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# POLITICAL RISK FACTORS AFFECTING THE ECONOMY OF THAILAND

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## Abstract

The objective of this paper was to study the problems, relationships, approaches for the prevention and problem solution political risk factors affecting the economy of Thailand. The research results revealed that the problems of political risk factors and their impact on the economy of Thailand were entirely at the high level. The relationship of political risk factors affecting the economy of Thailand was found to be positively correlated with the statistical significance at .01 level. The approaches in preventing and solving political risks affecting the economy of Thailand were to reduce the creation of political division, to focus on building attitudes, beliefs, and good political culture for people with the measures to reduce gathering and political movement.

**Keywords:** Political Risk, Economy, Local Development, Thailand

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## Introduction

The world in the 1990s international politics began to show the sign of declining focus on “nation state” and “nationalism” but focusing more on bilateral integration. It is not only necessary to have a basic understanding of ASEAN and each member country but it is needed to understand historical background in order to find common solutions to the issues that the member countries are still in conflict with. With this solution, people can live altogether peacefully and have more power to negotiate for the international relations arena in the modern world and multilateral. The common goal is to develop into a community as same as the European Community which defines the pillars of political, security, social, cultural, and economic cooperation (Petchvichit, 2017: 75).

Thailand is in a political crisis causing an impact on the nation and Thai citizens very much both economically and socially. Especially in terms of division and disharmony of people in society, Thailand lacks love and national unity. It destroys the image of Thailand in the world society. The situation of conflicts among the masses of different groups or conflicts that arise with the government often require politicians or political groups to support or lead the masses to conflict. The crisis continued until 2010 (Suksai, 2010: 2). International political economy was used as a tool for understanding international political economy through the relationship between the market and the power or state. The elements of values, including social values, must be taken into account. The consideration of international political economy does not only cover economic dimensions but it also covers the political dimension and the society affecting the economic dimension (Crain & Tollison, 2010). Political economy is also related to international political economy. It can be applied to explain different perspectives, such as the new theory of realism. It can be used to explain the truth paradigm in international political economy in terms of the relationship between the historical development of international economic relations and war. It is part of the influence of superpowers in the regulation of the global and political economy (Kat, 2015). This is also directly related to the study of international political economy which focuses on market-state relations, promotion and support on the state in the areas of international trade, monetary, and fiscal markets including the restructuring of international commercial and financial institutes in the era of globalization and capitalism (Konings, 2010).

An important turning point that causes change in the direction and goals of national development is the economic crisis that causes a rethinking of the direction and goals of developing a new country (Mutthakalin, 2015: 62). The establishment of political group is from seeing the same goals with the desire to have an effect on their own group and society (Dumalee & Suttijaree, 2012: 40). The grouping of people is influenced by government projects that affect the group causing the group to form an agglomeration (Buranrak, 2005: 69). The structure of the group has a relationship between the environment and the context of the area, such as society, politics, economics, and culture directly affecting the group's integration (Pintobtang & Unno, 2000: 14). Grouping aims at resisting the power of an authority or state by creating alliances to expand the base of the group to be stronger (Buranrak, 2005). Joining the group for the movement comes from the awareness of people's citizenship rights (Wiphatphumiprathet, 2013: 63). Movements are often directly affected by the effects of government policies (Wattanasiri, 2003: 81, and the impacts are on the economy, societies, and environment of the area are therefore called for (Sangkhatip, 2003: 73). Social movements often have obstacles, such as reducing number of members, unable to resist power and unable to cope with the potential of states or power groups (Samona, 2014: 10). The socio-economic stability may be a factor related to people's happiness including having security in life, having warm family, strong community, and good environment (Wachirakajorn, 2010). There are political conflict, cultural conflict, beliefs, values, differing opinions, unfair development conflict, distrust of justice and conflict of government actions.

