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A labour market profile

Regional Office for Asia and the Pacific

Thailand

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Foreword

Thailand is an export-reliant, middle-income country that now confronts new challenges. The global situation remains unstable and volatile, which can seriously affect jobs in Thailand, especially in the export sector. On the other hand, as the 2015 Association of Southeast Asian Nations economic integration approaches, the labour market dynamics in the region are likely to change, which also will impact Thailand's labour market. A comprehensive profile of the current labour market scenario based on reliable information is thus critical for policy-makers in the country.

This publication, *Thailand – A labour market profile*, brings together available labour market indicators to provide the most up-to-date picture of the Thai labour market in a simple, easy-to-read style. It spans a wealth of socio-economic and labour market information – from gross domestic product growth rates, disparities, employment and unemployment to migration, labour shortages and working time and includes the gender and regional implications. The impact of the recent economic crisis on the labour market is also assessed, and the final chapter provides some conclusions and recommendations.

The indicators presented in this report go beyond the usual labour market indicators and include demography, literacy and inequality data – all of which are relevant for labour market policies. The choice of indicators was based on discussions with a number of colleagues in the Decent Work Team and Technical Cooperation projects working in Thailand and reflects the comments and queries that they received from partners and constituents. The document thus should be particularly useful for ILO constituents in Thailand – representatives of government and workers' and employers' organizations – and anyone else interested in knowing the current state of Thailand's labour market.

This publication was prepared by Sukti Dasgupta, Ruttiya Bhula-or and Tiraphap Fakthong from the ILO Regional Office for Asia and the Pacific, with contributions from Theerawit Chainarongsophon and Jiun Kim. Bill Salter, the previous Director of the ILO DWT for East and South-East Asia and the Pacific was very supportive of this work and provided several comments on earlier versions. Special thanks are also due to Jiyuan Wang, Director of the ILO Country Office for Thailand, Cambodia and Lao People's Democratic Republic, whose guidance and support throughout the process has been noteworthy. The publication also benefitted extensively from reviews by ILO colleagues Nilim Baruah, Tuomo Poutainen, Max Tunon and Tite Habiyakare in Bangkok and Makiko Matsumoto and Miranda Kwong in Geneva. Comments received from colleagues in the Bank of Thailand, especially from Somsachee Siksamat, during seminars and discussions where these indicators were presented, are gratefully acknowledged. Karen Emmons edited the text and Masaki Matsumoto designed the presentation.

I gratefully acknowledge the financial contribution towards the editing and printing of the report from the ILO-IPEC Combatting the Worst Forms of Child Labour in the Shrimp and Seafood Processing Areas in Thailand Project and the Tripartite Action to Protect Migrant Workers Within and From the Greater Mekong Subregion From Labour Exploitation (TRIANGLE) Project, both based in Bangkok, along with the Regional Office for Asia and the Pacific.

This document is meant to be a quick reference that highlights the main socio-economic and labour market variables for Thailand. I am sure that it will be extremely useful for our constituents and others because it offers current and insightful details about the Thai labour market against the backdrop of an unstable global economy and the shadow of the European crisis, which continues to impact on growth and labour markets worldwide.

Yoshiteru Uramoto
Regional Director
ILO Regional Office for Asia and the Pacific

Contents

Figures

Tables

Boxes

Abbreviations and acronyms

ASEAN	Association of Southeast Asian Nations
BOT	Bank of Thailand
CMHI	compulsory migrant health insurance
CSMBS	civil servants medical benefit scheme
DSD	Department of Skill Development
DVT	dual vocational training
GDP	gross domestic product
GESS	Global Extension of Social Security
ICLS	International Conference of Labour Statisticians
ICSE	International Classification by Status in Employment adopted by 15th ICLS in 1993
IES	Informal Employed Survey
ILO	International Labour Organization
ISCO-08	International Standard Classification of Occupations, 2008
LFP	labour force participation
MOL	Ministry of Labour of Thailand
NESDB	National Economic and Social Development Board of Thailand
NSO	National Statistical Office of Thailand
SSF	social security fund
TFP	total factor productivity
UCS	universal coverage scheme
UNDP	United Nations Development Programme
UNWOMEN	United Nations Entity for Gender Equality and the Empowerment of Women

1. Introduction

At the International Labour Organization's Fourteenth Asian Regional Meeting in 2006, representatives of government and workers' and employers' associations from Thailand and elsewhere in Asia and the Pacific committed themselves to the Asian Decent Work Decade (2006–15). The representatives unanimously agreed that the regular collection of labour market indicators and related information is critical for an improved understanding of how labour markets operate and for reflecting a country's achievements in the world of work as well as its continuing challenges. This knowledge is the basis for framing guidelines and policies for the labour market.

In response and in collaboration with country offices, the ILO Regional Office for Asia and the Pacific initiated country-specific labour market profiles that are easy to read and understand. This publication is in that spirit – aimed towards providing labour market data for constituents, policy-makers and all those who are interested in the world of work in Thailand. It includes the available indicators for which data can be presented and which are relevant for the country.

Thailand has made significant progress in fostering economic development in the past few years, even though it was severely affected by the economic crisis in 1997 and to a lesser extent by the recent one in 2008. It is a middle-income country with a large export sector and in the past decade has had stable macro-economic indicators. But it is also a country with a significant share of employment in agriculture and emerging labour shortages in some sectors. While this makes Thailand an attractive destination for migrant workers from neighbouring countries, many Thai workers look outside Thailand for work. As the global situation becomes more unstable and prospects for intraregional integration increases, a well-functioning labour market will become crucial for Thailand's inclusive growth. By providing information on various labour market indicators, this publication presents a comprehensive picture of Thailand's labour market and its future challenges.

The labour market data are organized into 11 thematic chapters. Each chapter highlights a labour market aspect, with supporting figures where relevant. There are additional data tables in the appendix. Where possible, the data are disaggregated by sex and regions in the country.

