government and big businesses, demonstrating the hierarchical and networked nature of Thai Society.

Pracharath, the focus of this study, demonstrated how Prayuth government followed Thaksin’s policy yet at the same time tried to differentiate himself from Thaksin. While Prayuth claimed that he would govern the country in a cooperative manner using the Pracharath model, there were at least three ways that the operation of Pracharath reflected Thaksin’s way of governing the country. First, the role of business was prominent. Prayuth announced his alliance with big businesses by formalizing businesses as important partners in developing the country. By institutionalizing businesses in the Pracharath committee, Prayuth exposed businesses to more connections and access to policymaking processes, increasing the instrumental power of business. Policy access through a Pracharath platform allows businesses to influence policy at the early stage of policy formation. Dusit International (hotel and resort company), for instance, gave advice to the Minister of Tourism and Sports under a Pracharath campaign to promote the Thai hotel industry as an important part of the economic engine. Later, Dusit International collaborated with the government in hiring older persons under the Pracharath Policy for Social Development.

Second, as Hacker and Pierson (2002) and Fairfield (2015) argued that other societal actors could also compete with business in influencing policy, civil society organizations were institutionalized in the same way with business under the Pracharath Policy for Social Development. However, in practice, the role and negotiation power of civil society organizations representing the interests of different groups of the people was very limited. The social agenda that Pracharath Policy for Social
Development selected were not addressing the issues of the overall working population (such as wage policy), which might have more implications on the capitalist class but targeted only the disadvantaged population like persons with disabilities and older persons.

If we compare the democratic Thaksin’s era with Prayuth’s military-led government, we will see that both display traits of populism and authoritarianism, in which redistributive policies are extensively used along with the suppression of civil society organizations. Freedom of speech, especially, is strictly controlled. While Thaksin used populist policies to strengthen his power, mobilizing the people against old elites, he turned more and more to an authoritarian style of governing, using police force and threats to those dissenting with his policies (Pasuk and Baker, 2011; Kongkirati, 2017; Neelapaichit, 2020). On the contrary, Prayuth started with absolute power as head of the National Council for Peace and Order, staging a military coup against the government of Yingluck. The authoritarian regime disrupted the election process, issued laws and regulations that gave the NCPO considerable power, and kept the media under surveillance (Neelapaichit, 2020). Those attacked the military government were faced with intimidation or arbitrarily detained (Human Right Watch, 2017). Once the political situations were controlled, the Prayuth government started introducing social and economic schemes such as Pracharath, welfare card, local development based on a Pracharath approach, and the expansion of social transfers. Prayuth was thus an authoritarian who turned populist for political gains. Pracharath became a foundation of Prayuth’s political actions, with the Palang Pracharath establishing in 2018 the party which nominated Prayuth as Prime Minister in the 2019 election (Neelapaichit, 2020).

Finally, the operation of Pracharath reflects Thaksin’s strategies of delivery of quick results. Thaksin came to power by making a social contract with the people that he would improve the standard of living of the people, not only in Bangkok but in rural areas as well (Hewison, 2006). Many of his electoral policies such as village funds, the farmer debt moratorium and the 30-baht healthcare scheme were implemented in his first term of office, emphasizing the government’s pledges to the poor. Then, more welfare-oriented policies were introduced until he secured another electoral win in 2015 (Hewison, 2006, 2017; Pasuk and Baker, 2009). However, as Hewison (2006) commented, the fact that Thaksin’s political party was dedicated to the poor should not distort the fact that Thaksin controlled a government ‘by and for the rich’ (Hewison, 2006, p. 512). During the restructuring after the financial crisis, domestic capital cooperated with Thaksin for the
government to achieve State control (Hewison, 2006). Domestic capital also recognized that political and social unrest could possibly come from rural stagnation following the crisis, they thus permitted Thaksin to promote social protection (Hewison, 2006). Similarly, this study argued that Pracharath was one of the methods Prayuth used to stabilize its position with the assistance of business. Pracharath committees were expected to deliver quick results to the society, thus the government gave the private sector considerable freedom to choose the policy areas that they wanted to contribute to, and that were likely to produce quick outcomes.

Apart from Thaksin’s legacy that has altered the way the government should respond to the people’s need, thus constraining the government’s behaviour, the study of social policies in related to political contexts of Thailand suggested that many times in Thailand social policies were used as a political tool to calm down the masses, prevent social unrest or draw popular support. It is a political motive rather than pressure from a strong left-wing political party or trades union that drives the expansion of social policies and social entitlements in Thailand, and possibly in other developing countries where labour unions are weak and usually excluded from the social policy making process. This was in line with what Haggard and Kuafman (2008) argued in their book that “the fate of the poor and vulnerable is therefore never in their hands alone but will depend on the self-interest of other groups and the formation of cross-class coalitions with interest in equity and social justice.” (Haggard and Kuafman, 2008, P. 362).

9.2 Business interests, power, and political compromise

Recognizing that policy legacy left by Thaksin has constrained the behaviours of the government in the area of social policy, does it mean that such legacy has constraining effects on the behaviours of business as well? It does, both directly and indirectly. Most simply, businesses were directly bound by laws and regulations imposed on them, requirements such as the quota system for the employment of persons with disabilities. Indirectly, businesses might support social policies if they were on the same ‘ship’ with the government, and were thus bound to support the government’s policies as alliance members. The study argues that business’s support for the Pracharath Policy for Social Development rather resembles how domestic capital has supported Thaksin’s aggressive expansion of welfare polices to prevent social unrest, and to secure the government’s ruling power as a member of an elite alliance.
To understand why and how businesses supported the Pracharath Policy for Social Development, the study first adopted the political accommodation thesis in explaining two selected policy areas, namely the employment of persons with disabilities and the employment of older persons. The study suggests that business’s response to these two social policies shows much similarity. Initially, businesses expressed reluctance to support both policies. Several companies were concerned about productivity and related costs they needed to bear in hiring persons with disability and/or older persons. They then compromised with the government’s requests saying that businesses would support this scheme while pushing for their terms of negotiation such as the revision of tax measures. Although business succeeded in negotiation in one case (the employment of persons with disabilities) and failed in the other (the employment of older persons), the case studies implied that business’s support for Pracharath Policy for Social Development were business’s strategic responses, rather than genuine economic interest in these policies. Business’s policy preference has changed from reluctance to compromise, and then to acceptance of a less demanding policy option in the case of the employment of persons with disabilities, and from reluctance to compromise and to indifference in the case of the employment of older persons. The reaction of businesses, and how they refine and update policy preferences, indicates that business’s support for social policies is their second-order preferences rather than the first-order ones. This conclusion conforms to the political accommodation thesis.

When three parties (the government, business, and civil society organizations) negotiate for their preferred policy options in the tripartite committee, the study notices the differences in political power among them. Based on the Pracharath case study alone, the study argues that the negotiation power of the government and of business is at a relatively similar level, which means both parties stand on equal terms in this collaborative platform. The negotiation power of civil society organizations, however, is much lower. This observation is consistent with Thai political settings, in which trades unions have been weak and fragmented, and have limited roles in shaping industrial relations or welfare policy. Social movements in the country also face suppression under the authoritarianism. Business power and its role in Thai politics has been increasing from the pre-Thaksin’s era to the present. Arguably, the study observes the increase in business power during a time of crisis. For instance, the economic downturn and unstable political situation led to the establishment of the JPPCC and the Pracharath committee. These formal institutions in turn enhanced the instrumental power of business by exposing them to the policymaking process.
Consequently, businesses could exert their influence in policymaking through various means including their strategic position in the capitalist economy, the traditional clientelist ties, and the institutions recognized by the government.

