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ARTICLE

USE INNOVATIVE PLATFORM TO SOLVE THE PROBLEM OF ECONOMIC DISPARITY BETWEEN URBAN AND RURAL AREAS – BASED ON THE CASE OF THAILAND

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ABSTRACT

In recent years, the economic disparity between urban and rural areas in many countries has widened, which has led to many social and economic development problems. The purpose of this study is to provide an innovative solution - platform to the problem of economic disparity between urban and rural areas based on case study, using Thailand as an example due to the serious economic disparity between urban and rural areas in Thailand, especially in Southeast Asia. The proposed innovative solution is to create an online cooperation platform between urban and rural areas. The platform provides online business cooperation opportunities for urban and rural enterprises through the participation of governments and institutions. Through cooperation, it provides all-round support for township enterprises. This study analyzes the benefits of this innovation platform from the perspectives of government, business and graduates, and discuss in detail the implementations and limitations of this solution. The innovative solution in this study provides both theoretical and practical implications for the solution of urban and rural economic disparity.

KEYWORDS

Urban-rural; Economic Disparities; Thailand; Platform

1. INTRODUCTION

The world economy is constantly developing, and the urban-rural disparity is the inevitable product of social and economic development, while the rapid economic development, it is also constantly causing the expansion of the urban-rural economic disparity, although the gap is normal, but if the disparity is too large, it will affect the speed and quality of the entire country's economic development. As shown in Figure 1, the proportion of urban living in 2010 was still 51.6%, and the proportion of urban living in 2020 has increased to 56.2%, because urban life is richer and more convenient, can provide better educational resources and work choices, and people tend to live in cities. Although the pace of urbanization can be accelerated, the urban population is much larger than the rural population, which is not conducive to the overall economic development. UNCTAD (2021) pointed out that the proportion of urban dwellings in developing economies in Asia increased from 43.1% in 2010 to 49.8% in 2020 [1]. Because in early 2020, the Credit Suisse Research Institute released a report titled Global Wealth Report 2020, which showed that Thailand's Gini coefficient was 90.2. This suggests that Thailand has become the country with the highest income inequality among ASEAN countries and one of the four worst-performing countries in the world rankings (i.e., the other three countries: Ukraine (95.5%), Kazakhstan (95.2%) and Egypt (90.9%)). Based on the actual development of Thailand, this study will discuss five major factors affecting the economic disparity between urban and rural areas in Thailand and propose innovative countermeasures. In addition, there are few innovative case studies to analyze how to solve

the problem of urban-rural economic disparity, and some previous studies may focus on dissecting the influencing factors and theoretical suggestions of urban-rural economic disparity, while this study has further analyzed the influencing factors of urban-rural economic disparity by using Thailand as a case study object, and then proposed the creation of an innovative collaborative online platform, which has made some theoretical contributions to the literature in this field. In particular, the solution is based on reality, has high implement ability, and has strong practical significance.

2. LITERATURE REVIEW

2.1 The reason of urban-rural economic disparity

Existing studies shows that the characteristics of urban and rural industries, education, labor costs, technology and unbalanced development are all factors that have gradually widened the economic gap between urban and rural areas in Thailand.

First, from the perspective of urban and rural industrial characteristics, although there are many industries in rural areas, agricultural products are still the main industry, and the income demand elasticity of agricultural products is relatively small, which leads to slow growth of agriculture after economic development reaches a certain level in the second and third industries. And in terms of the expansion of the industry itself, the urban industry is more expansive, and the rural

