

# CHAPTER I

## INTRODUCTION

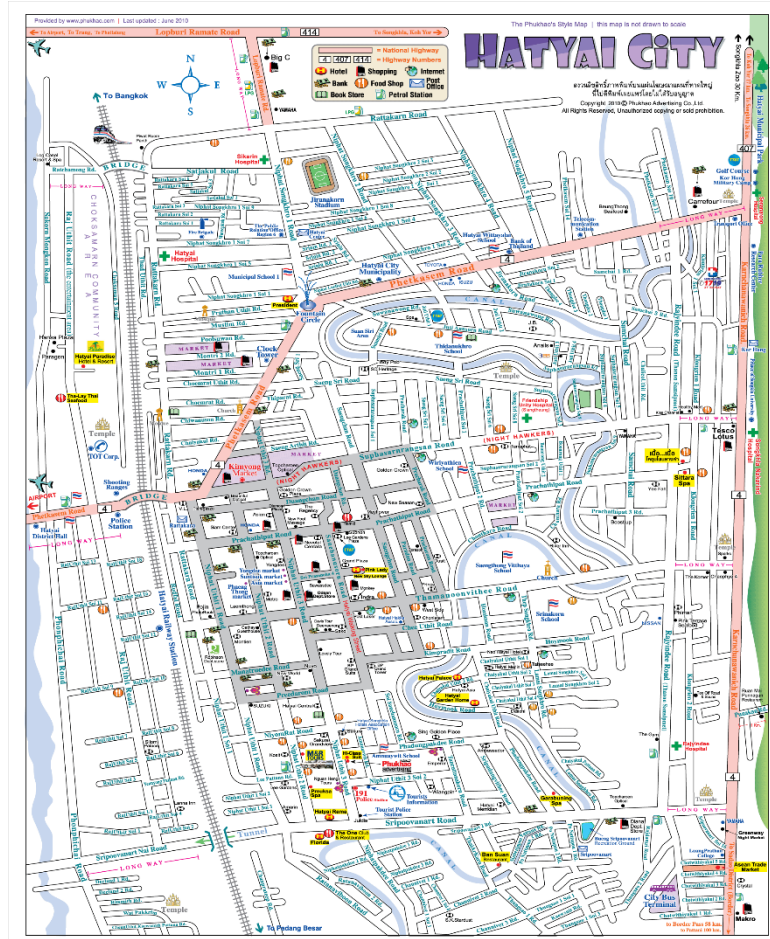
### 1.1 Background

Hat Yai is a district in Songkhla Province. The city is well known as one of the important economic cities of Thailand. It is a multicultural city, which is evident in its diversity of religions, architecture, and cuisine. Most of its origins and culture come from China and there are those who come from Islam in some areas. The people living together are multicultural, wherein Thai, Chinese, Malay, and Indian ethnicities live coherently with one another. The city thrived and expanded rapidly in a short period of time. It is not only the South Thailand's commercial center, but also the region's main medical center. It is also a city with a large number of internationally recognized schools, universities, and tutoring institutions. It also has beautiful natural attractions such as Khao Kho Hong, home to a large park and a viewpoint on the hill. This mountain peak is considered an important landmark of the city as well. which creates enormous tourism value and is the lungs of the entire city of Hat Yai, etc.

It is known as the City of Opportunity, more than any other city in the South, in terms of education. This is because it is the location of famous schools and universities in the South such as Prince of Songkhla University. Hat Yai colleges and private schools are large and economic friendly. The city is a commercial city that filled with business and service. The people work in their local occupations, trading food, and various products and are employees at large companies. The city is home to multiple hotel and conference businesses, as well as large agricultural and financial businesses. These businesses are what make Hat Yai to be the economic center of the South. In addition, in the medical field, there many hospitals and specialized medical centers such as Songkhla Nakaran Hospital and Hat Yai Hospital, including

many famous private hospitals making Hat Yai to be the medical center of the South (Urban Space, 2023).