Given that the bargaining power of labour is low, class compromise between capital and labour does not occur in a Pracharath platform. Instead, the study observes a mutual cooperation between the government and business, which possess relatively equal strengths. As we see from both policy case studies, neither the government nor business can make other side yield to their policy preferences with absolute power. The government could not force business to contribute to this policy but could only ask for cooperation while business could not refuse the government even though the policy might not be in their best interests. Business, thus, made a compromise to support a Pracharath policy. Once business proposed their demands following their promise to contribute to the Pracharath scheme, the government accepted and tried to accommodate business demands.

These compromise-seeking behaviours of business and the government of Thailand imply not only different cultural aspects between the Global North and the Global South, but also signify how the theory of power and policy making comes into play. Considering business power and its position in the political arena, especially during an economic crisis, it is apparent that labour possesses much lower countering power to businesses. Further, there is no left-wing party that usually advocates a more generous social protection policy. Typical pro-welfare actors identified by the Western-centric literature thus are weak in a Thai context. Based on this notion, businesses should have a very strong position in policy making processes and do not need to compromise to implement social polices if they have no genuine interest in doing so.

Businesses in Thailand did compromise; however, they did not compromise with labour as normally observed in Western-centric literature but to the government. The government, in the Thai case, can be considered as businesses’ alliance, rather than countervailing power. This political alliance uses social policy to contain social unrest, which might occur from a weak countervailing power like labour. Consequently, the expansion of a welfare state or of welfare policies in Thailand is usually dependent on politicians, rather than on the interests of capital and labour.
Considering the same logic, and using the political accommodation thesis framework that this study is based on, it believes that although businesses possess structural power over economic resources and have a privileged status in a capitalist economy, they still need to compete with other political actors in influencing policy. However, in the political settings where the power of labour is minimal, business does not need to accommodate to labour but will compromise to other powerful political actors to realize their own political goals if the benefits from such compromising strategies outweigh the costs. This means that business does not form a cross-class coalition with labour for mutual interests, as the business interest thesis advocates, instead it forms a strategic alliance with other powerful actors such as the government in an elite dominance manner for some shared interests, resulting in political compromises between them. In the Pracharath case, business, and government work in a ‘Kreng jai’ way, forming a strategic alliance, and being willing to accommodate to each other demands in order to achieve their own political goals.

9.3 Context matters: Pracharath policy in absence of strong labour union

The study argues in favour of the political accommodation thesis, that employers have no genuine interest in supporting social reforms and that their support for social policies is their strategic response to the political challenges. Usually, types of political challenges mostly identified in the existing literature include the strength of labour or pro-welfare actors, anti-capitalist movements, likelihood of legislative outcomes, policy legacies, and power of actors backing policy proposals. In the attempt to find out why business might support social policies in Thailand, possible factors behind business’s policy readjustment to support social policies under Pracharath are explored.

The likelihood of legislative outcomes

The legal mechanism to promote the employment of persons with disabilities was already in place and it did limit choices available to businesses, thus it affected business’s policy demands as discussed in the earlier section. The employment of older persons, which became a national agenda later and its related measures were approved by the cabinet only in 2016, and had no legal mechanisms binding business to employ older persons. In fact, there were a few attempts to propose the same quota system similar to that of persons with disabilities with both a 100:1 and 200:1 system. The proposals from civil society organizations and experts were directed to the Department of Older Persons and in the meeting of the National Committee on of the Elderly of
Thailand, however those proposals were not endorsed by the committee. Instead of regulations, they advocated positive incentives such as tax benefits that had already proposed by the Ministry of Finance.

From 2016, there have been a lot of measures for the rapidly ageing society including tax incentives for hiring older persons, senior housing, affordable housing, community-based care, the reverse mortgage, pension reform, retirement age extension, and a universal monthly allowance for older persons. For the employment issue, the measures only include tax incentives to encourage hiring more older persons. During the Pracharath campaign, there was also no mention of the possibility of the legal-biding mechanism such as a quota system. Thus, businesses did not feel pressured by the likelihood of legislative outcomes. Instead, it was the government that felt pressured by the goals and action plan of the National Committee of the Elderly of Thailand, and tried their best to accommodate to businesses’ demands in the hope that businesses would support this policy and hire more older persons.

**Power of actors backing policy proposals: the military government**

The change in regime to a military government (current powerful political actor) is another possible explanation for the private sector being pressured to follow the government demands. Throughout the history of Thailand, the military has played a significant role in shaping Thai politics. After the democratic revolution that changed the country to a constitutional monarchy with a Prime Minister as head of state, the country was mostly ruled by the military and interspersed with short periods of democratic government. The most long-lasting democratic government was Thaksin’s government between 2001 and 2006. Still, the extremely popular Thaksin was ousted by the military coup. Therefore, it was undeniable that the military was one of the powerful forces in Thai politics. Given the situation that Prayuth took power from Yingluck in 2014, was business under pressure to follow the military government demands and support Pracharath policy?

The in-depth case studies showed that the military government did not have an overwhelming power over businesses, instead the government and big business depended on each other to secure their political position under an elite dominance network. During policy negotiations, the government could not force businesses to follow their demands, they could only ask for
cooperation by establishing business as a formal partner in solving social problems. Also, since the government wanted to deliver quick results to secure their ruling position after a long period of political unrest and economic slowdown, business structural power has been elevated. The government sought to ‘join hands’ with the private sector in quickly stabilizing the political and economic situation, thus was willing to accommodate business’s demands.

In the same way, businesses needed to depend on the government while doing business in Thailand, and are thus faced with two choices: 1) accommodating to the government demands and being in this elite alliance or 2) refusing the government demands and being at risk of being excluded from this political alliance. Before the official introduction of Pracharath, Prayuth and Somkid invited Isara, a president of the Thai Chamber of Commerce and executives of other big companies to informal meetings. Those big companies later became board members of Pracharath. Being on board with the Prayuth government meant access to the policymaking process in exchange for contributions to economic development. Weighing the pros and cons, businesses chose not to be excluded from this committee. After one year working on the economic issues, the government wanted to extend Pracharath policy to cover social issues. Businesses again were asked to make a contribution to solving social problems. They were requested to employ more persons with disabilities and older persons, build social housing for low-income earners, promote savings for retirement, and prevent road incidents. While businesses were unwilling to contribute to some policy areas, they would not refuse the government outright for fear of losing connection. Instead, businesses adopted the compromising stance and negotiated for the second-best policy option. The contribution to social policies in this case was considered ‘doing a favour’ for the government in exchange for policy access and other possible political returns. Thus, businesses supported the Pracharath Policy for Social Development in expectation of the political benefits brought by this connection.

In short, even though the regime change could be considered as a political challenge, it did not pose constraints on the way the capitalist class usually dominated the economic sector. It did however change the strategic environment causing businesses to decide whether or not to form a political alliance with the military government. Given the economic downturn and political unrest, the need for the government to quickly stabilize their ruling position indirectly enhanced business power. Yet business still accommodated to the government for future benefits, which they
considered outweighed the costs.

**Strength of labour or other pro-welfare actors**

In both case studies, we see that even though the committee has a tripartite structure, representatives of the people side possess no real negotiation power and are mostly sidelined by both government and business. Within the E6 itself, the power of decision leans towards the private sector. At the beginning, the government clearly stated that businesses would assume a leading role in the E6. Businesses could choose the area in which they had expertise and resources to contribute, and the government would facilitate them. As we could see from the case studies, Somkid and the Ministry of Social Development and Human Security were very supportive of businesses’ demands. Meanwhiles, the demands from the people’s side received less weight.

Since the government wanted to deliver quick results, they needed businesses’ contribution in both hiring more persons with disabilities and older persons. As a result, the private sector possessed higher negotiation power than the people side. In this manner, the tripartite arrangement of the E6 did not allow representatives from the people side more power to put their demands and pressure to businesses. On the contrary, businesses used a Pracharath platform to pressure the government to grant their demands in exchange for their contributions. The negotiation for policy demands happening in taskforce level was a thing between two parties, namely the government and businesses. Representatives from civil society organizations voiced their demands but posed no threat to businesses. In short, pressure from civil society organizations has a negligible effect on business’s reorientation of policy preferences. Thus, political challenges such as revolutionary or reformist movement from the people’s side cannot explain business’s support for this social policy. This conclusion highlights the historical context of Thailand where labour is powerless against capital, and trades unions have been fragmented and oppressed, and possess no real political power.