Thailand – A labour market profile is data driven and focuses on the variables that are relevant for labour market policy analysis. The data largely derives from the labour force surveys and the socio-economic surveys of the National Statistical Office of Thailand, while the GDP growth figures are from the National Economic and Social Development Plan of Thailand. For easy reference, a definition of the indicators accompanies all sections. Where possible, trends over a period of time are provided.

The aim of the publication is to provide quick and easy access to available labour market data for a particular country; thus, lengthy analysis of the indicators and relationships among the indicators are not included. Instead, there are spotlights with supporting data and graphs and figures where relevant.

Although efforts were made to include as many relevant indicators as possible, based on Thailand's comprehensive statistical system, there were some problems with data availability and reliability. Thus, such indicators as child labour, collective bargaining coverage and union density are not included.

2. Socio-economic issues

2.1 GDP and GDP per capita

Box 1. Definition of gross domestic product and trade dependence index

"Gross domestic product", or GDP, is a measurement of the aggregate value of the production of goods and services, calculated as the sum of the value added of final goods and services from all sectors in an economy within a specific year. Using the expenditure approach, GDP represents four components: private consumption, private investment, government spending and net export value (exports minus imports). "GDP per capita" is total GDP divided by the population of a country.

The "trade dependence index" is the value of total trade (imports plus exports) as a percentage of GDP. The trade dependence index (often called the "openness index") measures the importance of international trade in the overall economy.

- Thailand's average annual gross domestic product growth was 5.1 per cent per annum from 2001 to 2007 (figure 1). Growth slowed and during the global economic crisis was in the negative, at -2.3 in 2009. Recovery was quick, however, and GDP bounced back to an average rate of 7.8 per cent in 2010 (NESDB, 2011).

- Before the onset of the global economic crisis, the annual average growth of GDP per capita was 3.9 per cent (figure 2). During the economic recession, GDP per capita growth fell to -2.9 per cent in 2009. The quick recovery, together with the GDP growth, spurred the growth of GDP per capita to rise to 7.1 per cent the next year (NESDB, 2011).

- In the early 2000s, GDP growth rates and per capita GDP growth rates showed a consistent divergence, by about 1 per cent. The gap between the two growth rates gradually narrowed to 0.7 per cent in 2010 (figure 2). During that time, there was no significant change in population growth (NESDB, 2011).

- Actual GDP growth in the fourth quarter dropped by 9 per cent, compared with the 3.7 per cent increase in third quarter 2011 (figure 2), after the economy suffered from a major flood crisis that affected around 65 provinces, including Bangkok (NESDB, 2011).

- Thailand has been quite dependent on international trade. The trade dependence index, which is calculated by dividing the value of exports and imports by GDP, was 107–130 per cent over the past decade (figure 3). In 2009, during the height of the economic crisis, it contracted to 111 per cent (NESDB, 2011).

- From 2001 to 2010, net exports contributed between 10 and 20 per cent to total GDP (figure 3). In 2009, the share of net exports was 18 per cent, despite a decrease in the share of both exports and imports. This was because the share of imports contracted more than the share of exports in 2009. By 2010, this share had further dwindled to 16.4 per cent (NESDB, 2011).

- In 2010, private consumption and private investment averaged about 54 and 22 per cent of GDP, respectively, while the share of government expenditure was around 8–10 per cent on average (figure 4). However, government expenditure increased in 2009 with the onset of a stimulus package in response to the economic crisis (NESDB, 2011).

Figure 1. GDP growth rates in constant prices, 2001–10 (p1)

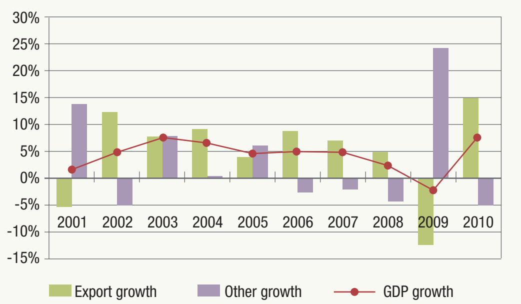


Figure 2. Real per capita GDP and GDP growth, 2001–10 (p1)

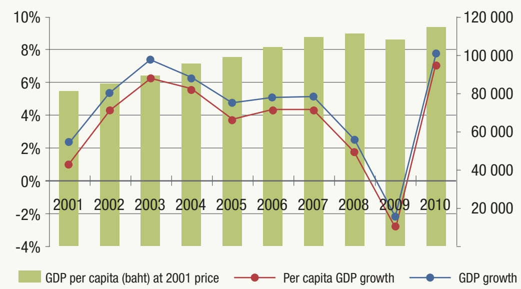
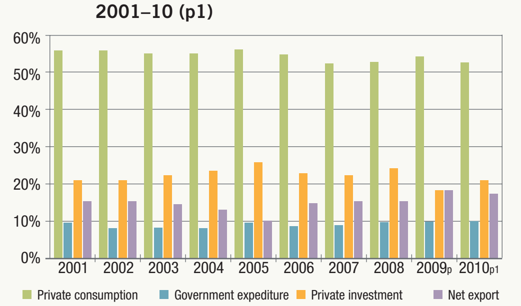


Figure 3. Export, import growth and trade dependence index, 2001–10 (p1)

Figure 4. Share of GDP, by expenditure in constant prices, 2001–10 (p1)



Note: "p" is preliminary, based on the annual figure; "p1" is the figure from the quarter data without an annual figure
Source all four figures: National Economic and Social Development Board (NESDB), 2011.

2.2 Regional disparity

Box 2. Definition of the Gini coefficient and poverty line

Beyond the measurement of economic growth, the distribution of growth and income are also important issues because they indicate the extent to which economic prosperity is evenly distributed in a society. This measurement prioritizes the equity aspect. Two suggested indicators to use are the gross regional product per capita and the Gini coefficient index, measured across geographical regions and rural–urban areas.