**Figure 1. Map of Hat Yai**



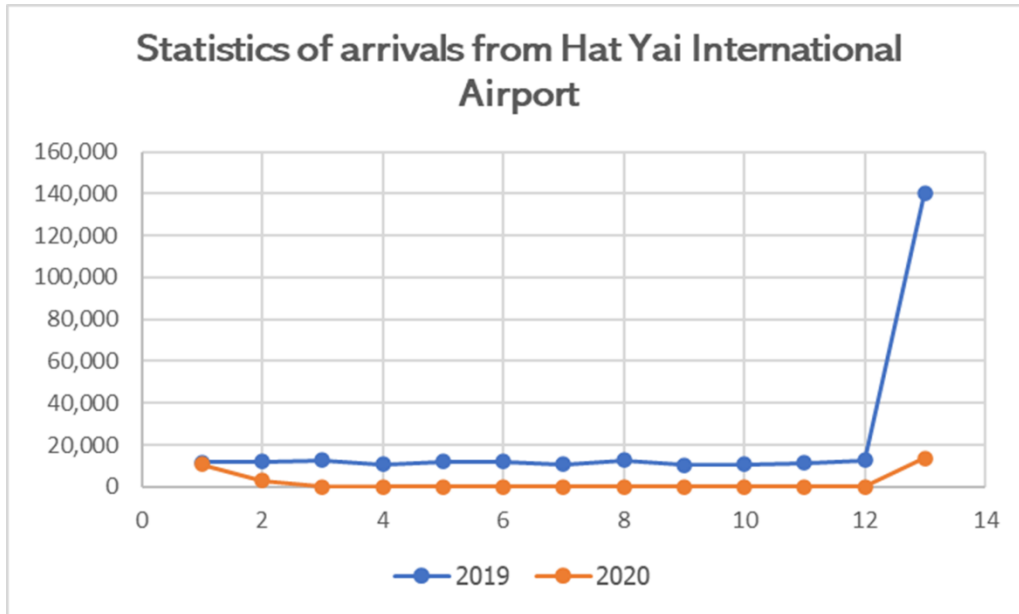
(map of Hat Yai, 2010)

The growth of Hat Yai city coincided with the development of the city's physical infrastructure and social structure. The expansion of road networks has been expanding with the construction of houses, row houses, and the emergence of educational institutions. Roads are the paths that connect the center of the city with buildings within the city, that is, from the center of the city (Ms.Jutharat Rattanaphithakchon, Asst.Prof.Dr. Chanisada Choosuk, Ms.Jitrawadee Thitinanthakorn,, 2013) to the surrounding areas of the city. It is a connecting point for traveling to the lower southern provinces and Malaysia. Hat Yai is a railway junction

and also an international airport located in the nearby district. The city is deemed as a transportation hub and an important transportation junction in the South. Travelling through Hat Yai makes it easier to travel within the country, and since it is also a border city, the city connects the country to foreign countries with full resources and potential. Hat Yai is growing into a city where more and more people come to live. At the same time, Hat Yai catches up with the trends that occur in this country faster than in other areas.

In December 2019, the city of Wuhan, Hubei Province's capital city in China, became aware of an unknown pneumonia case. Later, the Chinese Centre for Disease Control and Prevention (CDC) claimed that the first case of "idiopathic pneumonia" was discovered in late December 2019 in a patient from Huanan Seafood Wholesale Market, which sells fresh poultry meat. Since Thailand imports several aquatic and wildlife items, it was one of the first country outside of China to contract Covid 19 cases. The Covid-19 epidemic in Thailand began on January 13, 2020, and the number of sufferers has progressively increased since then. People's incomes have been impacted by the Covid-19 outbreak, and many people have lost their jobs. Staying at home and social isolation are two foundations of government initiatives to prevent the spread of Covid-19, both of which pose considerable obstacles for vulnerable people, including employees. Immigrants, the elderly, individuals with impairments, and others who had difficulty surviving prior to the spread of Covid-19 (บริการภาครัฐ, 2021).

