

Chapter : 6

Wage theory





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❖ Learning objectives

- **1. To provide students with knowledge of the meaning Purpose of wages**
- **2. To know the nature of wages and wage policies**
- **3. To understand Factors influencing wages, benefits and wage rates to be applied in daily life.**

Meaning of wages

Wages within the meaning of the Labor Protection Act

“**Wages**” are money paid by an employer in return for work performed by an employee.

May be called different names.

such as **salary**

cost of living

allowance

diligent allowance

child allowance, etc.



Wages within the meaning of the Labor Protection Act 1998

Section 5

“Wages” under the Labor Protection Act B.E. 2541, section 5, gives the definition that

“Wages” means money that an employer and an employee agree to pay as compensation for work under an employment contract for normal hours of work on an hourly, daily, weekly, monthly or other period, or paid on a performance basis. which an employee can make during normal working hours on a working day and shall include money paid by an employer to an employee on holidays and leave that the employee does not work but the employee is entitled to receive under this Act.

Objectives of wage/compensation determination

- 1. To suit the responsibilities of each position.
- 2. To attract knowledgeable people to enter the agency and remain in the organization forever
- 3. As a reward for performance
- 4. Promote morale and morale in work
- 5. Facilitate personnel management



Nature of payment

- **"Working day wages"** means wages paid for normal full-time work.
- **"Minimum Wage Rate"** means the wage rate set by the Wage Committee under this Act.
- **"Basic Minimum Wage Rate"** means the wage rate set by the Wage Committee to be used as the basis for determining the minimum wage rate.

Nature of payment

- **"Overtime work"** means working outside or exceeding normal working hours or exceeding the daily working hours agreed upon by the employer and employee under section 23. on working days or holidays, as the case may be
- **"Overtime pay"** means money paid by employers to employees in return for overtime work on a working day.
- **"Holiday overtime"** means that Money paid by employers to employees in return for overtime work on holidays.

"Wages" according to the Labor Protection Act

- From the law The word "**wages**" according to the Labor Protection Act
Therefore, there are important components that are
- 1. Must be the money that the employer and employee agree to pay.
- According to current law Only wages are paid in cash, so other non-monetary benefits are not considered wages, such as: Vehicle, uniform, accommodation, insurance, safety equipment, shoes, gloves

- **The legal agreement does not prescribe a set of criteria. Therefore, an agreement, whether oral or written, or either by behavior or implicitly**
- **The payer must be the employer The recipient must be an employee. Therefore, another person or person who is not authorized or has the power to act on behalf of the employer, unable to pay wages on behalf of the employer, is not considered wage payment. Or pay by other methods without the employee not agreeing with It is not considered a legitimate payment or receipt of wages. except the inheritance of the heirs**

2. In case of payment as compensation for work under an employment contract

- It is paid in return for the work of the employee as agreed in the employment contract. According to that position Paying for other purposes
- Not considered wages, such as paid for welfare as an incentive



Compensation for work

In the event that it is considered to be paid in return for work such as

- Cost of living That is paid regularly, of course, every month
- Allowance for working in other provinces and accommodation for employees working in other provinces by paying a fixed amount on a monthly basis
- Gasoline, telephone charges lump sum payment every month
- Sales compensation Pay a percentage of the sales made each month on a monthly basis, depending on the sales made each month. regarded as wages

If not considered paid in return for work

In the event that payment is not considered in return for work such as

- - **Special allowance**
- - **Provincial allowance** that the employer pays to the employee when leaving to work in other provinces when the commander orders from time to time
- - **Living expenses** that the employer gives to the employee during the business cessation.

- **- In the case of welfare paid as an incentive to work or paid as an expense for work, it is not considered to be paid in return for work, not as wages, such as house rent welfare, accommodation allowance for employees who do not have their own accommodation, additional incentives to work in return for the virtue of employees**
- **- Additional money that the employer agrees to pay to employees who do not absent from work in a month, diligence allowance, entertainment allowance, tax and social security payments.**
- **- Allowances and house rent that the employer pays to employees are paid as welfare benefits for gas, accommodation. , subsidy for electricity bills, money for water and electricity bills The amount that the employee can withdraw must have a receipt to show and can withdraw not more than the amount specified by the employer.**