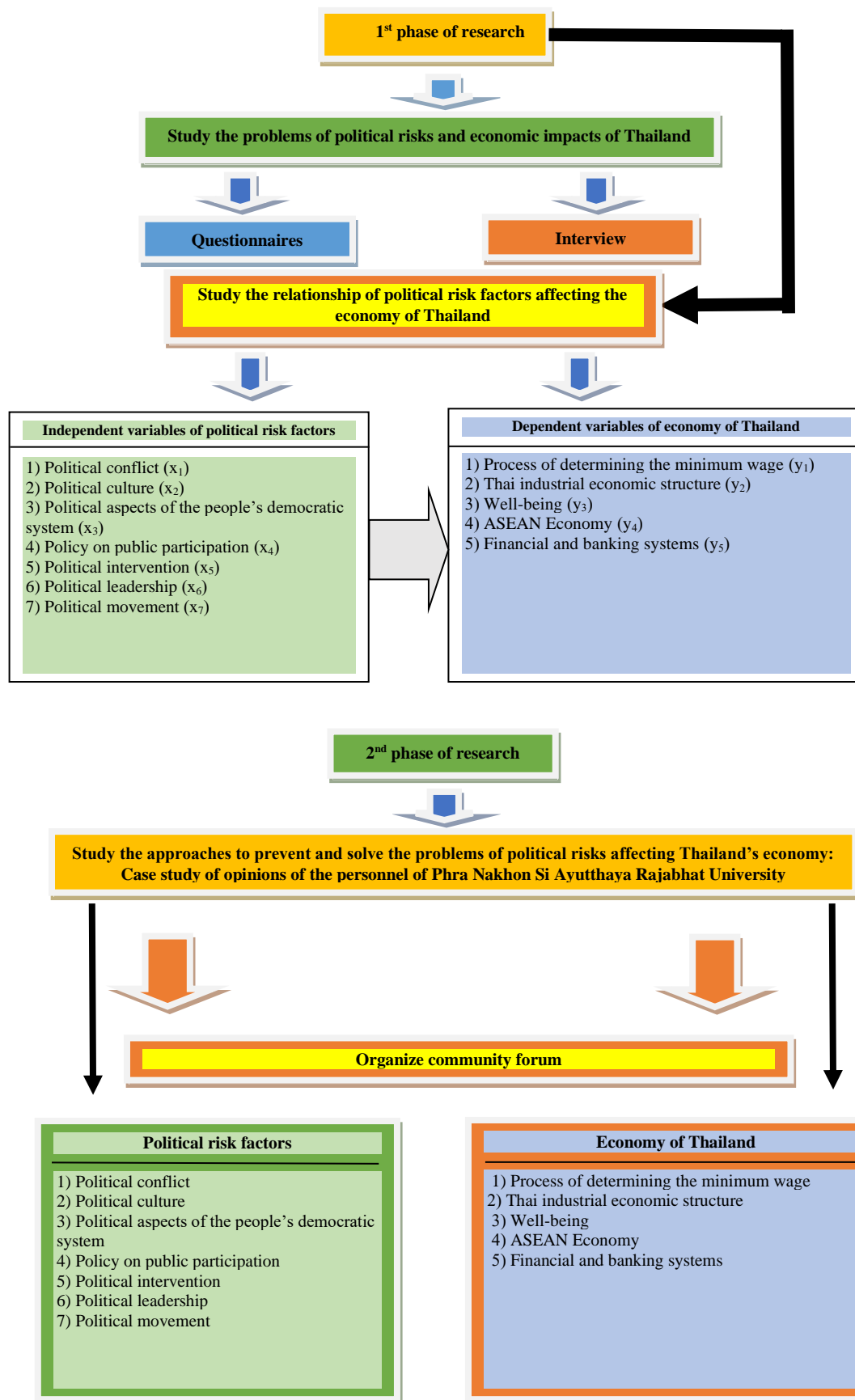
The relationship between political conflicts affect political development in terms of equality of the political system division of the political structure. The conflicting problems in Thai society towards political development encourage people to participate in politics in a more democratic regime to build knowledge and understanding of different opinions. The reconciliation and unity can be created among people in the nation (Klangphet, 2013: 69).