**Informal institutions: Elite network, reciprocity, interdependency**

An in-depth case study of Pracharath Policy for Social Development in Thailand demonstrates that even in the absence of the above typical political challenges such as labour movement, businesses still support a Pracharath policy because they feel ‘kreng jai’ to ‘phu yai’. Culturally, Thailand is
a country of collectivism, particularism, relationship orientation and hierarchy (Pornpitakpan, 1999; Susomrith and Suseno, 2017). Kreng jai feeling does not only make Thai people tend to avoid confrontation and direct refusal but also make them strategically avoid any actions that possibly cause negative feeling to others, especially towards ‘phu yai’ (those being older than them or those being in a higher position). Any conflicts are usually resolved by negotiation and compromise. As we can see from the negotiation of Pracharath policy, apart from striking similarities of response strategies of businesses, the interest intermediation between two or three parties mostly happened in the taskforce and informal meeting levels. The conflicts in the national board meeting were minimal. At the national level, board members worked in a ‘kreng jai’ way. They avoided direct confrontation and compromised with each other, which was a normal practice in Thai society. The private sector did, however, indirectly pressure the government to accommodate their demands in exchange for their contribution. Since they could not come to an agreement with government officials, they used a Pracharath platform to directly communicate with ‘Phu yai’ like Deputy Prime Minister Somkid who had the power to order bureaucrats to adjust policy or fast track bureaucratic processes.

In Thailand, negotiations are many times influenced by loyalties and obligations (Pornpitakpan, 1999; Susomrith and Suseno, 2017), which demonstrate the Buun Kuln relationship or reciprocity. For instance, Hewison (2002) indicated that business networks and money played a significant role in Thai electoral politics. Business tycoons mobilized their wealth and networks to secure political advantages for the political parties they backed, then those receiving these favours were obliged to help them in return. The practice of ‘give and take’ is also evident in Pracharath. Businesses see contribution to the government’s campaign as a favour they give to the government and expect that the government will help them in return. Thus, business’s support for Pracharath Policy of Social Development is mostly for the expected political benefits. Even if such benefits are uncertain (What might the government give them? When?), maintaining a good relationship with the government can strengthen this reciprocal Buun Kuln relationship in the long term.

Thailand also demonstrates strong particularism, an exclusive attachment to a group where members of the group are devoted to those within the group or insiders, and are likely to reject outsiders (Susomrith and Suseno, 2017). This particularistic behaviour strengthens elite networks in Thailand. Historically, Thai politics has been dominated by a small group of elites. During the
pre-Thaksin era, it was a network Monarchy that shaped the political behaviours of the State, the military, and businesses. Once Thaksin had assumed power, he established and expanded his own political networks consisting of businessmen, bureaucrats, the police, the military, and the media who were excluded in the old elite establishment. Thaksin’s popularity and extensive networks undermined the network monarchy, thus associating the power of the Palace and the Military. Once Prayuth took power from Yingluck, the army attempted to restore a social order distorted by Thaksin. However, they were constrained by Thaksin’s legacy (the rise of businessman and the people politics) and could not simply return to the semi-democracy of 1980s. Adapting to a new political landscape, the military used Pracharath as an alliance building mechanism with the Army at the top of network. While Pracharath embraces more social entities such as civil society organizations, the decision-making power is mostly in the hands of the government-business elites. Therefore, on the surface the tripartite structure of the Pracharath Committee for Social Development seems to grant some access for civil society organizations representing certain groups of the people to the policymaking process, and a formal channel to voice their demands, while in practice a Pracharath policy strengthens the elite ties and enhances business instrumental power.

Given its hierarchical nature, policy negotiation usually happens at the top level, thus access to policymaking becomes a valuable asset for political actors. Politically, Thailand has gone through multiple conflicts and political unrest, and given weak formal institutions (e.g. weak democratic institutions) the distribution of power and interests is determined by those who hold power. The benefits of being in an elite alliance and the cost of being excluded are relatively high. Businesses thus have an imperative to maintain a good relationship with the government. This study argues that the government and business perceive mutual benefits from this cooperation, thus are willing to reach a compromise with each other.

9.4 What shape business interests in social policy in Thailand?

The study argues that in the absence of political challenges from labour (according to political accommodation thesis) and without expected economic benefits (based on business interest thesis), business might still support social policies to achieve its own political goals. For a Thai case study, the genuine interest of business is the political benefits accrued from maintaining a good
relationship with the government. The present (immediate) benefit is access to the policymaking process and the future expected benefit is possible favours from the government through this reciprocal relationship. Therefore, the policy choice the employers make reflects their strategic accommodation in expectation of a beneficial political return.

Although this study supports the views of scholars of the political accommodation thesis that business’s support for social policy is most likely its strategic response rather than a reflection of genuine economic interests, the study offers different insights when explaining business’s support for social policy. It does not attribute business support to political regime change like Campbell (1998), strength of labour and anti-capitalist movement like Korpi (2006) and Paster (2013), nor the positive likelihood of legislative outcomes (Hacker and Pierson, 2002). Instead, it demonstrates how political networks and interdependency between the government and business work as a tool that the government uses to call for collaboration from business, while business accommodates to the government’s request then updates their policy preferences later to protect their interests.

The study argues that types of political challenge based on those normally identified by scholars of political accommodation thesis, including the strength of labour and pro-welfare actors or class competition, cannot accurately explain the Thai case. It advocates that in the political settings where formal institutions such as tripartite committee or trades unions are weak, informal institutions such as a political network, patronage, reciprocal relationships, and hierarchy exert strong causal forces in shaping business policy preferences. Businesses must weigh the pros and cons of 1) supporting the government policy at the expense of their own financial and non-financial contribution or 2) no contribution but being excluded from the political network. Since political ties are very important in Thailand, the cost of being excluded from this elite alliance is higher than the cost of contribution to social policies under the Pracharath scheme, businesses thus compromise with the government request to maintain a political tie. Businesses see their contribution to Pracharath policy as an exchange of favours, expecting political benefits in return. At the same time, the government also establishes a formal alliance with business, through compromise with their policy demands in order to quickly deliver results to the public. Under the elite dominant politics of Thailand, the government and businesses depend on each other to secure their position. The Pracharath case study suggests that interdependency and the reciprocal relationship between the government and business shape business’s social policy preferences in
Thailand.

The study also emphasizes that there are some permissive conditions in which informal institutions observed in the case studies affect business policy preferences. The most important condition that has changed power structure and elite networks, limiting choices available for policy actors, is Thaksin’s legacy. Thaksin’s governance has changed the way those in power have responded to the people’s demands. He made the people’s needs and social welfare policy politically salient. Thus, while Pracharath policy formalized an elite alliance between the military-backed government and big businesses, it also recognized the importance of people as social partners, at least on paper. However, the persistence of hierarchical networked capitalism of Thailand still fostered elite domination even in the area of social policymaking.

9.5 Theoretical Reflection: Applying theories in developing countries

This study asks the overarching question ‘Why do businesses support social policies?’ Although the question is framed differently from how employers influence the introduction and expansion of a welfare state, its theoretical analysis similarly centres around business power and policy preference formation. There are several theories attempting to explain why businesses support some social welfare programs while opposing others. The structural dependence thesis and the Power Resources Approach assert the primacy of class conflict and place an important role of welfare state expansion on traditional pro-welfare actors such as organized labour representatives and a left-party (Lindblom, 1977; Korpi, 1983; Shalev, 1983; Esping-Andersen, 1985; Hacker and Pierson, 2002; Thelen, 2001). Proponents of an employer-centred thesis (Swenson, 1991, 2002; Mares, 2003; Martin, 2012) advocate that often businesses genuinely believe that some welfare reform programs lead to more labour productivity such as through skills formation, and thus support such reforms. Scholars of the political accommodation thesis argue that employers have no genuine interest in supporting social reforms. They only accommodate with the political challenges they face. Business support for social policies thus is their strategic response rather than their genuine interest (Hacker and Pierson, 2002; Korpi, 2006; Paster, 2012).