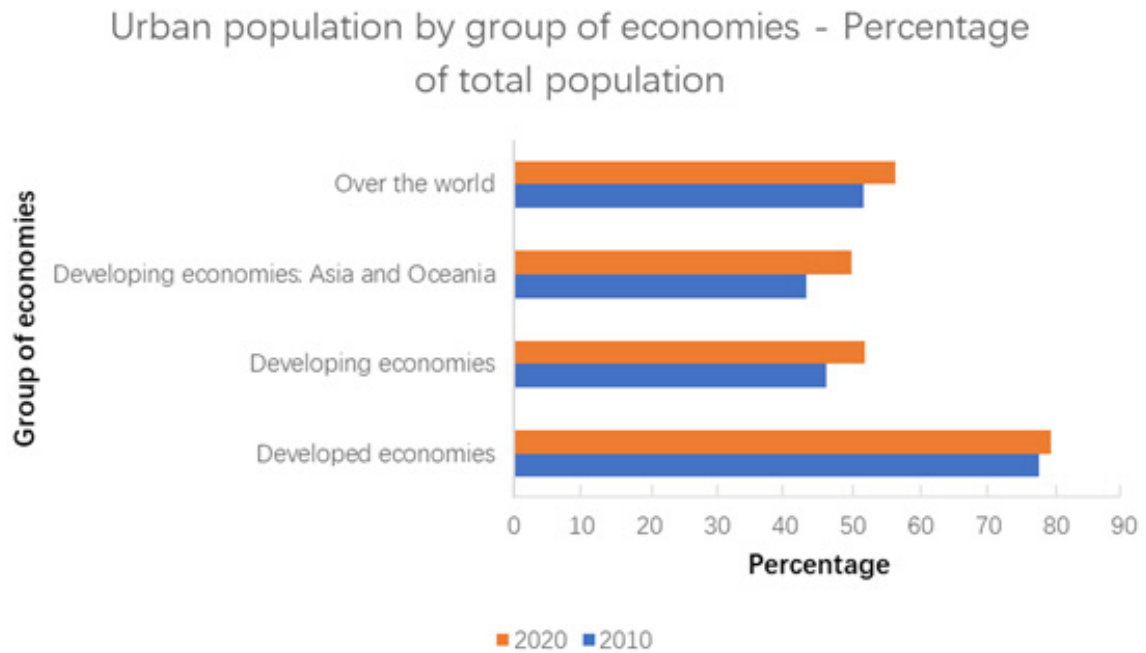


Figure 1: Urban population by group of economies - Percentage of total population

Source: UNCTAD HBS, 2021 [1]

industry is at a disadvantage, so the economic development of the city is faster than that of the countryside.

Second, from the perspective of education, the current rural education resources are insufficient, farmers are hesitant to receive education, and most rural residents do not want to receive comprehensive education. The current distribution and publicity of educational resources in rural areas are not in place, and many rural residents still think that studying is time-consuming and useless, which greatly hinders the cultivation of high-level talents in rural areas. Without education, it is impossible to learn advanced knowledge and technology, and the technical ability of rural residents continues to be low. Pholphirul (2012) demonstrated that strong economic growth can also lead to increased regional income disparities in education [2]. At present, rural areas in backward areas do not have high-income working conditions. The income of rural residents is generally lower than that of urban residents. There is a big gap in income and consumption power. education resources, so that rural education into a vicious circle.

Third, from the perspective of labor costs, the labor skills and knowledge of the rural labor force are mainly concentrated in the low-level, and it is difficult to improve in a short period of time. The lack of middle-level and high-level labor forces affects economic competitiveness [3]. They are all more inclined to develop in cities, because cities can get more income, jobs are more abundant, and they can get more employment security. This has led to regional income disparity, which is also the main reason for the influx of high-tech talents to central cities [2].

Fourth, from the perspective of technology inclusiveness. At present, the inclusiveness of technology in rural areas is weaker than that in cities, and the technologies owned by urban and rural areas are not equal. Lounkaew (2013) pointed out that rural students with higher education are unwilling to return to work in rural areas and have no way to bring the knowledge and technology they have learned back to the countryside, which will gradually aggravate the technological gap between urban and rural areas [4]. According to the Innovation Survey of the United Nations Conference on Trade and Development (UNCTAD, 2015), small rural companies are underfunded and lack experienced personnel and advanced technology to support them to participate in and develop innovative activities [5]. Therefore, at present, rural companies lack technology, develop slowly, and cannot drive the economic development of rural areas, let alone provide more high-income jobs to attract high-tech talents. Moreover, Lounkaew (2013) showed that narrowing the technological gap can narrow the gap between the rich and the poor, so technology does affect the economic gap between urban and rural areas [4].

Fifth, from the perspective of Thailand's current unbalanced development, the city's material base and infrastructure are superior to those of the countryside, and urban industries are developing rapidly. In 2019, the Bangkok Metropolitan Region (BMR) accounted for approximately 47.5% of the country's GDP [6]. Although the Thai government has also increased investment in rural transformation, the development of urban and rural areas in Thailand is still in an unbalanced situation.

2.2 The impact of urban-rural economic disparity

First, from the perspective of technological, the widening economic gap between urban and rural areas in Thailand will make high-skilled talents more concentrated in urban centers, and the loss of high-skilled talents will slow down technological progress in rural areas, and the level of rural technology will continue to lag far behind the urban level [7]. According to the OECD (2017), Thailand has had a total of 7.1 million poor people since 2014, of which more than 80% live in rural areas [7]. Talents are not willing to stay in poor rural areas, without high-skilled talents, there is no way to introduce technology, rural enterprises have been using the original old technology, hiring low-skilled people, cannot achieve rapid development.