The "Gini coefficient" is an indicator for measuring inequality of a specific area, country, region or zone. A higher index implies worse income distribution or greater concentration in a measured area, while a lower index implies better income distribution.

The "poverty line" (national) is the income level below which people are defined as poor. The definition is based on the income level people require to buy life's basic necessities – food, clothing, housing – and satisfy their most important socio-cultural needs. The poverty line changes over time and varies by region; it is also called "subsistence minimum". Each government determines its official national poverty line (World Bank, 2012).

- Bangkok consistently ranks as the richest region in Thailand, except during 2006–08 when the eastern region claimed the highest per capita GDP (figure 5). In contrast, the north-eastern region consistently ranks as the poorest, with incomes about eight times lower on average than in Bangkok (NESDB, 2011).

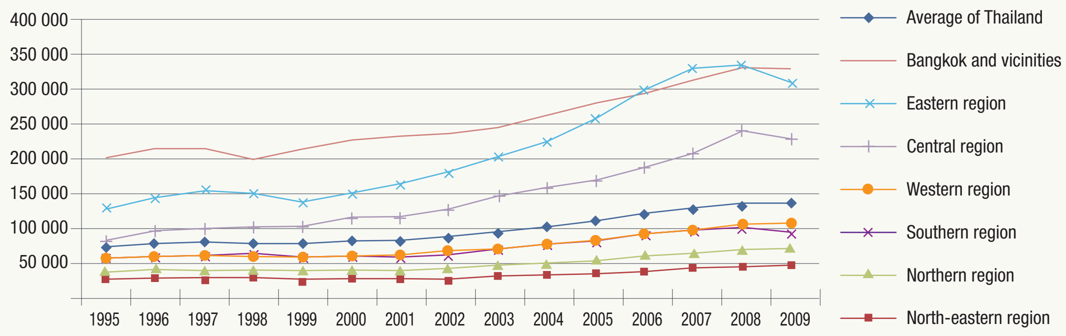
- The average region-specific Gini index in the past decade ranged from 0.44 to 0.47 (figure 8). Among regions over the decade, the Gini coefficient had the largest increment change in Bangkok, rising from 0.42 in 2000 to 0.47 in 2009 (NESDB, 2011).

- In 2001, more than 40 per cent of Thailand's population lived under the poverty line in ten provinces, mostly in the north-east region. In 2009, only one province, Mae Hong Son, continued to have 40 per cent of its population living below the poverty line. The share of people living below the poverty line declined considerably in the other provinces in that same time period (NESDB, 2011).

- In 2000, the Gini coefficient in both urban and rural areas registered at 0.47 (figure 7). By 2009, the Gini coefficient reflected a widened gap, with the index in the urban areas at 0.48 and in rural areas at 0.44. The change implies that the income distribution in the rural areas improved compared with urban areas (NESDB, 2011).

- Between 1988 and 2009 in the nominal term, the average monthly income per capita among the first quintile (the poorest households) increased by 516 per cent (figure 6), while the fifth quintile (the richest households)'s average monthly income per capita increased by 486.6 per cent. The ratios of average monthly income per capita between the richest and the poorest households in 1988 and 2009 were 11.9 and 11.3, respectively (NESDB, 2011).

Figure 5. Gross regional product per capita (baht), 2002–09 (Q1)



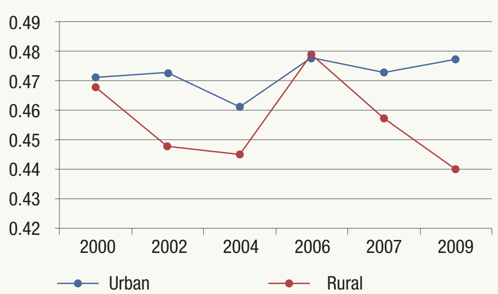
Source: NESDB, 2011.

Figure 6. Average monthly income per capita, by quintile, 1988 and 2009

Population by level of income	Average income per capita (baht per month)	
	1988	2009
First quintile (the poorest group)	244	1 503
Second quintile	429	2 622
Third quintile	660	3 941
Fourth quintile	1 098	6 299
Fifth quintile (the richest group)	2 897	16 993
Total	1 066	6 272

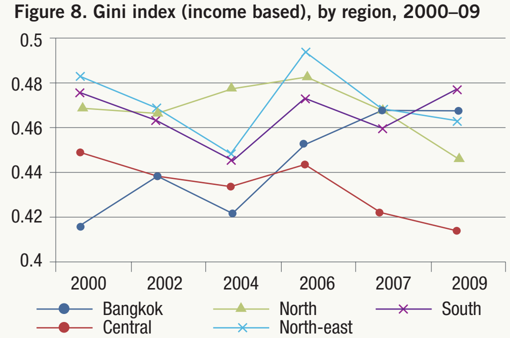
Source: NESDB, 2011.

Figure 7. Gini index (income based), by urban and rural area, 2000–09



Source: NESDB, 2011.

Figure 8. Gini index (income based), by region, 2000–09



Source: NESDB, 2011.

3. Population

Box 3. Definition of age dependency ratio and youth

The demographics of the Thai population in this publication are based on the total number of people registering as Thai citizens with the Department of Provincial Administration within the Ministry of Interior. The data are annually collected and presented in provincial, regional and national databases.

The "age dependency ratio" is the ratio of dependants – people younger than 15 or older than 64 – to the working-age population – those aged between 15 and 64. Although the retirement age in Thailand is 60 years, the dependency ratio used in this publication is based on the international classification. The data are typically shown as the proportion of dependants per 100 working-age population. The higher ratio implies a greater financial burden on the productive population to maintain the upbringing and pension of the dependants.

"Youth" is any person aged between 15 and 24 years.

- Population projections for 2030 suggest a decline in the share of the working-age and youth populations (figures 9 and 10); the former is likely to decrease by 4.5 per cent while the latter by as much as 11.1 per cent. Currently, the shares of working-age population and youth population are 25.1 and 11.9 per cent, respectively (NESDB, 2007).