3. Pay in return for normal working hours.

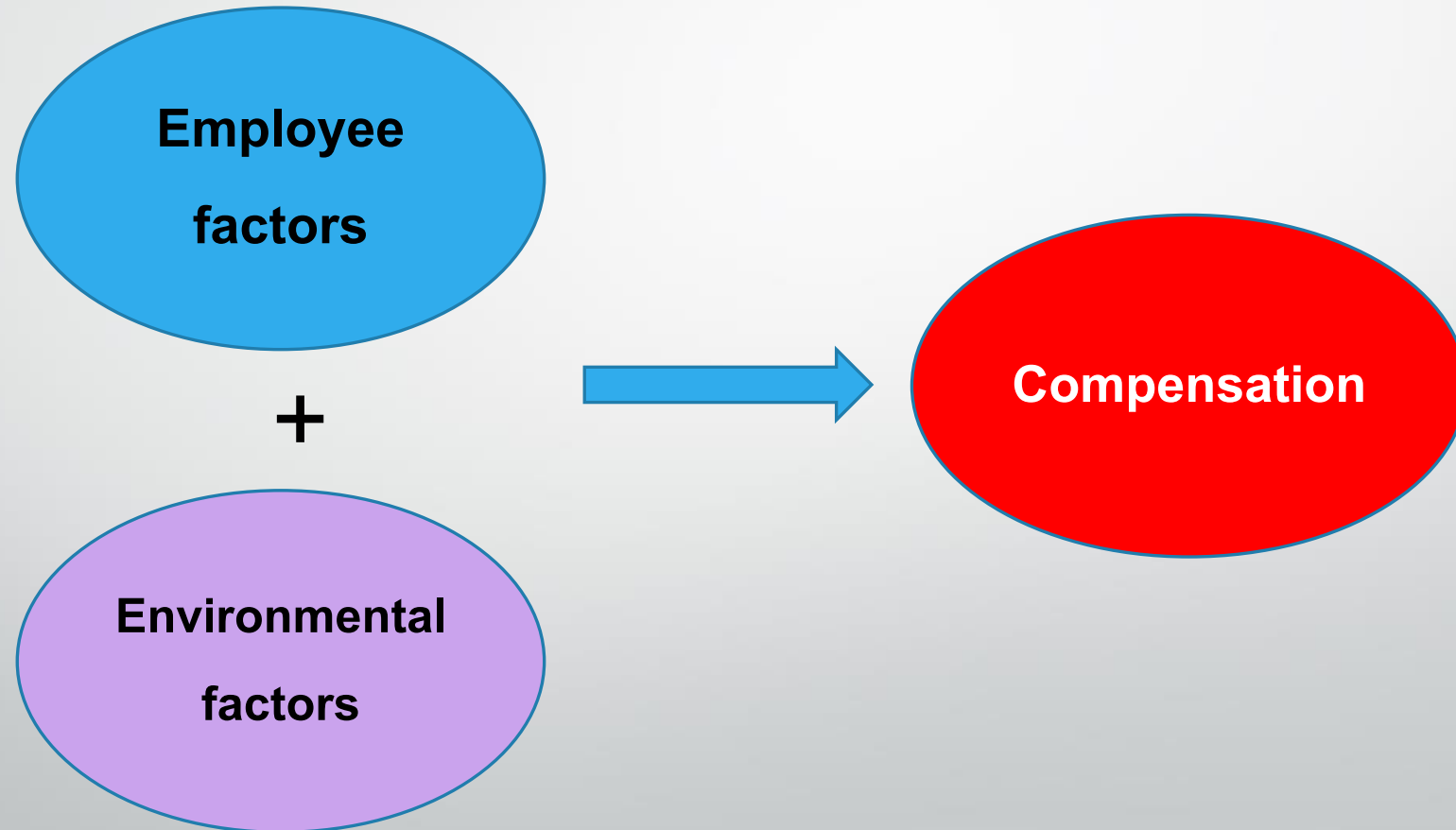
- Paid in return for a normal period of work.**

It is money paid in return for work during normal working hours only, may be daily, weekly, or monthly or according to the results according to the length of time worked on a normal working day Any other money paid outside normal working hours are not considered wages. such as overtime pay, holiday pay, etc.

Guidelines for formulating a wage/compensation policy

- 1. Set a compensation plan in advance.**
- 2. Determine the level of remuneration relative to the market.**
- 3. Separating tasks from operations**
- 4. Adhere to the principle of equal work, equal compensation.**
- 5. Adhere to the principles of justice in paying compensation.**
- 6. Personnel and trade unions should be recognized in the compensation process.**

Factors influencing wages/compensation



Benefits of wages

- **Including wages / compensation that the organization provides to workers in addition to salary wages**
- **It is wages/remuneration provided by the organization to encourage better work or to provide workers with feeling of stability in working with the organization**