This study agrees with the view of the political accommodation thesis that businesses do not have any genuine interest in social policies, and only support social policies when confronted with political challenges. Without political constraints, business would apparently prefer no social
policy and an unregulated labour market. However, if they could not avoid a certain social policy, they would accept the policy option that they consider as a ‘lesser evil’ or a second-best choice. Therefore, the policy choices employers have made are not their first-order preferences but second-order pragmatic preferences.

The study contributes to theories of employer’s policy preference formation. Scholars of the business interest thesis explain business support for social policy as a result of their economic interests, which means that employers perceive that such social policy has economic benefits such as increasing productivity, lower turnover and absenteeism, and improving overall economic efficiency. The way of theorizing employer’s preferences sees policy preferences as a reflection of given material interests themselves, thus consider business support for social policy as in their genuine interest (a first-order preference). Proponents of the political accommodation thesis, however, see policy options as endogenous to the political contexts. This research advocates that policy preferences are formed when policy actors interact with their political environment, rather than via exogenously given material interests. Grounded in such belief, this study adopts a historical institutionalist perspective in observing business preference formation. Historical institutionalism emphasizes the role of temporal phenomena such as timing and sequence of events that create formal and informal institutions, and considers how they affect policies or adjust the distribution of political power. Unlike the rationalist’s actor-oriented preferences, scholars of historical intuitionalism explain how institutions created in the past affected actor’s preference formation, power relations and resource allocation (Collier and Collier, 1991; Fioretos et al., 2016)

This study embraces the historical institutionalism perspectives in establishing the casual reference of the critical juncture in Thaksin’s era and the change in power relations of an elite network and the people during the Prayuth regime, and how this affects the policy outcomes of Pracharath. Determining what critical junctures have led to a current outcome is difficult since small events might also result in significant change. However, it is quite certain from the time sequence that the development of policy, and the policy rhetoric itself that Pracharath is the military-backed government to differentiate its economic and social development policy from Thaksin’s Prachaniyom (populism). Thaksin’s rise to power thus is a critical juncture leading to path breaking from the previous policy path, creating a new path dependence infused by Thaksinism. In other words, it marks the beginning of path dependence to an ‘appeal to people’ strategy of Thai politics,
of which social policy is the main feature. It became a policy legacy that subsequent governments could not easily dismantle, instead they imitated him to get popularity. Thaksin also changed the political landscape of Thailand by challenging the network monarchy. He established his own political network and reorganized the power structure of politicians, the government, the palace, the military, business, and the people. The political power of the people and of business has considerably been enhanced by his economic and social policies, while the power of the palace and the military was constrained. Once the military took control of the country, they needed both the new alliance and economic and social results to calm down the masses. Pracharath policy was a political tool that allowed the military government to expand its political alliance and generate quick results while recognizing the importance of the people.

While examining the Pracharath, we could see that there were biases of political power towards the private sector, of which structural power was higher during the time of economic downturn and political unrest. The government depended on businesses to generate economic results as well as for their contribution to social policy. This resulted in the government’s stance in facilitating business demands while ignoring demands from civil society organizations. The historical institutionalism informed that these biases have been embedded in both formal and informal institutions on Thailand. The absence of strong, unified trades unions, a left-wing political party, and corporatist institutions, as well as the suppression of the government, made the power of labour weak in Thailand. On the opposite side, informal institutions including a persistent elite network, patronage, and hierarchy further weakened the negotiation power of the working class while strengthening the elite tie and its associated power.

The Thai case is contributive to the studying of policy preferences in the developing countries where formal institutions are relatively weak and informal ones are more crucial in structuring social relations. This study agrees with proponents of a political accommodation thesis that business’s support for social policies is their strategic response to political challenges. However, instead of revolutionist or reformist movement of labour or pro-welfare actors normally observed in case studies conducted in the West, the Thai case demonstrates how informal institutions especially political networks and reciprocal relations shape business policy preferences. In the absence of a labour movement, businesses still support social policies to secure a political tie with the government, and to be included in the elite alliance in expectation of political return.
The elite network is of importance because it is a persistent informal institution that dominates Thai politics. The dominant elite politics makes the price of refusing the government’s request and being excluded from political ties too high for businesses. As we have seen in the case studies, even though business have much structural power so that the government show bias towards them, business will not refuse the government’s request outright in fear of losing political connection. In other words, in the elite dominated politics of Thailand, the government and businesses depend on each other to secure their power as a ruling class while the people are suppressed. This interdependency results in concessions, in which both parties are willing to give up part of their demand and accommodate each other for common political interests. Therefore, the critical juncture of Thaksin’s regime has indeed changed the strategic environment that politicians, businesses, and the people interact within, which results in more visibility of the people. However, it is informal institutions including elite networks, interdependency and reciprocity that exert a true causal force in shaping business policy preference in Thailand.

The research thus highlights general differences of capitalist states between the Global North and the Global South. The countries in western advanced democratic settings usually have well-established formal institutions that regulate relationships and the role of the State, business, and labour such as a formal system of interest representation. While in the Global South, the embedded informal institutions such as ‘kreng jai’ and ‘buun kuln’ of Thailand, and guanxi of China might have a stronger influence on political actors’ behaviours, reflecting East Asian networked capitalism. In case of the Pracharath Policy for Social Development, the study advocates that political networks and reciprocal relationships enable policy actors to build trust with each other, and to successfully form a strategic alliance supporting social policies to realize a common goal. The study thus emphasizes the need to carefully examine the history and configuration of formal and informal institutions of the country, especially the developing countries where political settings are much different from the West, in order to fully understand the context in which Thai political actors form their policy preferences.

In terms of policy implications, the findings suggest that unbalanced power is tilted towards businesses, making voices from civil society less heard. As indicated in this study, the government and businesses in Thailand possess relatively the same power while the power of labor is much weaker, thus businesses and the government reach a compromise with each other to sustain their
ruling power, forming their own elite alliance, and many times using social policies as political tools to contain social unrest. In this political setting, the social agenda were thus heavily influenced by them, instead of being responsive to labor and other civil society organizations representing wider social interests. Therefore, it is important that Thailand ratified the ILO Convention 87 on Freedom of Association, and Convention 98 on Collective Bargaining. The Thai government should amend the domestic laws to ensure collective bargaining and freedom of association accordingly, as well as taking serious action against union busting which seeks to disrupt trades unions’ attempts to grow their membership. Labour unions should be seriously empowered to have a real position in influencing the policymaking process, as only when trades unions get stronger do they have political power to pressure and negotiate with businesses and the government.

9.6 Recommendation for future studies

This study tries to demonstrate that given the political settings of developing countries where the power of labour is limited and informality is strong, as distinct from the Western countries’ contexts, the existing knowledge established in the West might not be able to fully explain business’s social policy preferences, in this case in Thailand. There is an imperative to reconstruct political and historical contexts of the country of interest to examine how business’s material interests are translated and shaped by both formal and informal institutions. In respect to this point, this study argues that informal institutions such as political networks and reciprocal relationships are causal explanations for business’s support for social policy in Thailand. However, there are limitations of the study. The most important issue is that empirical observations derived from small case studies of the single country. More application in cross-national case studies is needed to test its external validity, and to question the extent to which the conclusions of the proposed causal inference can travel across contexts. It is what this study does. It applied theories established in the developed countries of the Global North in developing countries of the Global South and found that it could offer alternative explanations for the selected case studies. Similarly, the causal explanation should be tested in other countries, especially those having networked capitalism characteristics such as East Asia and Latin America. China, in particular, has several cultural similarities of Thailand such as guanxi and Confucian values (harmony, preference for cooperation, and respect for age seniority) (Witt and Redding, 2013; Warner, 2014; Susomrith and
Suseno, 2017). Korea is also interesting because it has *chaebol*, which is quite similar to Thailand’s *glum thuraki* (group of big businesses) that maintain close ties with policymakers, and also *Yongo* network, which is also a mutual patron-client network, and strong particularism (Restel and Horak, 2017). The country comparison may increase opportunities for generalisation.