Second, from the perspective of health services. The rural-urban economic gap can lead to a lack of access to advanced health services in rural areas. Backward income levels, living conditions and lack of welfare in rural areas do not retain high-level doctors. The proportion of doctors in Bangkok was reported to be 1.55 per 1,000 in 2019, compared to 0.35 per 1,000 in rural areas [8]. Leads to difficulties in the examination and treatment of complex diseases.

3. CASE STUDY AND SOLUTION

Thailand is a developing country in Asia. Since 1960, Thailand's economy has made great progress, and in 2007, Thailand's per capita GDP reached 3,900 US dollars, ranking among the highest among developing countries [9]. However, in the process of urbanization in Thailand, urban development is significantly better than rural development, which is reflected in the urban areas represented by Bangkok, which have developed into a gathering place for industry, commerce, service industry and tourism, while the rural areas in northern and northeastern Thailand are still in a state of poverty and backwardness for a long time [10]. More and more Thai residents prefer to live in cities and enjoy better medical conditions, education and living conditions.

As shown in Figure 2, the population of rural Thailand is negatively

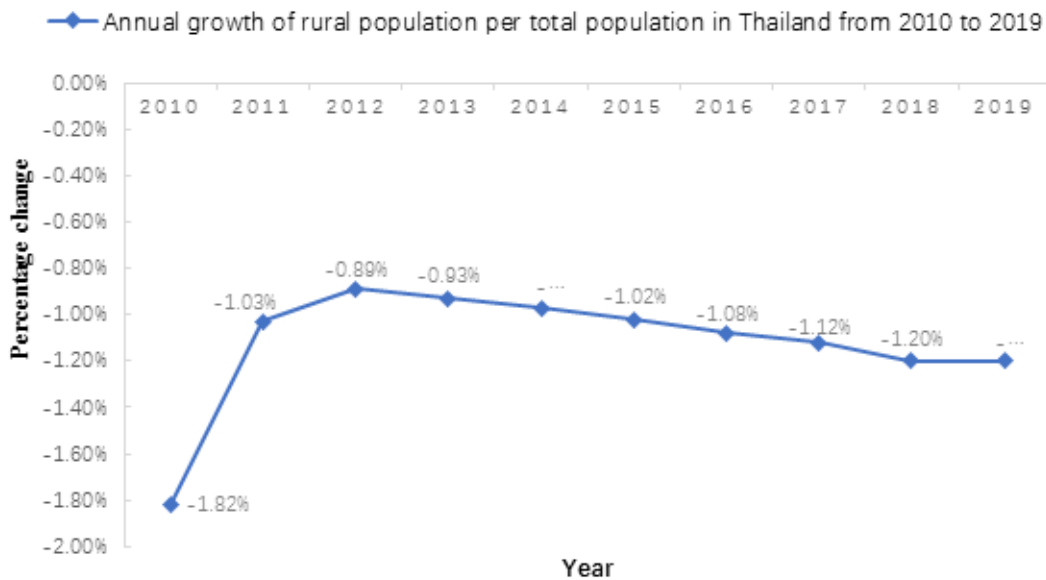


Figure 2: Annual Growth of Rural Population Per Total Population in Thailand from 2010 to 2019 [6]