## **Figure 2. Statistics of arrivals from Hat Yai International Airport**



According to the statistics of entry-exit of the Ministry of Tourism and Sports 2019-2020 (the statistics of entry-exit of international in Thailand, 2019-2020).

The figure above shows statistics escalating situation of the Covid-19 virus in Malaysia, Singapore, and Indonesia has affected the "Hat Yai District" in Songkhla Province, which one of the main tourist destinations in the South that rely on income from foreign tourists especially Malaysian, Singaporean, and Indonesian tourism. Business began to close and put up a lot of signs for sale and rent, especially in the hotel, resort, and apartment business, with prices ranging from 10 million baht to 600 million baht.

The economy and trade in Hat Yai are still very sluggish. It is a tourist city that relies only on 30% of the income from local Thais, while the main source of income comes from foreign tourists. Divided into about 55% of Malaysians, the rest of the income originates from Singaporeans and Indonesians. The Covid-19 situation directly affects the overall economy of Hat Yai, especially in the downtown area, which depends on 80-90% of the income from foreign tourists, causing some people to have no income at all. Yet, the city still has to bear the

burden of renting office buildings or shops, especially tour bus operators in Hat Yai, Malaysia, and Singapore, some of which lost more than 10 million baht (ประภาชาติธุรกิจ, 2020).

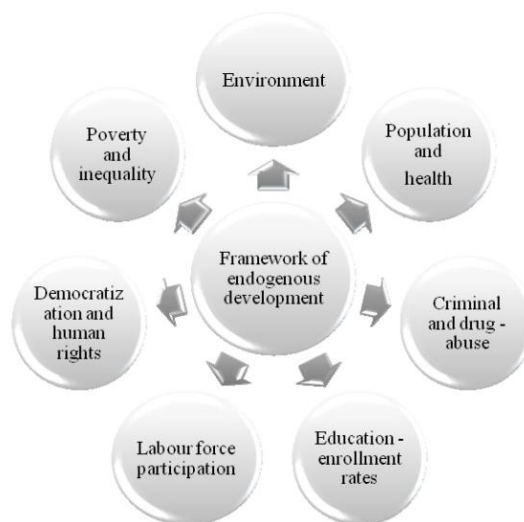
## 1.2 Research Question

The following is the problem formula for this study, which is based on the background of the difficulties listed above. How will business entrepreneurs in the Hat Yai area adapt to the situation during Covid-19 and the recovery from the Covid-19 situation of the Hat Yai economy? and discusses methods of assistance, rehabilitation, and remedies from both local and central governments.

## 1.3 Literature Review

### 1.3.1 Theoretical Framework

*Economic Development- Contemporary models of development and underdevelopment*



**Figure 3. Framework of Endogenous Development**

Developments in the form of new theories or theories of endogenous growth have emerged. However, unlike Solow's growth model, the endogenous growth model describes technological progress as a result of public and private investment in capital. Humans and knowledge-intensive industries They emphasize the need for this type of investment.

Figure 3 above shows the external growth framework. It shows all the elements of socio-economic development of external growth. which economists believe affects the growth process Some of the most important elements include population and health, education, poverty, inequality, etc. The external model also promotes a proactive role of the state. Including the role of government in education. The most important model of endogenous growth is Romer's endogenous growth model. Romer's model comprises of coordination failure, big push theory, and O-ring theory.

- a) Romer's endogenous growth model explains the technological diffusion or leakage that may occur in the process of industrialization of a society, and it is considered one of the basic external growth models. Romer believes that the development process begins within a system, state, or organization, as an overflow or overflow of knowledge that is claimed to be the most important social benefit of investment in education. Romer adopted Arrow's hypothesis (Arrow, 1962) of learning by doing. and in the context of observing diffusion, it increases hypotheses about knowledge diffusion. Knowledge overload means that along with the emergence of new knowledge, that knowledge is also becoming widely available. It can be seen that with the emergence of theories and models of external growth. Human capital has gained importance. and investing in human capital becomes part of the development process.
- b) Failure to coordinate is a model that describes underdevelopment as a failure to coordinate. A coordination error is a situation in which agents/commercial sectors are unable to coordinate their (alternative) behavior, leading to an (equilibrium) outcome