From the background and problems mentioned above, the researcher therefore studied the political risk factors affecting the economy of Thailand. The research questions are for studying the problems of political risk factors and their impact on the economy of Thailand. The relationship of political risk factors affects the economy of Thailand and finds good forecasters. The approaches for preventing and solving political risks that affect the economy of Thailand and local development caused by political risks that affect the Thai economy are in 5 areas; process of minimum wage definition, Thai industrial and economic structure, well-being, ASEAN Economics, financial and banking system. It can also be used as a policy or strategic plan information to improve and develop services and tourist attractions in order to increase economic value to be more efficient in the current political risk environment.

### **Literature Review**

The researcher reviewed the literature on risk crisis management, risk crisis management of Thailand, relationship between politics and economy, political concepts, political conflicts, political culture, people's politics in democracy policy, public participation, political intervention, political leadership, political movement, concept of Thailand's economy, process of determining minimum wages, economic structure of Thai industry, well-being, ASEAN economics, financial and banking systems and related researches.

## Research Conceptual Framework



**Figure 1** Research Conceptual Framework

## **Research Methodology**

In this study, the researcher used the methodology in conducting the research as follows:

### **Study the problem of political risks, economic impacts, and relationship of political risk factors affecting the economy of Thailand**

Population and sample group: The population used in this research consisted of administrators, personnel, officers and people in Phra Nakhon Si Ayutthaya Province from 16 districts totaling 266,483 persons. The sample groups used in this research were administrators, personnel, officers and people in Phra Nakhon Si Ayutthaya Province from 16 districts. The sample group was calculated using Yamane's formula (Yamane, 1973: 125) to obtain the sample group of 400 persons.

Data Collection: The tool used in this research was the questionnaire which was divided into 3 parts detailed as follows: Part 1: Questionnaires on the personal status of the respondents including position, educational background and work experience. Part 2: Questionnaires on political risk problems in Thailand using the 5-level estimation scale model of Likert. Part 3: Questionnaires on Thailand's economic impacts using the 5-level estimation scale model of Likert. The researcher used the questionnaires to ask for cooperation in data collection. The appointment was made to collect questionnaires within the specified time. The researcher sent and collected some questionnaires from the target group by postal mail and manually in some sets.

Data Analysis: The questionnaires in Part 1 analyze the characteristics of the respondents by finding the frequency distribution and percentage. For the questionnaires in Part 2 and Part 3, the data was analyzed by means of mean and standard deviation. The relationship between forecast variables and the criteria variables was found including political risk factors using Pearson's simple correlation coefficient.

### **Study the approaches to prevent and solve the problems of political risks affecting Thailand's economy: Case study of opinions of the personnel of Phra Nakhon Si Ayutthaya Rajabhat University**

Key informants: The researcher identified the key informants in the supervision of Phra Nakhon Si Ayutthaya Rajabhat University. They were divided into 3 groups with specific choosing, namely 10 academic personnel, 10 support personnel, 10 people, totaling 30 persons.

Research Tools: This research is a qualitative research using the interview which is the in-depth interview with structured interview form. The researcher selected the research tools by creating an interview form as a conversation aiming to obtain pre-defined information. There was the interviewer to ask questions and the interviewees would answer the questions. The interviewer would take the notes using a tape recorder to record the answers and the questions. The researcher used a structured interview having 5 experts to inspect and consider the quality of the equipment and interview. This was an in-depth interview using Structured Interview and face-to-face interview. Questioning aimed to give the interviewees the best information. Recording during the interview would record in two ways. The sound recording was to record from the beginning until the interview was completed. In recording by taking notes, the interviewer would record important points from the interviewees, transcribed, and validated. The interview was printed as memo and all contents were reviewed.