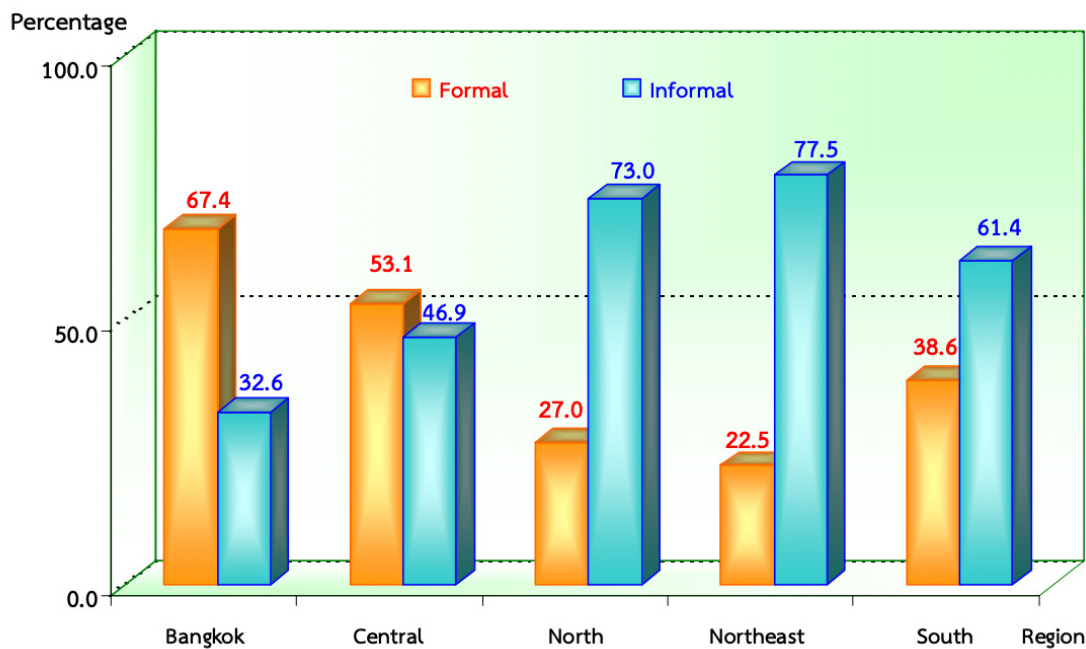


Figure 3: Percentage of Formal and Informal Employment by Region in 2012 (2012)

Source: National Statistical Office Thailand, 2014 [11]

growing every year, indicating that Thailand is transitioning from a predominantly rural country to an increasingly urbanized country. The migration of Thailand's rural population to the city is bound to lead to the loss of talents and industries, and it is difficult for the per capita resources in rural areas to grow, resulting in the gap between urban and rural economies gradually widening to an uncontrollable state, thus negatively affecting Thailand's overall economic development. Although the Thai government has a free education policy, many poor families in rural Thailand cannot afford other additional costs, and rural residents still lack access and third-party financial support to enjoy completely free education. According to statistics from Statistics Thailand, 6 out of 10 workers in Thailand are defined as "informal workers" who do not have access to pensions, health insurance, and unemployment insurance. As Figure 3 shows, both Bangkok and the city centre have less informal employment than actual employment, while informal employment is three times higher in remote areas in the northeast and twice as high in remote areas in the north. The problem of insufficient employment

security for rural residents will inevitably lead to population migration to cities.

3.1 Proposed solution

Based on the above case analysis, the current situation of the economic gap between urban and rural areas in Thailand is too large, and the solution proposed in this study is to create an online platform with the aim of establishing a sharing platform to alleviate the current economic disparity between urban and rural areas in Thailand by promoting resource sharing between rural and urban areas, including welfare support for rural residents, free education and government education, and achieving educational assistance and talent transfer.

Specifically, the online platform is a non-profit social enterprise with the main participants being urban and rural enterprises, governments, highly skilled personnel and rural residents. The platform will first guide

rural residents to register their needs first, attracting government, urban enterprises and professionals to participate in providing consultation to help establish a supportive relationship between urban and rural areas. Compared to relying solely on the government to promote rural science and technology development, the platform inspires three parties in society to close the gap between urban and rural economies, including institutions (technical talents), urban enterprises and governments. The reason why the platform was chosen as an online platform is because the online platform is convenient to communicate, the cost is lower, and the start is faster. Also, once the platform is running, privacy concerns arise. If corporate data is stolen, it loses competitiveness [12]. Therefore, in order to protect the privacy of customers, the platform will also build its own data center. Heng (2017) found that government credibility can better help online collaboration platforms become more accepted [13]. Therefore, the platform will also seek the support of the government and ask the government to help the platform publish public welfare announcements or related documents. The government can make the platform established quickly known and accepted by the residents. As a result, the cost of publicity for the platform will be lower than the average market price. At the same time, the platform requires employees to visit local projects in rural or urban areas and track the progress of the pilot. Moreover, the daily operation of the platform requires a lot of financial and technical support, and how to ensure the activity of the platform and the timeliness of information is also a top priority. Therefore, while enhancing the communication between urban and rural enterprises, the online collaboration platform can also create certain benefits through various ways to ensure the continuous operation of the platform and allow investors to obtain satisfactory investment returns. In addition, the platform projects can be divided into short, medium, and long term to reduce the pressure on the initial investment capital. In the early stage, it is mainly simple projects, complex technology, little investment, quick results, which is conducive to attracting users. In the early stage, the platform will select some selected areas to carry out pilot projects to reduce the capital burden at the beginning of the business and can also provide case references for future enterprise users to demonstrate the reliability and execution of the platform. In the medium term, after the development of the platform is stable, a demonstration enterprise can be established. Apply simple technologies to promote the rapid development of rural enterprises, such as calling on rural enterprises to carry out agricultural live broadcasting; Complex technologies can also be applied to improve the competitiveness of rural enterprises, for example, by contacting urban enterprises to help rural areas introduce drones to promote cultivation. In the later stage, the platform will directly send talents to enterprises, especially in technology development and technological innovation, which will improve the employment rate of graduates and the recruitment efficiency of enterprises [14]. In addition, social organizations and institutions can also participate in this process.