that leaves all parties in a worse situation than the alternative situation. It is also balance. (Todaro and Smith, 2006:136). This model includes guidelines to support the important role of the state, especially in investing in the education process of workers for employment. and giving them the knowledge, they need in the labor market. The need for coordination of the labor market (Supply and demand) can be described this way. In many cases, complementarity creates a classic "chicken and egg" problem: What was created first, knowledge or skill demand? Often the answer is that additional investment must come along. together through coordination This is usually the case because there is a lag between investment and the realization of the return on investment (Adsera and Ray, 1998). The need for coordination and complementarity is also reflected in the fact that returns from some investments depends on the investments of others.

- c) Kramer's 1993 O-ring theory is based on the idea that a manufacturing process requires that most of the activities be done together and to coordinate to achieve better efficiency. He believes that if there is a high enough level of support, equilibrium can also be achieved at different levels of human capital. This applies to the case of complementarity of labor market policy and educational policy. From Kramer's perspective, it can be said that if the policies of both sectors are sufficiently supportive, an economy/country may reach equilibrium at different levels and at different levels of unemployment or productivity.

### **1.3.2 Empirical Review**

This thesis will be research on the differences of the Hat Yai economy before and after the outbreak of the Covid-19 virus. There are many researchers who have done

similar research before. The authors studied past research and compared the similarities and differences with the one that the author would conduct. The authors took 5 from numerous studies, as described below.

First, is research by Supatra Rungrat, Zulfikor Maso and, Yuttana Kadem. Their research entitled “Impact of Economy and Social Matters from The Covid-19 Pandemic among The People in Yala City municipality”. The objective is to study the economic and social impacts. Their research discovered that adjusting to a new way of life as well as ways to solve problems and mitigate impacts 400 samples of people in Ya la municipality. The Yala province is distributed in 40 communities of Yala municipality. Their research sampling was done by simple random sampling method. Data were analyzed using descriptive statistics including percentage, mean and standard deviation. and inferential statistics, including analysis of relationships between variables, including t-test, One – Way ANOVA at a statistical significance level of 0.05. The research results revealed that the overall economic and societal impact of the new coronavirus 2019 (Covid-19) epidemic was moderate, with the adaptation of wearing a mask to avoid getting the virus. Other measures included before and after cooking, one must wash their hands with soap, carry sanitizer gels from time to time, and maintain a distance to reduce the time spent in public spaces. The research believes that such methods reduce the chance of spreading Covid-19 to a reasonable extent and still does not believe in the prevention of Covid-19 spread according to Ministry of Public Health guidelines. These guidelines are as follows: Economic impact through aid, promoting alternative occupations cost-of-living assistance measures, and Guidelines for solving social impact problems. Both guidelines are for taking care of the people themselves.

Second, according to Nothita Wanchuen, Warut Natee and, Suparat Pinsuwan. Their research entitled “The impact of Covid-19 and the adjustment of traders in the Genting market border area Su-ngai Kolok Subdistrict Su-ngai Kolok District Narathiwat Province”. Similar to



the aims in the first research which was to study the impact of the situation of Covid-19 on merchants in the border areas of Su-ngai Kolok Subdistrict. Su-ngai Kolok District Narathiwat Province 2. Check the adaptation of the store to the situation of Covid-19 in the border area Sungai Kolok Subdistrict Su-ngai Kolok District Narathiwat Province Studying quantitative research A questionnaire was used to collect data from a sample of 226 stores by using percentage and mean statistics for analyzing the date. The findings have profound implications for businesses. This research examines the current situation of the outbreak of Covid-19 wherein the owner's monthly income has decreased. Monthly income before and after the Covid-19 situation reveals an average income of 10,000 - 15,000 baht and monthly income after the Covid-19 crisis reveals an average income of 5,000 - 10,000 baht, followed by a decrease in customers every month. When considering each idea as 51 percent, it was unable to support businesses. Normally, the working capital of a company is reduced and increased cost business interruption reduced household savings increased household debt and adaptation research suggests moderate adaptation. Starting from reducing expenses and unnecessary expenses. followed by reductions or layoffs, reductions in product prices, online sales. and use additional delivery services. There was also a change product category and distribute alcohol gel or hand sanitizer as well as policies to build a barrier between buyers and sellers to exclude at least one meter between people.