However, some countries in East Asia such as Singapore, Japan and South Korea are not considered as being in the Global South. Although these countries might possess some collective cultural characteristics with Thailand, they are more economically developed. These countries also usually have more political stability and advanced welfare systems. To make a comparative case study among countries in the Global South, Indonesia is perhaps one of the interesting case studies. Indonesia shares many similar cultural, historical, political, and economic settings with Thailand. Basically, both of them are developing countries in Southeast Asia. Yuda and Kühner (2022) reviewed various studies attempting to classify Indonesia into a specific welfare regime. Although the conclusion remains inclusive, several traits are relatively similar to Thailand such as welfare reform following the Asian Financial Crisis and democratic transition, the limited role of a working class and civil society in shaping social policy, the continued influence of family and informal networks, long periods of authoritarian rule, and a predominant clientelism (Yuda and Kühner, 2022).

Apart from the specific country context, one can also adopt the framework of this study to examine other policy areas. Although policy case studies of this research are relevant to the employment issue, it focuses on persons with disabilities and older persons who are not the majority of the working population. Further studies can be conducted to see whether this causal inference is applicable in other policy areas, especially those related to work benefits, social insurance, or wage adjustment. This can provide a more comprehensive understanding of how business’s social policy preference in developing countries is formed, and might illustrate whether class conflicts will be more intense and able to compete with informal institutions in shaping business interests.
References


Currently there are 13.34 million costs of using public transport. (Accessed: 3 November 2022).


Gero, E. (2022). ‘Can Historical Institutionalism be Applied to Political Regime Development in Africa?’ German Institute for Global and Area Studies GIGA.


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“ตอร์ตระบายประยุทธ์ถือทุนธุรกิจ วางสนาม ครป. จันทร์นี้กำลังจะลงแขวน แนะนายกฯ ลาออก [Criticizing the Prayut regime for favoring monopoly capital, the CRPC discussion group pointed out that the middle class would become poorer and advised the Prime Minister to resign].” (2021). Prachatai. Available at https://prachatai.com/journal/2021/10/95590 (Accessed: 10 January 2020).

“ย้อนดู 8 ปีความพยายามด้านรัฐประหารและลบล้างทหาร ที่ล้มไม่จ้ง [Looking back at 8 years of efforts to resist the coup and erase its aftermath, which is still not over.]” (2022, May 22). Prachatai. Available at https://prachatai.com/journal/2022/05/98716 (Accessed: 10 January 2020).
Appendices

Appendix 1: The document selection

First-round selection for overall understanding

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information about Pracharath policy development,</td>
<td>18</td>
</tr>
<tr>
<td>implementation, and policy outcome</td>
<td></td>
</tr>
<tr>
<td>Provide background information about Pracharath and Prachaniyom</td>
<td></td>
</tr>
<tr>
<td>Include all meeting minutes of Pracharath national committee and sub-</td>
<td>7</td>
</tr>
<tr>
<td>committee</td>
<td></td>
</tr>
<tr>
<td>Other related documents such as public relations documents of all</td>
<td>33</td>
</tr>
<tr>
<td>organizations in the E6</td>
<td></td>
</tr>
</tbody>
</table>

Official reports (Policy proposal, strategies, action plans, progress reports) n= 18
Pracharath for Social Development meeting minutes n= 7
Pracharath for Social Development Taskforce meeting minutes n= 33
Other Pracharath committee meeting minutes and reports n= 5
Others (public journals, press releases) n= 13
(N=76)

Second-round selection for thematic analysis

<table>
<thead>
<tr>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide rich details about (and/or)</td>
</tr>
<tr>
<td>- Policy rhetoric about Pracharath</td>
</tr>
<tr>
<td>- Pracharath policy process (from establishment to policy implementation)</td>
</tr>
<tr>
<td>- Policy negotiation and outcomes of Pracharath committees and taskforces</td>
</tr>
<tr>
<td>- Business interests and policy options</td>
</tr>
<tr>
<td>- Insights on conflicts and compromise</td>
</tr>
<tr>
<td>- Can offer policy and research recommendation</td>
</tr>
</tbody>
</table>
Final result

Official reports (Policy proposal, strategies, action plans, progress reports)  n= 16
Pracharath for Social Development meeting minutes  n= 7
Pracharath for Social Development Taskforce meeting minutes  n= 15
Other Pracharath committee meeting minutes and reports  n= 0
Others (public journals, press releases)  n= 5

(N=43)
Appendix 2: Interview guide

Topic guide for the semi-structured interview

A. Introduction
- General information about this research
- Consent form

B. General information for interviewees
- Personal details including gender, age, job title, workplace, duration of work
- More specific details regarding involvement in Pracharath policies
  - What is your role in the E6 committee?
  - How long have you been involved in Public-Private-People Partnership for Social Development?

C. Guide questions

<table>
<thead>
<tr>
<th>Topics</th>
<th>Interview questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Understanding of Pracharath policy</td>
<td>1.1 What do you understand about Pracharath and Pracharath policy?</td>
</tr>
<tr>
<td>1.1 In your opinion, why did the government introduce the Pracharath policy?</td>
<td></td>
</tr>
<tr>
<td>1.3 What is difference between Pracharath and Prachaniyom (Thakin’s populist policies)?</td>
<td></td>
</tr>
<tr>
<td>2. Membership and the role of public sector/ private sector/ civil society organizations</td>
<td>2.1 How are you and your organization selected/invited to join the E6 committee?</td>
</tr>
<tr>
<td>2.2 Are there any other people on your team?</td>
<td></td>
</tr>
<tr>
<td>2.3 Has your organization ever implemented any projects similar to Pracharath such as pre-existing partnership or related concept - CSR?</td>
<td></td>
</tr>
<tr>
<td>3. Motives and factors that encourage the</td>
<td>3.1 In your view, why did your organization join the E6?</td>
</tr>
</tbody>
</table>
| organizations to join Pracharath policy | 3.2 What are the benefits of being the member of the E6? Do you think it is worth it?  

3.3 Do you think the Pracharath is important for your organization? In other words, if your organization chooses not to join the committee, will it have any effects on your organization?  

3.4 Are there any other factors that have any influence on your organization’s decision to join the Pracharath or implement the selected policy area?  

3.5 Are there any further cooperation with government or other E6 member organizations as a result of joining the Pracharath committee? |
| 4. Responses to and impacts of Pracharath policy | 4.1 What are the policy areas in the E6 that your organization has implemented? Who proposed such an agenda?  

4.2 Could you describe in detail how the mentioned projects work?  

4.3 How did the government support you in implementing such project? Do you feel it is enough?  

4.4 How does being a formal partner of Pracharath make difference on your organization’s ability to propose an agenda to the government? |
| 5. Power dynamics among the state and non-state actors | 5.1 How effective was the E6 as a negotiation platform?  

5.2 What should be improved to make the E6 more effective? |
| 6. Recommendations for further improvement of public-private-people partnership | 6.1 In your view, what are obstacles in putting public-private-people partnership in practice?  