Data Synthesis: The triangulation was used with several groups of informants by comparing interviews from 2 groups of related persons, namely academic personnel and support personnel to verify if the informants were changed, the information would be the same or not.

## **Research Finding**

The results of the study of political risk factors and their impact on the economy of Thailand revealed that the overall level was at a high level. when considering each aspect The averages

were sorted from least to greatest, i.e. on political intervention. political movement political leadership People's Politics in Democracy Policy on Public Participation political conflict political culture and The level of opinion about the impact on the Thai economy was found that the overall level was at a high level. when considering each aspect The order of averages from lowest to highest is the process of setting the minimum wage. financial system and banking ASEAN Economics In terms of economic structure, Thai industry in terms of well-being.

There were correlations of political risk factors affecting the economy of Thailand and searching for good forecasters. It was found that the correlation coefficient between the forecasters was the level of political risk in 7 areas, namely political conflict, political culture, people's politics in democracy, policy on public participation, political intervention, political leadership, and political movements. There was a positive correlation with the criterion variable, namely the economic impact of Thailand. The statistical significance at the .01 level was the highest value of 0.640 and the lowest value was 0.333. All forecast variables had positive correlation statistically significant at the .01 level.

The approaches to prevent and solve political risks that affect the economy of Thailand were to reduce political division, focus on building an attitude and good political culture beliefs for people allowing people to participate in political power, provide opportunities for people to participate in political policy making. The form of decentralization of government was used. The government should create political leadership to manage the country with transparency. There were measures to reduce the gathering of political movements of the people. The law was used to control the political movement of the people. Thai industrial economic structure should be improved to be suitable for the current political crisis, promote careers and business operations of the people. There was planning and formulation of ASEAN economic policies in Thailand during the political crisis to provide financial and banking services to all sectors with flexibility in the financial and banking system.

## **Conclusion and Discussion**

The results of the study of political risk factors and their impact on the economy of Thailand revealed that the overall level was at a high level. when considering each aspect The averages were sorted from least to greatest, i.e. on political intervention. political movement political leadership People's Politics in Democracy Policy on Public Participation political conflict political culture and The level of opinion about the impact on the Thai economy was found that the overall level was at a high level. when considering each aspect The order of averages from lowest to highest is the process of setting the minimum wage. financial system and banking ASEAN Economics In terms of economic structure, Thai industry in terms of well-being. This is possibly because at present there is still problem of political intervention. Some groups of people are still against the government causing political movement. There may be some political parties that lack political leadership, lack of building knowledge and understanding of people's politics in democratic regimes, policies on people's participation not reaching the rural areas. There is corruption in every organization, improper use of power by political parties. The problem of inequality in society use political violence. The clashes result in both political and economic consequences. In addition, the crisis situation from Covid-19 caused the Thai economy to stall. It affected the income of the people. Many businesses had to close. People trade was more difficult. More people are unemployed. More and more people are infected. People have expressed their opinions on the administration that draws political information to connect with government administration with impact on society, politics, and economics in various dimensions. This causes political conflicts between political parties and people in Thailand. Wirattanachaiwan (2007: 63) studied the factors affecting the economy on the Thai-Myanmar border in Mae Sai District, Chiang Rai.

The results showed that factors affecting the economy on the Thai-Myanmar border were at a high level.

It was also found that political risk factors affecting the economy of Thailand and searching for good forecasters found that the correlation coefficient between the forecasters was the level of political risk in 7 areas. They were political conflict, political culture, people's politics in democracy, policy on public participation, political intervention, political leadership, and political movement. There was a positive correlation with the criterion variable, namely the economic impact of Thailand. The statistical significance at the .01 level was the highest value of 0.640 and the lowest value was 0.333. All forecast variables have positive correlation with statistically significant level of .01. Political risk factors affect the economy of Thailand. This can be seen from frequent presentations of political and economic news. The election of the political party is based on the policies of each party and the proposal when becoming a politician and how it will help the people. Therefore, there must be political competition for power.