Third, the research conducted by Wichian Manlae, Boonying Prathum, Surasak Kaew-On and, Korrakot Chamnian which is entitled "Effects and Adjustment of People during Covid-19 Pandemic in Nakhon Si Thammarat". This research aims to study the effects of and people's adaptation in the situation of the Covid-19 epidemic Nakhon Si Thammarat Province. It is quantitative research from questionnaires with the sample in the area of Nakhon Si Thammarat Province There was a method for selecting samples from large, medium and small districts in 3 districts, namely, large districts, is the municipality The medium-sized district was

Lan Saka District and the small district was Khanom District, totaling to 400 households and analyzing the data by statistical value, which is percentage. The results indicated the following:

1) Most of their incomes decreased. 2) For health, household members were more alert in preventing infection and taking care of their health. 3) Social and environmental aspects were people who had a relationship with household members, i.e., lovers/spouse. Most of them were at the normal level. 4) Information technology made access to news sources such as television mostly at a higher level. 5) Education has resulted in pupils studying online at a greater level. It was discovered that the people adapted to this situation through: 1) In the economic aspect, new occupations were created for household members to increase income. 2) In terms of health, there were changes in health behaviors around hand washing with water and soap. 3) In terms of social and environmental aspects, it was discovered that asking for aid from relatives was the best way to communicate with one another at a normal level in Nakhon Si Thammarat Province. 4) Information technology discovered an adaptation in learning to use communication gadgets on their own. 5) Education, it was discovered that asking people how to teach books to children/grandchildren.

Fourth, research by Nanang Suparman with his research entitled Impact of the Covid-19 Pandemic to the financial management of the state. This study explained about government financial management policies to overcome the Covid-19 pandemic in Indonesia. Indonesia has paralyzed the small and medium business sector, was caused by a decrease in public purchasing power with a sharp decline in demand and supply in the manufacturing sector. As a result, the supply chain was disrupted and layoffs (PHK) led to a decrease in revenue. The country's negative economic growth of 5.32 percent in the second quarter was dismal causing recessions and crises, therefore, there is a superior response in managing state finances. Qualitative research methods were used, including a literature review that explores and analyzes the response of state budget adjustments to unusual circumstances. The budget

allocation is intended for health infrastructure and economic stimulus measures. to empower society. Strengthening the business world and preparing for the continuation of economic activities through economic recovery projects. This is in line with efforts to find a vaccine against Covid-19. From the results of the study, it was found that The Indonesian government has issued a budget management policy in response to the pandemic through a new strategic approach to state budget management that strengthens revenue and expenditure relevance in line with Covid-19 response. An intensive economy operates using budget allocations obtained from various sources, also known as reallocating federal spending. This was done by saving state spending from non-urgent budget items and insignificant capital expenditures, which is then transferred to replenishment of the health infrastructure. Such as social safety networks and global economic stimulus businesses. The study also shows that in an unusual situation where state budgets are under considerable pressure during a pandemic. Governments have been able to overcome deeper economic and social crises by taking extraordinary steps, an extraordinary advance in the form of formulating and implementing policies to widen the budget deficit. to restore the economy and the financial system.