3.2 Benefits of the solution

First, from the perspective of government supporting, the platform invites government support, which can establish a reliable corporate image for the platform. According to the OECD Study on Citizen Satisfaction with Government (2019), Thai citizens' confidence in the government is higher than the OECD average of 42%, and it is easier to gain the trust of users if the platform is recognized by the government [15]. In addition, Kirmani and Wright (1989) point to a positive correlation between the market value of online platforms and advertising costs [16]. With the help of the Thai government, the platform can spend less on marketing and be more impactful than traditional advertising. In addition, allowing more parties to help rural areas can reduce the labor and financial burden of the Thai government and close the economic gap faster [17], which will further promote the balanced development of the Thai economy.

Second, from the perspective of technology, urban and rural enterprises in Thailand can improve production efficiency and develop new business models by applying new technologies introduced. For example, agricultural technological innovations such as drones can increase the efficiency of pesticide spraying by 80% [18]. In addition, Thailand's urban enterprises can gain visibility and publicity products through successful cooperation with rural enterprises, which not only helps the development of rural agriculture in Thailand, creates more rural residents' income, but also promotes the development of urban enterprises, so that Thailand's urban economy and rural economy are linked and developed together. For example, urban and rural

enterprises in Thailand can increase information sharing and improve the accessibility of technology through this innovative platform.

Third, from the perspective of education, the free education publicity and guidance provided on the innovation platform can promote the development of rural education in Thailand, promote the cultivation of more high-level talents, and provide them with corresponding targeted training, specifically to receive a certain amount of education for free, and after completing the education, they will stay in a position in the countryside to work to improve Thailand's rural economic output.

Fourth, from the perspective of employment, the innovation platform can help graduates screen a large number of suitable employment opportunities from rural Thailand and provide corresponding benefits. Helping rural Thailand retain certain high-caliber talent to promote rural development, and Reda says that local employment opportunities in rural areas may further reduce the impact of internal migration [19].

3.3 Implementation of the platform

The first point is to continue to share scientific and technological research results on the platform to increase the popularity of the platform, and the sharing results are not limited to Thailand, but also the leading scientific and technological technologies of other developed countries.

The second point is to carry out one-on-one technical guidance pilots for some urban and rural enterprises in Thailand while establishing an information sharing platform. Through the cooperation, Thai urban enterprises will transfer technology and experience to Thai rural enterprises, and even jointly provide technical training and guidance, further driving rural technological innovation and economic development.

The third point is to publicize and demonstrate enterprises with outstanding pilot results. As an excellent model, it will produce a positive publicity effect, attract outstanding enterprises from overseas developed countries to participate in technology popularization and training, and then improve the scientific and technological level of urban and rural enterprises in Thailand as a whole.

The fourth point is that as more and more cases are completed, the platform will facilitate the transformation of successful technical experience into a data sharing platform. The platform will not be limited to Thailand, but will further build a global ecosystem of scientific and technological exchanges between urban and rural areas.

4. LIMITATIONS

The solution of this study is based on the analysis and summary of literature and data, which is somewhat subjective. Second, the difficulties raised in this study in convincing governments and high-tech talents to participate in the program are somewhat difficult [12]. Third, this study selects Thailand as a case study, although it has a certain typicality and representativeness, but different countries have different national conditions, and different countries need to be studied in the future to make the study more comprehensive. Fourth, the high life cycle and high cost of different projects bring certain uncertainties to project implementation. Finally, rural businesses face the problem of message blocking, and existing studies have found that the current rural Internet penetration rate is not enough, and many people cannot even use smartphones, hindering the platform's popularity in rural areas. Some areas don't even have internet access. They need personnel to inform and guide registration. As a result, the initial operational investment can be significant and the demand for professionals is high.

5. CONCLUSION

Using Thailand as a case, this study provides an innovative solution to the problem of rural-urban economic disparity. This study uses the case study method, synthesizes the study's results of previous literature, analyzes the current situation of urban and rural economy in Thailand, and designs an online cooperation platform between urban and rural areas. The platform provides online business cooperation opportunities for urban and rural enterprises through the participation of governments and institutions. The aim is to support rural businesses and residents in

many ways. This study analyzes the benefits of this innovation platform from the perspectives of government, enterprises and graduates, discusses in detail the feasibility and limitations of this solution in the same type of developing countries, enriches the theoretical literature in the field, and puts forward more practical innovative solutions to solve the problem of urban-rural economic gap, which is of great practical significance.

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