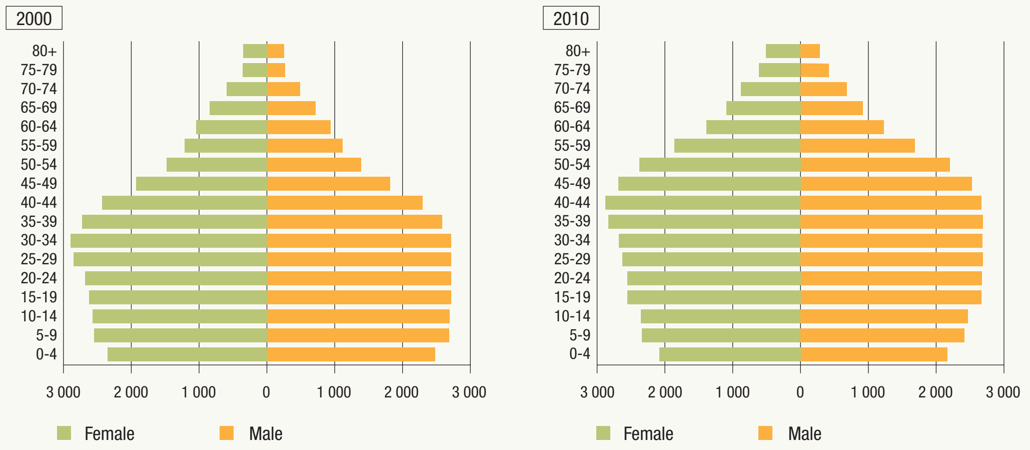
- By 2030, those aged younger than 15 years are projected to account for only 13.5 per cent of the total Thai population (figures 9 and 10), which would represent a considerable drop from the 20.5 per cent in 2010 (NESDB, 2007).

- In contrast, the ratio of the elderly population to total population will experience an upward trend until 2030 (figures 9 and 10), rising from 9.4 per cent in 2010 to almost 25 per cent in 2030 (NESDB, 2007).

- As a consequence of the demographic changes, the dependency ratio of the younger population dropped from 37.4 per cent in 2000 to 30.3 per cent in 2010, while the dependency ratio of the elderly population (64 years and older) increased from 14.3 per cent in 2000 to 17.6 per cent in 2010 (figures 9 and 10). From 2010 to 2030, this ratio is predicted to jump to 41 per cent – a 24 per cent increase within 20 years (NESDB, 2007).

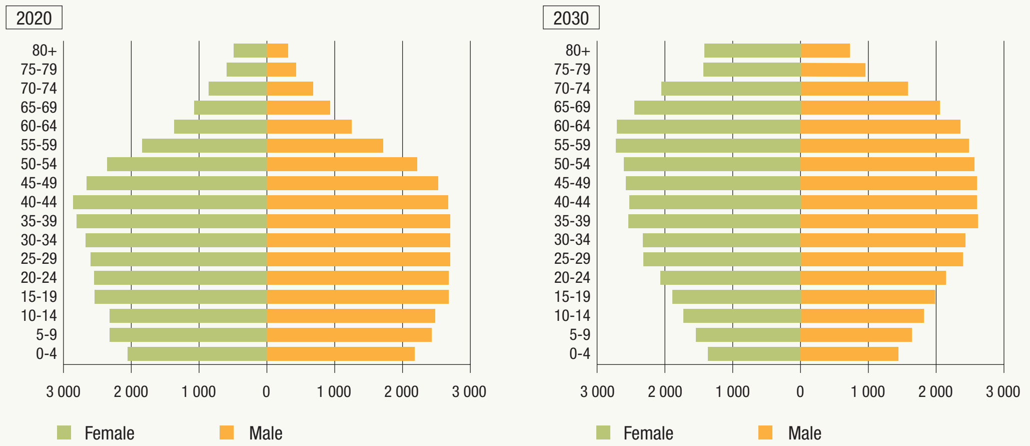
- Based on that projection, the Thai economy needs to prepare itself for a period of a high elderly dependency ratio. Accessibility to decent health care is one of the most important public provisions that need to be developed with such a situation. Pension schemes also will be critical for Thailand to cope with the continuing change in demographic patterns (NESDB, 2007).

Figure 9. Thai demographic structure, by age and sex, 2000 and 2010



Source: NESDB, *Population projections for Thailand 2000–2030*, October 2007.

Figure 10. Thai demographic structure, by age and sex, 2020 and 2030



Source: NESDB, *Population projections for Thailand 2000–2030*, October 2007.