Lastly, the research of Assoc. Prof. Dr. Kiriya Kulkolakarn, Asst. Prof. Dr. Anan Phawasuthipaisit and, Ms. Sutthapha Nopwinyuwong in their research entitled the impact of Covid-19 on promoting employment. The research purpose was to assess the impact of Covid-19 on 1) positive and negative aspects of employment in various areas, 2) service recipients, service providers, and services provided by the Department of Employment, and 3) the Department's mission in Current and future roles Conducted by collecting, processing and analyzing data from both domestic and international academic documents, questionnaires (labor, entrepreneurs and personnel under the Department of Employment) and in-depth interviews with target groups (labor, entrepreneurs, workers, transport companies). These interviews included Thai students working abroad, students, and guidance counselors. The

implementation period of the research was from 14 July 2020 to 9 January 2021 to propose guidelines for modifying and developing various missions of the Department of Employment in dealing with the situation after the Covid-19 crisis and to support jobs in the future so that all workers have jobs appropriately in line with the country's development direction according to the National Strategy (2018-2037). Overall employment tends to decrease significantly around the world. from travel restrictions and various economic activities to prevent the spread of Covid. Meanwhile, in Thailand, the World Bank has forecast that Thailand's gross domestic product (GDP) outlook for 2020 will decrease by 5%, a slow decline. This differs greatly from the previous forecast for January 2020 of 2.7% and was the largest contraction in the East Asia and Pacific region. While the labor market was clearly affected by the Covid-19 outbreak in the second quarter of 2020 from the number of unemployed in July. An increase of 2 percent (745 hundred thousand people) compared to the same period last year. Service sector workers are the most affected by the three sectors (agriculture, manufacturing and service), especially the tourism sector.

The results of the five studies above are similar in terms of their post Covid-19 effects but the difference between all of them is the place of research and the purpose of the research. In this research, the author would like to explain what from the above research that has not yet been done about the economy of Hat Yai after the impact of Covid-19 through the author's point of view directly through interviewing and finding more information.

#### **1.4 Hypothesis**

The economic situation in Hat Yai District before and after the Covid-19 outbreak is significantly different from other trade and economic strategies. prevalent in the Hat Yai area before the spread of the Covid-19 virus. However, trade and the economy were disrupted by the spread of the Covid-19 virus. As a result, the economic market cannot continue during this

period. And after the third wave of the outbreak, Hat Yai's economy has returned to normal. Because entrepreneurs adapt to this situation. With assistance, rehabilitation, and relief from the government, it will be a part of bringing the Hat Yai economy back in a better way.

### **1.5 Research Purposes / Objectives**

The objective of the research is to study the economic trend of Hat Yai before and after the outbreak of the coronavirus disease (Covid-19). It will also consider the adjustment of entrepreneurs in the Hat Yai area. The research aims to describe how policies were implemented before the Covid-19 pandemic and after the Covid-19 pandemic to determine which periods are more conducive to economic growth and how beneficial will it be to businesses.

### **1.6 Research Methods**

This thesis will use a qualitative research method that combines observation, library studies, and interviews. Studies are conducted using published sources such as books, articles, journals, or reports of previous research. News sources, whether they be electronic or printed media and internet websites related to this research, therefore called literary research. Data will also be collected directly from past reports and interviews. This is because the objective of this study is to compare the two situations using a case study approach. The information gathered was interviews with entrepreneurs in the Hat Yai area, especially the main trading center in Hat Yai, and the local government. Then, the information obtained is gathered from related research and reviewed using theories and concepts to create comparative analysis to analyze the data or techniques.

## **1.7 System Operating / Writing systematic plan**

Chapter 1: Introduction consists of Backgrounds, Research Question, Theoretical Framework, Hypothesis, Research Purposes / Objectives, Research Methods, Range of Research and System Operating/ Writing Systematic Plan

Chapter 2: Contains exploring Hat Yai's economy before Pandemic Covid-19

Chapter 3: Contains the Impact of Pandemic Covid-19 towards the Hat Yai economy

Chapter 4: Thai's government policy to recover Hat Yai's economy: assistance, rehabilitation, and healing efforts.

Chapter 5: Closing, here the author will convey the conclusions of the research which contains a summary of the research contained in all chapters, as well as provide suggestions.