6.2 What are your recommendations in advancing the Public-Private-People partnership for social development in Thailand? |
## Appendix 3: Codebook

The codebook summarizes codes and themes produced throughout the analysis of the study.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
</table>
| Interdependency        | Collaboration | Social policy is not responsibility or priority of businesses, the government thus cannot force them to contribute to Pracharath. The government can only ask for collaboration.  
Formalize businesses and CSOs as social partners  
Businesses make concessions to the government’s request, and vice versa. |
| Freedom to choose (signify business power) | Power of decision (from agenda setting to policy implementation) is mostly in the private sector’s hand.  
Businesses have freedom to choose policy areas to contribute. No penalty if fail to do so.  
Voluntary not compulsory  
Business is a leader while the government assumes a facilitating role, and the people influence is very limited. |
<table>
<thead>
<tr>
<th>Quick results</th>
<th>Power of business in relation to the government: The government depends on businesses to deliver quick results to the public.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quick-win projects</td>
<td>Quick-win policy targets</td>
</tr>
<tr>
<td>Businesses needs the government’ help</td>
<td>Power of the government in relation to business: Businesses depend on the government in doing business in Thailand</td>
</tr>
<tr>
<td><strong>Accommodation</strong></td>
<td>Kreng jai feeling</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Second-best option</strong></td>
<td>The discussion of</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Compromise</strong></td>
<td>Class compromise</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **Reciprocity** | Exchange of favour | Buun Kuln relationship: give and take relations.  
Expect of future benefits from contribution  
Maintain good relations with the government |
|-----------------|-------------------|--------------------------------------------------|
| **Hierarchical network** | Connection and network | Interpersonal relationship e.g.
the selection of board members  
Power networks: strengthen the bureaucracy-business networks and increase private sector’s policy access. |
| **Hierarchy** | Phu yai (those in higher political positions)  
Top-down decision-making process |
| **Elite Dominance** | Political decisions are dominated by small groups of elites especially the military and big businesses  
Voices of the people are less heard.  
Pressure from CSOs is minimal |
<table>
<thead>
<tr>
<th>Policy legacy</th>
<th>Differentiate from Prachaniyom</th>
<th>Highlight sustainability, long-term growth, participatory methods, the philosophy of sufficiency economy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Appeal to the people</td>
<td>Emphasize the importance of the people</td>
</tr>
</tbody>
</table>
Appendix 4: Letter of document request

Date

Name of head of organisation

Address of organisation

Dear

I am Nutrawee Sungthanu, a PhD candidate at the School for Social and Political Science, University of Edinburgh, United Kingdom. I am conducting research to understand the business engagement in social policies and social development programs in Thailand, using the Public-Private-People Collaborative Committee for Social Development (E6) as a case study. The study seeks to understand business’s role and decision to support Pracharath policy and how business, government and civil society collaborate with each other in promoting social development in Thailand.

I am writing to ask for your permission to access hard copy and digital documents related to Pracharath policy and its associated committees. The document would include policy proposal, strategies and action plan, guideline and handbook, reports, press release, power point presentation, for example.

The data will be used anonymously. All the information will be kept in secure password-protected file within the University of Edinburgh’s storage drive by an encrypted memory stick. Only the researcher can access the document files.

Ethical Review

The research has been approved by the School of Social and Political Science Ethics Committee.

Contact for further information

If you have any questions or concerns regarding this research, please contact the researcher via email at s1980987@ed.ac.uk
If you still have further questions or concerns, you can contact my supervisors:

Dr. Jay Wiggan  
Senior Lecturer in Social Policy  
School of Social and Political Science  
j.wiggan@ed.ac.uk

Dr. Daniel Clegg  
Senior Lecturer in Social Policy  
School of Social and Political Science  
Daniel.clegg@ed.ac.uk

School for Social and Political Science, University of Edinburgh

Chrystal Macmillan Building

15a George Square, Edinburgh, EH8 9LD
Appendix 5: Invitation letter for Interview

Subject: Invitation for an interview

Dear

I am Nutrawee Sungthanu, a PhD candidate at the School for Social and Political Science, University of Edinburgh, United Kingdom. I am conducting research to understand the business engagement in social policies and social development programs in Thailand, using the Public-Private-People Collaborative Committee for Social Development (E6) as a case study. The study seeks to understand business’s role and decision to support Pracharath policy and how business, government and civil society collaborate with each other in promoting social development in Thailand.

I am writing to sincerely request your participation in the interview. You have been invited to this interview because of your knowledge, experience, and role in the E6. The interview will be conducted at your convenient date and time between 1st April to 31st July.

The research has been approved by School of Social and Political Science, University of Edinburgh, and already received the ethics approval. All information you provide during the interview will be kept anonymised and confidential. The findings presented in the final thesis will not identify any individual person data. A Participant Information Sheet is attached for your consideration.

Your participation will greatly enhance the quality of the study and advance understanding about business engagement in social policy. If you are able to take part in, please could confirm your participation to s1980987@ed.ac.uk.

Your participation would be highly appreciated.
Yours Sincerely,

(Ms. Nutrawee Sungthanu)

PhD Candidate,

School for Social and Political Science, University of Edinburgh

Researcher: Nutrawee Sunghanu, s1980987@ed.ac.uk

Supervisors: Dr. Jay Wiggan
            Dr. Daniel Clegg
            Senior Lecturer in Social Policy
            Senior Lecturer in Social Policy
            School of Social and Political Science
            School of Social and Political Science
            j.wiggan@ed.ac.uk
            Daniel.clegg@ed.ac.uk

School for Social and Political Science, University of Edinburgh

Chrystal Macmillan Building

15a George Square, Edinburgh, EH8 9LD
Appendix 6: Participant information sheet

Research: Business Engagement in Social Policies: A Case Study of Thailand

1. The purpose of the research

The purpose of this study is to establish an understanding of the business engagement in social policies and social development programs in the Thai setting. It will seek to understand why some businesses actively support particular social policies, while others seem passive. By focusing on the Public-Private-People Collaborative Committee for Social Development (E6), which has been established to exclusively promote collaboration on social development, this research will draw further insights into how to promote the public-private collaboration on social development.

2. About the researcher

Nutrawee Sungthanu, a Thai Royal Government-sponsored PhD student at School of Social and Political Science, University of Edinburgh. The researcher has worked on social policy planning and strategy, affiliated with Office of Permanent Secretary, Ministry of Social Development and Human Security, Thailand. This research is a part of doctoral thesis, which is supervised by Dr. Jay Wiggan and Dr. Daniel Clegg, School of Social and Political Science, University of Edinburgh, United Kingdom.

3. What does the research involve?

This research has involved documentary analysis and semi-structured interviews. A documentary analysis focusing on the official documents related to the Pracharat policy and the E6 committee has been employed to see who is to be included or excluded from the representation and what policy outcomes are as a result of this arrangement. Three selected policies namely (1) the employment of persons with disabilities, (2) the employment of older persons, and (3) the affordable housing for low-income earners have been examined in greater detail to gain insights about the policy preference, agenda setting and policy implementation.

An interview with 30 board members of the E6 from public sector, private sector, and civil society organizations will be conducted to examine the role of the E6 committee as an intermediation platform.
4. To what extent will the interview cover?

You have been invited to take part in the interview because of your knowledge and experience as well as being a formal member of the E6 committee. The interview will be arranged according to your preferred place and time. In case that an interview in person cannot be arranged, the alternative channels including phone, Microsoft Teams or Skype will be used.

The interview questions will cover on the following issues: (1) your roles in the E6 committee and opinions about the Pracharath policy (2) motives and factors that encourage your organization to join Pracharath (3) impacts of Pracharath on your organization (4) recommendations for further improvement of the public-private-people partnership for social development

The interview will last for approximately 40 – 60 minutes. The researcher may take some notes during the process. The interview will be audio-recorded and transcribed. You will have the opportunity to review the transcription of your interview at later date. Prior to beginning the interview, you will be asked to sign a consent form.