4. Literacy, school enrolment and skills

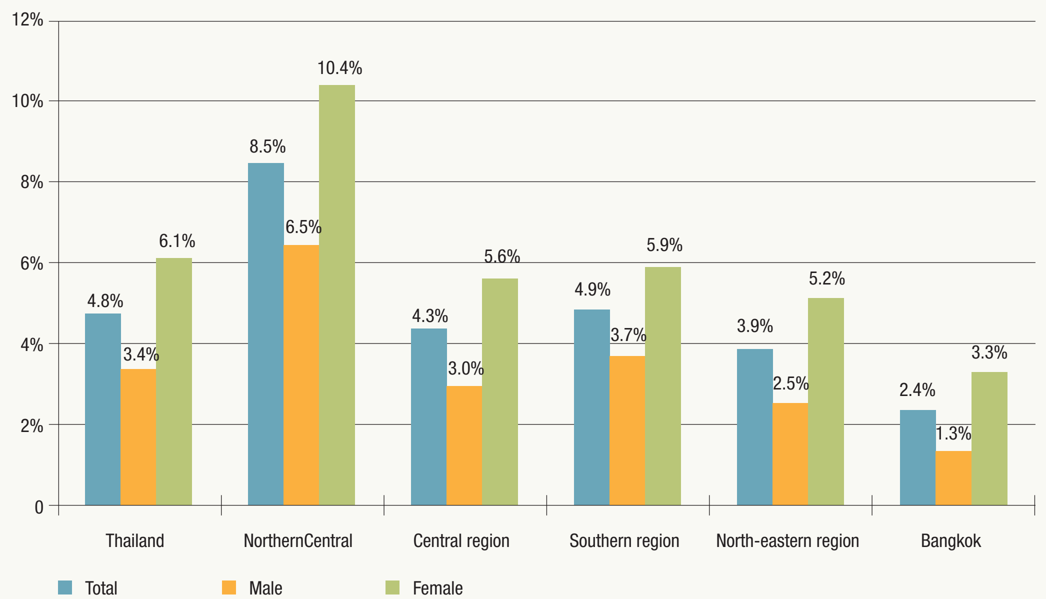
4.1 Literacy

Box 4. Definition of literacy

"Literacy" is defined as the skill to read and write a simple sentence about everyday life. The illiteracy rate is measured as the proportion of a population aged 6 years or older who do not read.

- According to the 2008 Reading of population survey, the female illiteracy rate was higher than the male illiteracy rate in every region and in the country as a whole (figure 11). In the northern area, one of every ten women was illiterate in 2008. Compared with males, females are almost twice as likely to be illiterate, regardless of the reason (NSO, 2008).
- The northern region also had the largest share of people who are illiterate in the whole country in 2008 (figure 11), while Bangkok had the smallest share among the total population (NSO, 2008).

Figure 11. Proportion of population aged 6 or older who are illiterate, by region, 2008



Source: National Statistical Office (NSO), *Reading of population survey*, 2008.

4.2 School enrolment

Box 5. Definition of average years of schooling

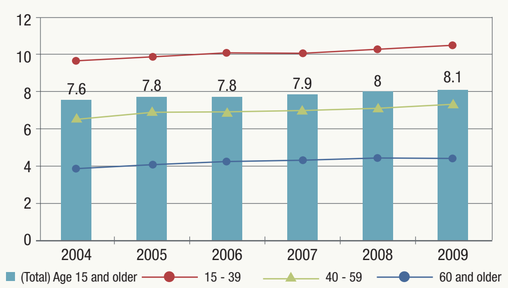
"Average years of schooling" is defined as the years of formal schooling received, on average, among people older than 15.

- The average years of schooling in Thailand increased from 7.6 years in 2004 to 8.1 years in 2009 (figure 12). People aged between 15 and 39 had approximately 10–11 years of schooling as of 2009, the most of all age groups. Elderly Thais (60 years or older) had the lowest average, at four years (Ministry of Education, 2010).

- The proportion of Thai people with a higher education is increasing, particularly those with an upper secondary level education (figure 13). The proportion of the population aged 15 or older with an upper secondary level of education expanded from 11.4 per cent in 2001 to 13.7 per cent in 2010, while the number of people with less than a primary education diminished, from 38.3 to 29.5 per cent, in the same time period (Labour Force Survey, 2001 and 2010).

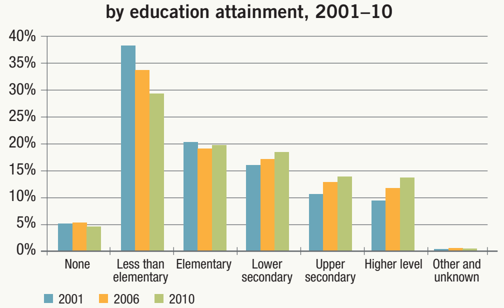
- About 65 per cent of the total population (figure 13) had less than an elementary education in 2010 (Labour Force Survey, 2010).

Figure 12. Average years of schooling, 2004–09



Source: Ministry of Education, Bureau of Information and Communication, Technology Office of the Permanent Secretary, 2010.

Figure 13. Share of population aged 15 or older, by education attainment, 2001–10



Source: NSO,Labour Force Surveys, 2001–10.

4.3 Skills training

Box 6. Definition of skills training

Public policies and measures dealing with vocational education and training fall under the domain of both the Department of Vocational Education within the Ministry of Education and the Department of Skill Development within the Ministry of Labour.

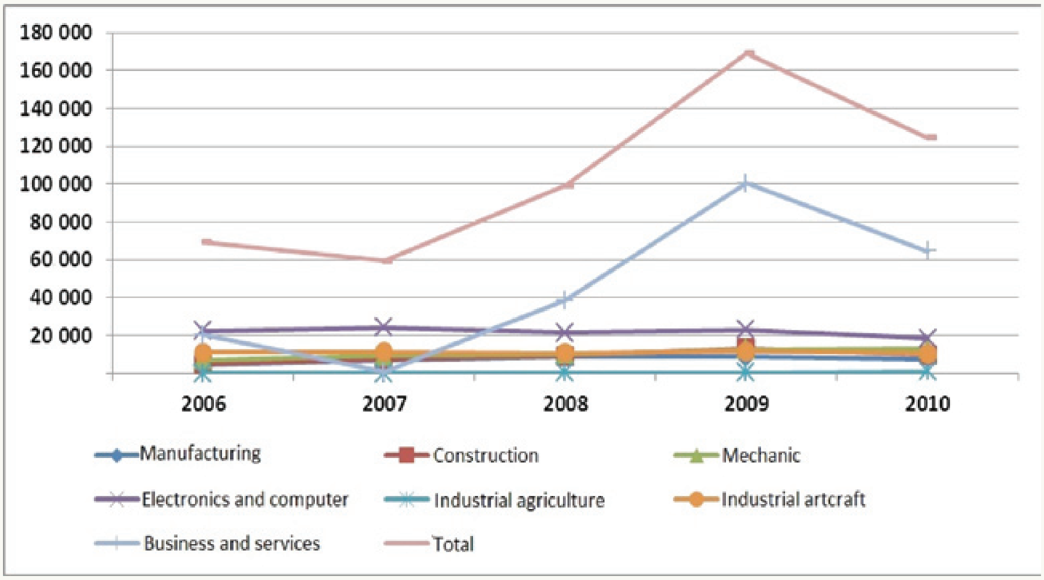
The Department of Vocational Education and Training promotes cooperation with the private sector in dual vocational training (DVT), in which students train at a job site; this requires training contracts that are signed between companies and trainees. Core to the success of DVT is the participation of the private sector, whether by providing training allowance for trainees or the training curriculum that is developed to target a job in the workplace.