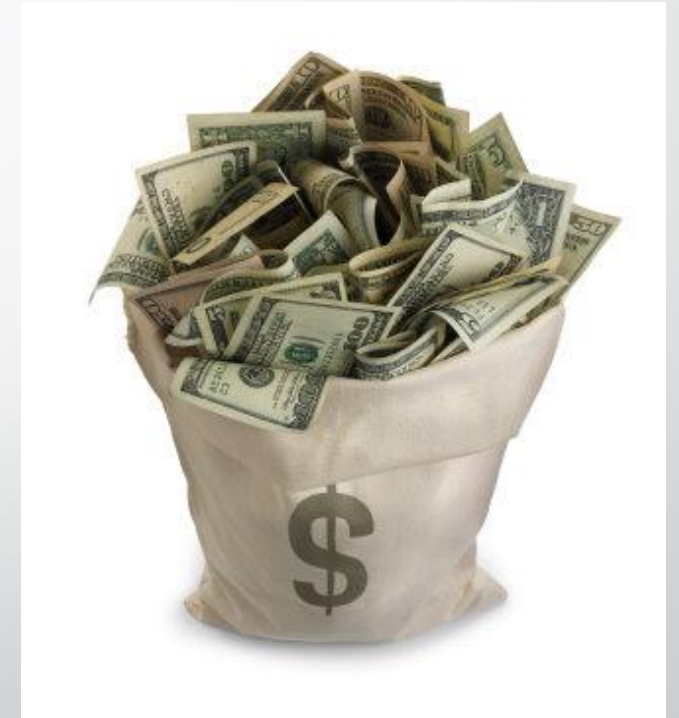
Benefit principle

- 1. Must give to meet the real needs of the individual.
- 2. Providing benefits should be flexible.
- 3. Messages should be communicated thoroughly in order to understand the value of benefits
- 4. Expenses for giving benefits should be feasible and reasonable.



**Compensation..... that the agency will receive from the arrangement of
benefits benefit to employees**

- **1. Make recruiting more efficient**
- **2. Improved morale and loyalty to agencies**
- **3. Reduce job turnover and absenteeism rates**
- **4. Be a good public relations agency**
- **5. Reduce the influence of labor unions**
- **6. Help reduce the chances of government intervention.**



Example

Examples of some relevant Supreme Court judgments

- **Judgment of Supreme Court No. 876/2544**

Allowance for working in other provinces and accommodation, if paid in a certain amount every month by lump sum payment regarded as wages.

- **Judgment of Dika No. 7402-7403/2544**

Gasoline and telephone charges If the employer pays the employee a certain amount Regardless of how much you pay, it's wages.

Supreme Judgment No. 6961/2546

- Gratuities for the Board of Directors, gratuities (special bonuses), transportation allowances, meeting allowances, and special gratuities. (Bonus from executive secret statements) is not the money paid in return for work under the employment contract. not wages As for the compensation that the plaintiff received as the chairman of the company that the defendant held shares, not the defendant who paid And the plaintiff did not receive as an employee so it is not wages.

Supreme Judgment No. 9023/2546

- Regular monthly payments to support the cost of living to help employees. There is a fixed amount similar to salary. The cost of living allowance is paid regularly and surely on the 1st and 16th of the month, even if it is paid to help employees. But it is a payment in return for working during normal hours of the working day as well as a salary, so it is considered wages.

Supreme Judgment No. 9024/2546

Commission is the money paid by the plaintiff as compensation for work. And paid by calculating the work done by the employee during the normal working day of the working day is considered wages.

Supreme Judgment No. 9096/2546

The house rent agreed by the employer to the employee to help with housing The house rent is therefore only a welfare benefit. Not paid in return for work under an employment contract for a normal working period. Despite having to pay this exact amount every month. It's not considered a wage.

Judgment of Supreme Court No. 1528/2548

- **The bonus** that the plaintiff received annually by the defendant paid to the plaintiff once a year along with salary. stated as a bonus
- **Money for water and electricity** Originally, the defendant will pay to the plaintiff when a receipt is required to show. Even later, the plaintiff would not have to show the receipt and pay the plaintiff on a monthly basis, seeing that the cost of water and electricity It is a real welfare payment. There is no intention to pay as wages.
- **Bonus money**, water and electricity money, so it's not the money the defendant paid to the plaintiff in return for normal working hours. therefore not considered wages

Judgment of Supreme Court No. 2246/2548

Incentives , The employer agrees to pay only employees who achieve sales targets set by the plaintiff , which is paid to incentivize the salesperson to increase sales, although paid along with salary payments . Is not paid in return for work directly Not paid in return for working during the normal working hours of the working day Incentives are therefore not wages.

Minimum Wage Rate : Ministry of Labor

- <https://www.mol.go.th/%E0%B8%AD%E0%B8%B1%E0%B8%95%E0%B8%A3%E0%B8%B2%E0%B8%84%E0%B9%88%E0%B8%B2%E0%B8%88%E0%B9%89%E0%B8%B2%E0%B8%87%E0%B8%82%E0%B8%B1%E0%B9%89%E0%B8%99%E0%B8%95%E0%B9%88%E0%B8%B3>

Wage rates according to national skill standards

- <https://lb.mol.go.th/%E0%B8%AD%E0%B8%B1%E0%B8%95%E0%B8%A3%E0%B8%B2%E0%B8%84%E0%B9%88%E0%B8%B2%E0%B8%88%E0%B9%89%E0%B8%B2%E0%B8%87/%E0%B8%AD%E0%B8%B1%E0%B8%95%E0%B8%A3%E0%B8%B2%E0%B8%84%E0%B9%88%E0%B8%B2%E0%B8%88%E0%B9%89%E0%B8%B2%E0%B8%87%E0%B8%95%E0%B8%B2%E0%B8%A1%E0%B8%A1%E0%B8%B2%E0%B8%95%E0%B8%A3%E0%B8%90%E0%B8%B2%E0%B8%99>