5. Risks of participation (COVID-19)

We have taken specific steps to minimise the risk of exposure to COVID-19 during the study by adhering to the most up to date Scottish Government guidance. These measures include maintaining 2 metres social distancing; using face coverings if social distancing of 2 metres cannot be maintained, individuals are not stationary or are in a communal space; avoiding crowded places; cleaning hands and surfaces regularly (or local alternative – add as appropriate). Further, you will only interact with researchers who have experienced no COVID-19 symptoms nor had any known contact with COVID-19 positive individuals for the 14 days prior to the research interaction.

However, even with these control measures, there remains some additional risk of exposure from participating in this study.

Storing contact details

If the research requires you to be in contact with the research team in an indoor space out with our University campus, then you may be required to provide your name and contact details to the managers of that space. If there is no requirement by the managers of that space to provide such information, then for the purpose of NHS Test and Protect (or local equivalent) we will request and store your name and contact details for 21 days after the research interaction. If during this
21 day period, the researcher(s) has a positive COVID-19 test then, if requested, your contact details will be shared with NHS contact tracers, who may then contact you directly. The period of 21 days will ensure full cover of the typical incubation period and additional time during which people may be infectious. This information relating to your name and contact details is in addition to the data collected as part of the research study, will be stored separately from the research data (researcher add in local arrangements), shared with NHS Test and Protect if requested, and the legal basis for collecting these data is substantial public interest.

**What if I am unwell prior to the research interaction?**

If you feel unwell, experience COVID-19 related symptoms, or have been in contact with a COVID-19 positive individual in the past 14 days, then please contact the researcher (Name and telephone), and we will postpone or cancel the research interaction.

**What if I become unwell after the research interaction?**

If you experience COVID-19 related symptoms, and/or have a positive COVID-19 test following the research interaction, please follow the Scottish Government guidance (or local equivalent).

**6. How will the data be used, stored and achieved?**

All your data will be processed and stored in accordance with the General Data Protection Regulation (GDPR) along with the Data Protection Act 2018 (DPA). The project will be also be guided by and adhere to the University of Edinburgh’s data protection guidelines and regulations, see [http://www.recordsmanagement.ed.ac.uk/InfoStaff/DPstaff/DataProtectionGuidance.htm](http://www.recordsmanagement.ed.ac.uk/InfoStaff/DPstaff/DataProtectionGuidance.htm)

All personal details will be kept strictly confidential, stored on password-protected and encrypted devices and/or University secure servers, in accordance with the General Data Protection Regulation, and the latest University of Edinburgh data security protocols.

Electronic data will be uploaded as soon as possible to a secure University of Edinburgh server and stored there for the duration of the project, only accessible to the researcher. All paper records will be transferred to locked storage at the University of Edinburgh [or other location in the field] as soon as practicable. Your Consent Form will be stored separately from your responses.
7. Why is your participation important and how will it benefit for?

Your insight and experience will be contributed to the understanding about social policy preference formation. This will also help the advancement of public-private-people partnership for social development in Thailand.

8. What if I want to withdraw?

Your participation is entirely voluntary and you have the right to withdraw from the process at any stage. If you withdraw from the project all your identifiable data/audio-recorded interviews will be destroyed, but we will continue to use the anonymised data collected up to your withdrawal, and we will maintain our records of your original consent.

9. How will this study be disseminated?

The final thesis will be submitted to the University of Edinburgh (anticipated 2022) and the Office of the Civil Servant Commissions as the funder. The summary of the thesis will be written up separately to the Ministry of Social Development and Human Security as the affiliation of the researcher. The result of the research will be presented to Thailand’s national committers for social development, and for the publication and the conference.

10. Contact for further information

Additional information can be requested to the research.

Researcher: Nutrawee Sunghanu
S1980987@ed.ac.uk

Any concerns about the research can be directed to:

Supervisors: Dr. Jay Wiggan Dr. Daniel Clegg
Senior Lecturer in Social Policy Senior Lecturer in Social Policy
School of Social and Political Science School of Social and Political Science
For general information about how the University of Edinburgh looks after research data go to: https://www.ed.ac.uk/records-management/privacy-notice-research

If you have any queries about how the project data is managed, you can contact the University Data Protection Officer, Dr Rena Gertz, at dpo@ed.ac.uk. See https://www.ed.ac.uk/records-management/about/data-protection-officer

Thank you

Thank you for taking time to read this Participant Information Sheet.

March 2021

School of Social and Political Science, University of Edinburgh

Chrystal Macmillan Building 15a George Square Edinburgh UK EH8 9LD
Appendix 7: Consent form

Research: Business Engagement in Social Policies: A Case Study of Thailand

Please initial each box

If you are happy to participate in the research, please initial each box as appropriate (leave blank any box for which you prefer not to give consent) and then sign this form at the end:

1. The researcher has given me my own copy of the Participant Information Sheet, and I have had the opportunity to read and consider the information.

2. I have been given the opportunity to ask any further questions and have had these questions answered to my satisfaction.

3. I understand that participating in the research include being interviewed and audio-recorded.

4. I have been given information about how my data will be stored and used during and after the end of the research, and I have read and understood this.

5. I understand that my words may be quoted in study reports, academic publications and the researcher’s PhD thesis.
6. I understand that pseudonym will be used and that my personal details will be kept strictly confidential.

7. I agree for the data I provide to be retained by the researcher in secure storage for the duration of the project.

8. I agree that researcher can contact me at a future date should they wish to follow up on this research.

9. I understand that my taking part is voluntary; I can withdraw from the project later, and I do not have to give any reasons for why I no longer want to take part. I have read and understood the Participation Information Sheet about the implications of withdrawing at different points during the life of the project.

10. I understand I can ask for specific quotes or statements not to be used (or to be redacted from the data) if I wish.

11. I am aware that participating in this study at the current time may carry risks in relation to potential exposure to COVID-19, and I understand the steps that have been taken in relation to minimising the risks of exposure and transmission.
12. I understand that if I want to withdraw from the project, I can contact Ms. Nutrawee Sungthanu who will discuss with me how existing data will be managed, as outlined in the Participant Information Sheet.

I agree to take part in this research project

<table>
<thead>
<tr>
<th>Name of research participant</th>
<th>Date</th>
<th>Signature</th>
</tr>
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<tbody>
<tr>
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</table>

<table>
<thead>
<tr>
<th>Name of researcher recording consent</th>
<th>Date</th>
<th>Signature</th>
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</table>
Appendix 8: Covid guidelines for fieldwork

Starting/ Restarting Off-campus Research and Research-related activities: Researcher Checklist (C19)

Study title:

Researcher:

Location of research:

The COVID-19 pandemic has changed the way research and research-related activities (including knowledge exchange and public engagement) are undertaken. The University continues to follow Scottish Government advice as applies to the sector and the procedures for undertaking research and knowledge exchange with human participants will continue to reflect these principles. Any research, including face to face research activities with human participants, must be in harmony with the respective stages of the Scottish Government Route Map, and Scottish Government Guidance for Universities or similar national Public Health guidelines in other countries. At present research-related activities are expected to continue to be undertaken using digital methods whenever possible.

In some circumstances, starting or restarting research activities off-campus may be viable, and this checklist has been developed to support researchers in navigating this new research landscape. The checklist is designed to document the consideration and potential impact of starting or restarting research activities out-with the University campus. The aim of the checklist is to inform the decision as to whether it is viable to start or restart a study, and to identify, document and mitigate risks to the safety of participants (where applicable), and researchers. This does not replace other approval processes including the TRA1-C19 (link), which must be approved by the Head of School (or equivalent), prior to the research starting/re-starting.