The Department of Skill Development (DSD) deals directly with skills development of the 30 million people in the workforce. The DSD is the core organization that carries out schemes related to skills development coordination and promotion. The DSD is responsible for skills training, retraining and upgrading skills of the workforce to meet the national qualification standards. The three main areas for both technical and non-technical skills are manufacturing, services and commercial sectors (Ministry of Labour, 2012).

- In 2006, government-subsidized short skills courses enrolled 69,477 trainees (figure 14). As a result of the policy to cope with the spike in unemployment during the 2009 economic recession, the number of trainees skyrocketed that year to 169,285, which was more than double the number for the previous three years. The majority of courses were service related (Ministry of Labour, 2010).

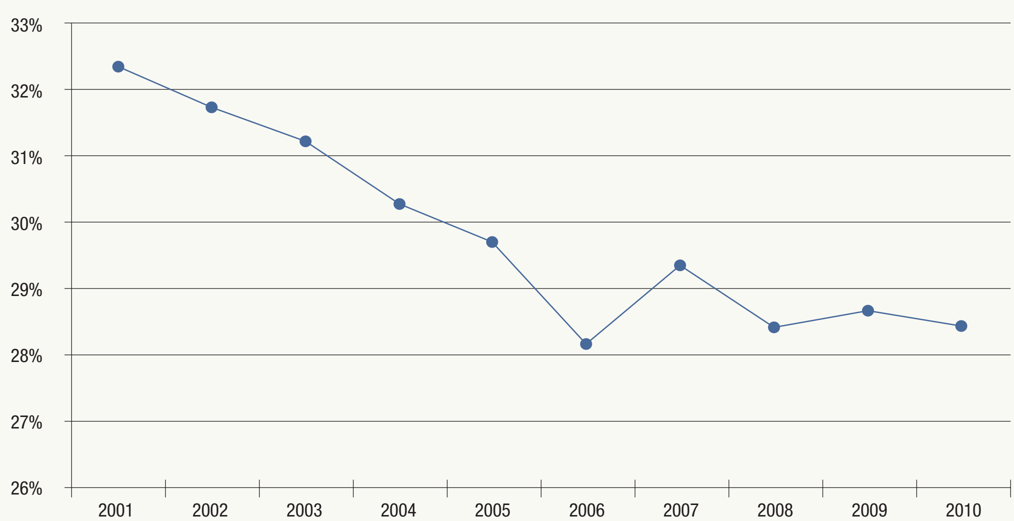
- The proportion of employed persons who graduated from vocational schools to the upper secondary or higher level of school dropped significantly, from 32 per cent in 2001 to 28 per cent (figure 15) in 2010 (Labour Force Survey, 2001 and 2010).

Figure 14. Trainees in government-sponsored skill-upgrading courses, 2006–10



Source: Ministry of Labour, 2010.

Figure 15. Proportion of employed persons who are vocational school graduates among all highly educated employed persons, 2001–10



Source: NSO, Labour Force Surveys, 2001–10.

5. Labour force

5.1 Labour force participation rate

Box 7. Definition of labour force participation rate and working-age population

The "labour force participation rate" is the share of the labour force to the working-age population (15–64 years). According to the Ministry of Labour, the total labour force covers all persons aged 15–64 years who, during the Labour Force Survey week, were engaged in the labour force (either employed or unemployed) or were classified as seasonally inactive labour force (neither employed nor unemployed but were waiting for the appropriate season, as persons who usually worked without pay on farms or in business enterprises engaged in seasonal activities owned or operated by the head of the household or any other member of the household).

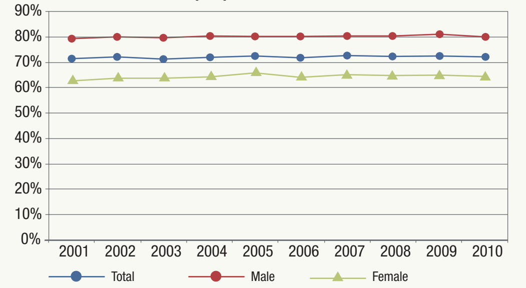
"Working-age population" is the total population in a region who are considered able and likely to work. The publication uses the international standard of 15–64 years.

- Of the country's total population of 67 million in 2010, 54 million were of working age and 39 million were in the labour force (figure 18). This translates to a labour force participation rate of 73 per cent (Labour Force Survey, 2010).

- From 2001 to 2010, total labour force participation rate remained steady (figure 16), although it was much higher for men than for women (Labour Force Surveys, 2001–10).

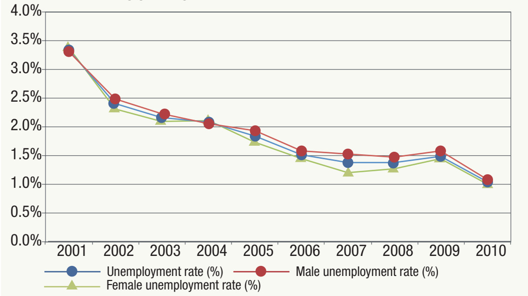
- As of 2010, the agriculture sector generated more than 40 per cent of Thailand's employment, although there was high seasonal variation in some of the agricultural employment (figure 17).

