ENDORSEMENT PAGE

This under graduate thesis entitled:

THE IMPACT OF 300-BAHT MINIMUM WAGE AS THE POLICY OF 2012 – 2014 GOVERNMENT TOWARD FOREIGN INVESTMENT IN THAILAND

By

NIKSOFIA SULAIMAN

20130510525

This undergraduate thesis has been examined and endorsed by the board of examiners from the Department of International Relations, Faculty of Social and Political Sciences, Universitas of Muhammadiyah Yogyakarta.

On

Day/Date: Wednesday, 03 May 2017 Time: 08:00 A.M. Place: Simsid

Acknowledged by:

Advisor/Chef of examiner

Dr. Surwandono, M.Si

Examiner I

Examiner II

Siti Muslikhati, SIP, M.Si

Drs. Djumadi M. Anwar. M.Si

STATE OF ORIGINALITY

This is certify that to the best of my knowledge, the content of this thesis my own work. This thesis has not been submitted for any degree or other purpose.

I certify that the intellectual content of this thesis is the product of my own work and that all the assistance received in preparing this thesis and sources have been acknowledged.

Yogyakarta, Wednesday, 03 May 2017

Niksofia Sulaiman

ΜΟΤΤΟ



"Corruption has appeared in the land and sea, for that men's own hands have earned, that He may let them taste some part of that which they have done, that haply they may return"

(Quran 30:41)

The most successful people in the world have made many mistakes and

experienced far more failure than the rest.

คนที่ประสบความสำเร็จมากที่สุดในโลก

คือคนที่พบเจอความผิดพลาดและความส้มเหลวมามากกว่าคนอื่น (KUSHANDWIZDOM)

Do not allow what you cannot do, interfere with what you can do.

You can reach your dreams faster doing things you're good at.

้อย่าปถ่อยให้สิ่งที่คุณทำไม่ได้มาเป็นอุปสรรกในการทำสิ่งที่คุณทำได้คุณสามารถเอื้อมคว้าความฝันให้เร็วขึ้

นได้หากเลือกทำในสิ่งที่คุณรัก

(KUSHANDWIZDOM)

ACKNOWLEDGEMANT

Along with the completion of thesis undergraduate thesis, there are a lot of people's support and assistance. I would like to extend my deep gratitude to:

- Dr. Surwandono, M.Si, as my supper advisor and kind hearted advisor. Although I need months to shape theoretical framework and bring it out logically to the analysis, he is always assists, guides, and giving ideas to me with patience. Thank you so much.
- Siti Muslikhati, S.IP.,M.Si. as my first examiner, Drs. Djumadi M. Anwar, M.Si. as my second examiner who helps me in deeping and focusing my understanding. Thank you so much.
- 3. Sugeng Riyanto, S.IP., M.Si. as the advisor of Thai's student in UMY
- 4. To all my great lectures of IPIREL
- 5. My Language Miss Ika Puspita Rini consultant, I will never forget how she corrected my undergraduate thesis. She tried to understand my English which was not very clear. I believe when she checked my undergraduate thesis. She was really confused.

THANKS TO

Alhamdulilahhirabbil'alamin, highest praise and thanks to Illahirobbi because of Him I can pass all these and finish the final duty which entitles "The impact of 300-baht minimum wage as the policy of 2012-2014 government toward foreign investment in Thailand" well.

My deepest appreciation goes to Dr. Ir Gunawan Budiyanto, M.P (The Rector of Universitas Muhammadiyah Yogyakarta), Dr. Ali Muhammad,M.A., Ph.D (The dean of faculty of Social and Political Science), Dr. Nur Azizah, M.Si. (The head of International relations department), Siti Muslikhati, S.IP.,M.Si. (The secretary of International relations department) Dr. Surwandono, M.Si. (The advisor).

Thanks to my family. My beloved parents and my aunt (Mr. Nikharess Sulaiman, Mrs. Rassamee Sulaiman and Ms. Nareeman Hazanee) who have encouraged to me beside each other and they are always pray for me. As well as my research is completed and totally struggle for my living and future, so that I can reach to this level. There is no enough word to describe my grateful feeling to you, and I pray to Allah to love you them and make them happy till the end, Amin. For my dear brother (Mr. Nikmuhammadabadi Sulaiman) and additional large family that have been by caring and praying for each other.

Thank you very much to my friends and association especially Thai student association of Yogyakarta (SANTAI) especially for generation 5 UMY and The big family of International relations Class Community especially classmate in IC J 2013 and Islamic World, thank you for the wonderful days, precious experiences and lessons, the laugh and sadness that we have shared together for almost 4 years, the support and motivation to improve myself. Say thank you to Dipra as first Indonesia friend, Revlinur Rahmawati and Fiskatia they is my close friends at KKN and all who hand to me. Thanks to my junior and my friends, who have been with me though the hard times and hard road, and laugh and sadness that we have shared together for almost 4 years we will never be part especially Sarihan Ayae and Murchit Apichat they still beside me when I have problem.

My undergraduate thesis will be late of not supported by lovely senior Lutfee Abdulmani who have been give me help and suggested me the title of this undergraduate thesis. Thank you very much.

Niksofia Sulaiman

TABLE OF CONTENTS

| COVER PAGE | i |
|----------------------|------|
| ENDORSEMENT PAGE | ii |
| STATE OF ORIGINALITY | iii |
| МОТТО | iv |
| ACKNOWLEDEGMENT | V |
| THANKS TO | vi |
| ABSTRACT | viii |
| TABLE OF CONTENTS | ix |

CHAPTER I: INTRODUCTION

| A. Problem Background1 |
|---------------------------------------|
| B. Research Question |
| C. Theoretical Framework |
| 1. Political System6 |
| 2. Wage Theory10 |
| 3. Foreign Direct Investment Theory12 |
| D. Hypothesis |
| E. Method to Collect Data18 |
| F. Objective of research19 |
| G. Scope of Research |

| H. System of Writing1 | 9 | | | |
|--|---|--|--|--|
| CHAPTER II: GENERAL CONDITION OF LABOR IN THAILAND | | | | |
| A. The History of Labor22 | 2 | | | |
| B. General condition of labor in Thailand25 | 5 | | | |
| C. Waging Problem in Thailand34 | 4 | | | |

CHAPTER III: THE DYNAMICS OF 300-BAHT MINIMUM WAGE AND THE IMPACT OF THAI GOVERNMENT POLICY

| A. Minimum wage 300 baht |
|--|
| 1. Minimum wage 300 baht |
| 2. Thailand increase in minimum wage |
| B. The impact of Thai government policy |
| 1. The effects of the 300 Baht Minimum Wage Policy |
| 2. The effect to entrepreneur and labor40 |
| 3. The impact on the manufacturing sector |
| and the service sector41 |
| 4. Labor Cost |
| 5. The impact of investment43 |
| |

CHAPTER IV: THE IMPACT OF THE 300-BAHT MINIMUM WAGE POLICY IN THAILAND

| A. | Improving the a quality of labors life to the labor but effecting directly |
|----|--|
| | to entrepreneurs and making international workers |
| | fled to Thailand45 |

| B. Domestic investors and international investors and national | al companies |
|--|--------------|
| move to another country | 49 |

CHAPTER V: CONCLUSION

| CONCLUSOIN | |
|--------------|--|
| BIBILOGRAPHY | |

APPENDIX