In CAHSS this is a mandatory supplementary form to be included with the ethics application form/amendment for review by Research Ethics Committees (this may be uploaded with PIS and consent forms for online forms). Please note that completion of this form should not replace full answers to the ethics application form. Other Colleges please check local requirements.
<table>
<thead>
<tr>
<th><strong>PART A: Study Viability</strong></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
<th>Provide brief detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funder has assessed and agreed to restart (if applicable)</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>Alternative digital approaches to this research have been considered, and are not considered viable</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>The interviews can be conducted via phone or electronic platforms; however, the interviewees are mostly elite businessmen or bureaucrats, face-to-face interviews are preferred.</td>
</tr>
<tr>
<td>The researchers have considered a ‘Plan B’ for the proposed research in the event of an increase in restrictions that will make ‘Plan A’ unviable.</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>If a face-to-face interview cannot be employed, alternative channels such as phone, Skype or Microsoft Team will be used.</td>
</tr>
<tr>
<td><strong>Proposed location, start date and duration of research activity</strong></td>
<td>Bangkok, Thailand</td>
<td>1 April to 31 July (Approximately 4 months)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>PART B: Safety</strong></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
<th>Provide brief detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>The COVID related safety risks inherent in undertaking the trip/activity do not <strong>substantially exceed</strong> the background risk level to which a researcher is likely to be exposed to were they to remain in their study or work base.</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>The interviews will be conducted in a safe and private environment to ensure safe distance as much as possible.</td>
</tr>
<tr>
<td>Prior to meeting research participants, the researcher(s) will confirm with an appropriate colleague (e.g., supervisor, PI) that they have not experienced COVID-19-related symptoms, and have had no known contact</td>
<td>/</td>
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with a COVID-19 positive individual for the 14 days prior to the scheduled research interaction.

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<tr>
<th>Research participants will be advised via the Participant Information Sheet that they (or a representative) should contact the researcher prior to meeting if they have experienced any COVID-19 related symptoms, or have been in contact with a COVID-19 positive individual in the 14 days prior to the scheduled research interaction.</th>
<th>The information will be included and highlighted in the Participant Information Sheet.</th>
</tr>
</thead>
</table>

During the research interactions, risk of exposure to COVID-19 for participants and researchers will be mitigated in line with the most up to date Scottish Government guidance (i.e., physical distancing arrangements, arrangements for hand washing/sanitisation and drying, procedures for cleaning of surfaces and communal areas, avoiding crowded places and minimising group size, use of face coverings (NB if can maintain 2M physical distancing and stationary in a non-communal space then may consider whether face covering is necessary) (or as per local guidance – please provide details and links). We encourage researchers to use the Protect Scotland app (see [link](#)).

<table>
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<tr>
<th>The arrangements will follow the Scottish and Thai Government guidance.</th>
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</table>

Is any researcher or research participant in any of the higher risk Covid-19 groups due to age or health conditions? If “Yes”, please detail why this research is required, and any additional safeguards that may be proposed to provide enhanced protection for any individuals judged to be at increased, but low risk.

| This research does not involve vulnerable individuals. |
|---|---|

In only exceptional circumstances (i.e., clinical need, clear benefit to participant outweighs risks, and approved by both School and College CRO –

| --- | --- |
CAHSS.res.ethics@ed.ac.uk) should research involving vulnerable individuals be undertaken (including those who are in a shielding category participants, in long stay residential settings with multiple residents), consistent with ACCORD guidance the researcher must have undergone a COVID-19 test within the 7 days prior to the scheduled research interaction which is negative. (NB there is no University-wide facility for testing, so this will need to be addressed locally).

<table>
<thead>
<tr>
<th>If the research is undertaken in an indoor space, then the researcher should confirm if the managers of that space will collect details for the purpose of NHS Test and Protect (or local equivalent). If there is no requirement by the managers of that space to collect such information, then the researcher should request and store the participant’s name and contact details for 21 days after the research interaction for the purpose of Test and Protect. If the researcher subsequently tests positive for COVID-19 then they will be able to provide information regarding the research interaction to contact tracers. This information is in addition to the data collected as part of the research study, and should be stored separately from the research data (local arrangements TBC). The participant should be informed of this requirement in the PIS (see below).</th>
</tr>
</thead>
<tbody>
<tr>
<td>The researcher will ensure the participant has the researcher’s contact details, which can be shared with NHS Test and Protect if the participant experiences any COVID-related symptoms following the interaction.</td>
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</table>
The researcher will monitor the local COVID-19 related guidance, and adjust or suspend the research in line with these requirements. If the guidance is unclear, then researchers should discuss the changing guidance with colleagues (including, if appropriate, Health and Safety) and document the decision making. This may require further adjustments to risk assessments and insurance approvals, and updating the School given the fluidity of the situation.

<table>
<thead>
<tr>
<th>Have updates been made to the study protocol/other study documents (including Participant Information Sheets and Consent Forms) to incorporate additional risk and safety measures required? (see Appendix 1 below for suggested text)</th>
</tr>
</thead>
</table>

CI/PI Signature (*delete as appropriate*): __________ Nutrawee Sunhthanu__________

Date: ______22 March 2021________

**Useful resources to support decision making:**

Support for Early Career Researchers on ERO website

Support for Research during Covid Hub ([SERCH](#))

**Additional standardised text to be added to PIS and Consent Forms for COVID-19 ethical amendment/ new ethics application for research projects involving interaction with human participants**

N.B. this is suggested text, and language may be modified to suit the participant population. This information should be read in conjunction with the relevant Research Checklist C19.
Participant Information Sheet

Risks of participation (COVID-19) (insert after other section on risks of participation)

We have taken specific steps to minimise the risk of exposure to COVID-19 during the study by adhering to the most up to date Scottish Government guidance. These measures include maintaining 2 metres social distancing; using face coverings if social distancing of 2 metres cannot be maintained, individuals are not stationary or are in a communal space; avoiding crowded places; cleaning hands and surfaces regularly (or local alternative – add as appropriate). Further, you will only interact with researchers who have experienced no COVID-19 symptoms nor had any known contact with COVID-19 positive individuals for the 14 days prior to the research interaction.

{If you are a participant who is deemed at higher risk, but exceptionally the research is justified as there is either a clinical need or the benefits outweigh the risks, then researchers will have tested negative for COVID-19 in the 7 days prior to the research interaction.}

However, even with these control measures, there remains some additional risk of exposure from participating in this study.

Storing contact details (on campus)

If the research requires you to be a visitor in our University Buildings, then for the purpose of NHS Test and Protect we will request your name and contact details and store these for 21 days after the research interaction. If during this 21 day period, the researcher(s) has a positive COVID-19 test then your contact details will be shared with NHS contact tracers who will then decide if they will contact you. The period of 21 days will ensure full cover of the typical incubation period and additional time during which people may be infectious, to allow for testing and contact tracing. This information is in addition to the data collected as part of the research study, will be stored separately from the research data (researcher add in local arrangements), shared with NHS Test and Protect if requested, and the legal basis for collecting these data is substantial public interest.

Storing contact details (off campus)

If the research requires you to be in contact with the research team in an indoor space out with our University campus, then you may be required to provide your name and contact details to the managers of that space. If there is no requirement by the managers of that space to provide such information, then for the purpose of NHS Test and Protect (or local equivalent) we will request
and store your name and contact details for 21 days after the research interaction. If during this
21-day period, the researcher(s) has a positive COVID-19 test then, if requested, your contact
details will be shared with NHS contact tracers, who may then contact you directly. The period of
21 days will ensure full cover of the typical incubation period and additional time during which
people may be infectious. This information relating to your name and contact details is in addition
to the data collected as part of the research study, will be stored separately from the research data
(researcher add in local arrangements), shared with NHS Test and Protect if requested, and the
legal basis for collecting these data is substantial public interest.

What if I am unwell prior to the research interaction?
If you feel unwell, experience COVID-19 related symptoms, or have been in contact with a
COVID-19 positive individual in the past 14 days, then please contact the researcher (Name and
telephone), and we will postpone or cancel the research interaction.

What if I become unwell after the research interaction?
If you experience COVID-19 related symptoms, and/or have a positive COVID-19 test following
the research interaction, please follow the Scottish Government guidance (or local equivalent).