Figure 16. Labour force participation rate, by sex, 2001–10 (Q3)



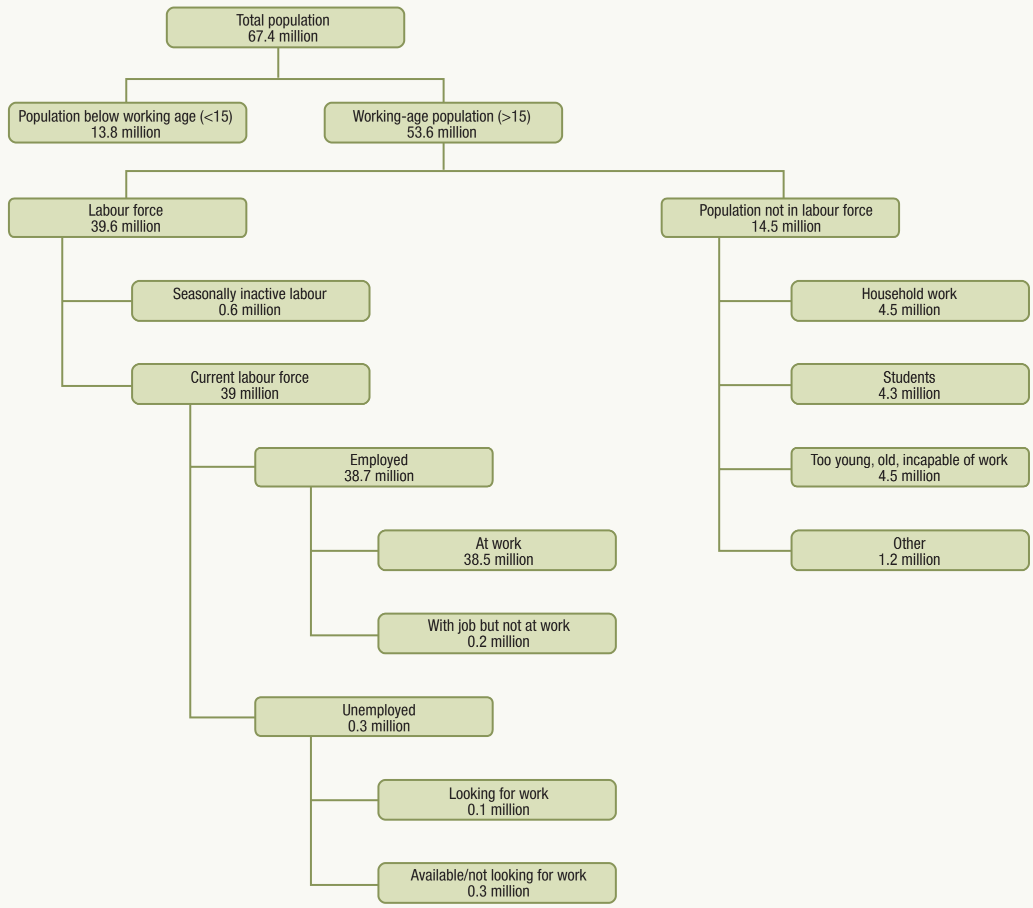
Source: NSO, Labour Force Surveys, 2001–10.

Figure 17. Unemployment rate, by sex and gender gap, 2001–10



Source: NSO, Labour Force Surveys, 2001–10.

Figure 18. Classification of the labour force, 2010



Source: NSO, Labour Force Survey, 2010 (Q3).

5.2 Inactivity rate

Box 8. Definition of inactivity rate

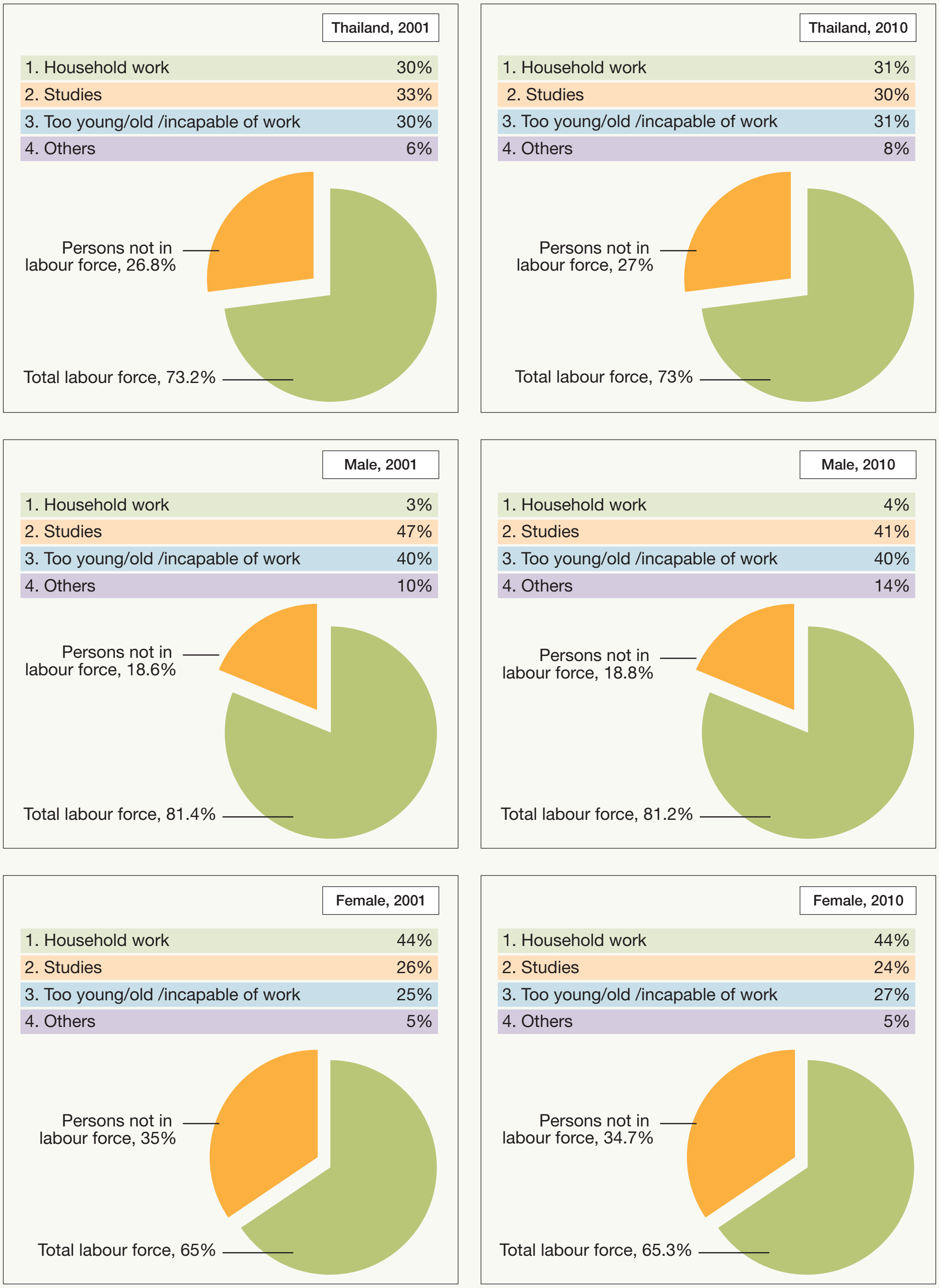
The “inactivity rate” is the proportion of the working-age population not in the labour force. Persons not in the labour force are defined in Thailand as those who were neither employed nor unemployed during the Labour Force Survey week nor classified as seasonally inactive labour force. They include persons who, at the time of the survey, were of working age but were neither employed nor available to work because, for example, of being engaged in household work; engaged in studies or training; retiring early; being incapable to work because of physical or mental disability or illness; being voluntarily inactive; or working without payment.

