



TMI Eyes No. 33: Labor Dispute and Lock-Out

According to the recent news regarding labor disputes, TMI would like to provide background knowledge and explanations on labor disputes and the employer’s legal right to exercise a lock-out, including measures to minimize the risk of such disputes.

Labor Relations Act B.E. 2518 (1975)

The Labor Relations Act B.E. 2518 (1975) (“LRA”) was enacted to promote harmonious relationships between employers and employees and to protect both parties from unfair treatment. The LRA also establishes the rules and procedures for making demands and resolving labor disputes relating to working conditions, terms of employment, working days and hours, wages, welfare, termination of employment, and other employment-related benefits.

Labor Dispute Resolution

When one party (employer or employees) makes a demand and (i) no negotiation occurs, or (ii) negotiations cannot be concluded, the party making the demand must notify a conciliation officer (a person appointed by the Minister of Labor) to mediate the dispute. If mediation is unsuccessful and the dispute remains unresolved, the matter becomes an “unsettled labor dispute.” In such cases, there are three legal scenarios:

- (1) The employer and employees may agree to appoint a labor dispute arbitrator;
- (2) The employer may exercise the right to a lock-out; or
- (3) The employees may exercise the right to strike.

Lock-Out

When a labor dispute cannot be resolved—such as after many rounds of negotiations—the employer may exercise its legal right to lock out employees under Section 22 of the LRA. A lock-out is defined as an act by the employer to temporarily prevent employees from working due to a labor dispute.

To exercise a lock-out, the employer must notify both the conciliation officer and the employees at least 24 hours in advance.

Lock-Out is Not Termination

Some may misunderstand a lock-out as a form of termination. In fact, a lock-out is not termination of employment. Its legal effects are as follows:

- (1) **Employment still exists**: A lock-out is only a temporary suspension of work. It does not constitute termination of employment.
- (2) **The employer is not required to pay wages during the lock-out**: Because an employment contract is reciprocal in nature, work in exchange for wages, when employees cannot work due to the employer's lock-out, the employer is not obligated to pay wages during that period.
- (3) **Government intervention in special circumstances**: If the Minister of Labor considers that a lock-out or strike may harm the national economy, public order, or national security, the Minister may allow or require the employer to engage replacement workers. The employer must admit such workers, employees may not obstruct them, and the employer must pay them the same wage rate previously paid to the employees.

End of Lock-Out

A lock-out ends once the labor dispute is resolved whether through mutual agreement or through the appointment of labor dispute arbitrators under Section 26. After a resolution is reached, the employer will formally announce the end of the lock-out. The Minister of Labor also has the authority to refer the dispute to the Labor Relations Committee (LRC) for arbitration.

The Author's Notes

In summary, lock-outs are lawful mechanisms under the Labor Relations Act designed to balance the rights and interests of employers and employees. A lock-out is a temporary measure—not a termination of employment—and may only be exercised under specific statutory conditions.

Although legally permissible, lock-outs and strikes significantly disrupt operations and often signal underlying issues that require constructive resolution. From a legal standpoint, preventing labor disputes requires clear, consistent, and well-structured management practices within the framework of the Act.

Ultimately, a compliant and transparent system—supported by clear working-condition agreements, well-defined rules, consistent implementation, and timely communication—helps minimize disputes and promotes stable and cooperative labor relations for all parties involved.

*Daiki Koso, Partner
Monchai Varatthan, Partner
TMI Associates (Thailand) Co., Ltd.*

** This Article is for general informational purposes only and does not constitute legal or tax professional advice. Readers are urged to thoroughly review the information before acting upon it. TMI accepts no responsibility whatsoever with respect to the use of this information.*



 bangkok@tmi.gr.jp

Tokyo | Nagoya | Osaka | Kyoto | Kobe | Fukuoka | Shanghai | Beijing |
Yangon | Singapore | Ho Chi Minh City | Hanoi | Phnom Penh | Bangkok
| Jakarta* | Kuala Lumpur* | Silicon Valley | London | Paris | Brussels

* Affiliated office

 Sathorn Square Office Tower, 22nd Floor, unit 2212,
North Sathorn Rd., Silom, Bangrak, Bangkok 10500

 Facebook: TMI Associates - Thailand
Instagram: tmibkk
LinkedIn: TMI Associates (Thailand)