People's political participation has a huge impact on Thailand's economy today. If a political party cannot lead people to have the quality of life they can get, it is the failure of the administration and governance of the country. Political conflicts can lead to economic downturns. It affects capital and Thai economic system. Declaring one's affiliation with a political party must also consider the popularity of the person who is related to each other. Thamrongthanyawong (1999 cited in Petsuksiri, 2008: 174-175) summarizes the work of various scholars. There are a large number of factors that indicate a positive effect on a person's political participation as an individual; 1) Factors of interest or engagement with elections or politics have positive correlation to the use of political parties in the right to vote. 2) Regarding the factors for declaring one's affiliation with a political party, those who declared themselves to be affiliated with a political party were more interested in participating in politics than those who did not declare themselves. 3) For age factor, older people or seniors were more likely to join a political party more than the younger or the young people. 4) For factors of personal popularity in political competition, if a person is popular with a particular person in a political contest, he wants to be elected to his or her favorite person. Therefore, it shows more political participation than those who are not popular with any particular person. 5) Factors of socio-economic status and education are closely related to level of political engagement. 6) For gender factors, males, in particular, are more politically involved than females as a result of the socialization process that makes them the dominant gender in all respects. Females become the followers. Sucharitkul (2011: 179) studied the Thai political crisis of 2010 in the context of mental health surveillance. The results showed that from the confidence test of the political mood assessment questionnaire, the assessment scores were at a good level of 10-11 ( $Q = 791$ ) and there was a correlation between each question and the total score of other items (Corrected Item-Total Correlation; CITC) to pass the criteria suitable for collecting the data. For the relationship between the number of the sample group's feelings towards the political situation and political mood, the positive correlation was found with statistical significance at 0.01 ( $r = 0.148$ ) or those who answered more than 1 question.

Among the choices were boredom, unwilling to know/depressed, sad, depressed/angry, angry, hate/worried, confused. They had higher level of political mood than those who answered the lower number of choices. However, the  $r$ -value was low, with a positive correlation, but not at a high level. These factors have a positive correlation with political participation as follows: 1) the need to be socially connected with others; 2) the need to get to know important people; 3) the need to do something beneficial; 4) the need to gain power; 5) the need to gain influence; 6) the need for honor and dignity; 7) the need to satisfy a mental state; 8) the need of higher income. Puapan (2010: 81) studied the impact of capital flows

within ASEAN+3 countries to the Thai economic system and member countries. The results showed that case of Thailand, direct investment from ASEAN+3 Member Countries had significant correlation with the gross domestic product (GDP) expansion rate.

The approaches to prevent and solve political risks that affect the economy of Thailand are to reduce political divisions, focus on building an attitude of good political culture beliefs for people, allow people to participate in political power, provide opportunities for people to participate in political policy making, use the form of decentralization of governance to the people. The government should create political leadership to manage the country with transparency. There are measures to reduce the gathering of political movement of people using the law to control the political movement of the people. Thai industrial economic structure should be improved to be suitable for the current political crisis promoting careers and business operations of the people. There is planning and formulation of ASEAN economic policies in Thailand during the political crisis. This can provide financial and banking services to all sectors with flexibility in the financial and banking system

### **Recommendations**

- 1) The current struggle for political power among political leaders and government leaders cause political interference. There should be planning and preventive policies to prevent political conflicts.
- 2) There should be a forum for continual public political rallies in Thailand and go into rural areas.
- 3) Political leaders should play responsible role in the state apparatus with enthusiasm about work. The most importance is the ability to make decisions in solving crises quickly.
- 4) People should be allowed to participate in the determination of power structures in both the government and social sectors in a democratic system.
- 5) The operation of all forms of community groups should support to be able to express opinions and propose the needs of the local community.

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**Data Availability Statement:** The raw data supporting the conclusions of this article will be made available by the authors, without undue reservation.

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