- Working-age persons (15–64 years) who are out of the labour force – measured by the inactivity rate – remained at around 27 per cent for most of the decade 2000–10 (figure 19). Within the total share, 35 per cent were inactive women, compared with 19 per cent of inactive men (Labour Force Survey, 2001 and 2010).

- In 2001, approximately 47 per cent of working-age males attended school rather than work in the labour force, while only 3 per cent of them did household work (figure 19). In 2010, 41 per cent of working-age men studied, while the proportion doing household work increased by 1 per cent (Labour Force Survey 2001 and 2010).

- Over the past decade, the reason most frequently cited for females remaining inactive was participation in household work, which accounted for 44 per cent of the total female inactive persons (figure 19). In 2001, only 26 per cent of working-age females were out of the labour market for education purposes, while in 2010 that proportion had declined to 24 per cent (Labour Force Survey, 2001 and 2010).

Figure 19. Distribution of the labour force and inactive persons, by sex, 2001 and 2010 (Q3)



Source: NSO, Labour force survey, 2001 and 2010.

6. Employment

6.1 Employment–population ratio

Box 9. Definition of employment-population ratio and employment elasticity

The “employment–population ratio” is the proportion of employed persons relative to the overall working-age population (aged 15–64 years). According to the ILO, an employed person is someone aged 15–64 who, during a labour force survey week, worked for at least one hour for wage/salary, profit, dividends or any other payment in kind or did not work at all or worked less than one hour but received wage/salary, profit from business enterprise or farm during a period of absence or did not receive wage/salary, profit from business enterprise or farm during the period of absence but had a regular job or business that they would return to. Or it is someone who worked for at least one hour without pay in a business enterprise or on a farm owned or operated by the household head or family member.

An increase in the employment–population ratio indicates that more working-age people have employment. This indicator provides information on the ability of an economy to provide employment. It can be complemented by other indicators to measure not only the quantity of employment but also the quality of employment (ILO, 2009).

The “employment elasticity” is defined as the average percentage point change in employment for a given employed population group (total, female, male) associated with a 1 percentage point change in output over a selected period. In its most basic application, it serves as a useful way to examine how growth in economic output and growth in employment evolve together over time. It also can provide insight into trends in labour productivity and employment generation for different population subsets in a country and assist in detecting and analysing structural changes in employment over time (*Key Indicators of the Labour Market*, 2010).

- Thailand’s employment–population ratio, averaging 72.1 per cent during the 2001–2010 period and standing at 72.2 per cent in 2010, ranks as one of the highest among Asian economies, second to that of China’s (figure 21). From 1996 to 2000, the ratio declined, from an approximate average of 75 per cent to 70 per cent, and a further 5 percentage points in the late 1990s, after which it has consistently increased (*Key Indicators of the Labour Market*, 2010).

- From 2001 to 2010, the Thai employment–population ratio showed that men were more likely to be employed than women, at an average ratio for the decade of 80.1 and 64.4 per cent, respectively (figure 20). Even though there was a slight fluctuation, the overall trend reflected a rise in the employment rate of both women and men, with a consistent gap between

6

Employment

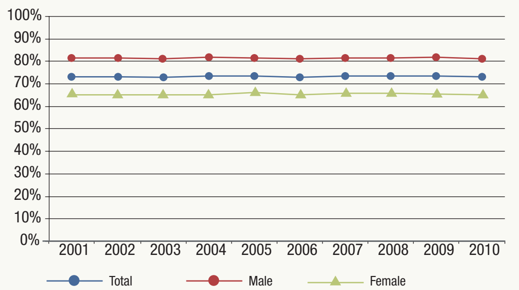
the two sexes (Labour force survey, 2001 and 2010).

- During the economic crisis in 2009, the female employment–population ratio declined, but the male employment–population ratio rose (figure 20). It is possible that there was a "crowding out" of women in employment during the crisis. On the whole, however, the total employment–population ratio was 72.5 per cent in 2009, which then dropped 0.2 percentage points in 2010 (Labour Force Survey, 2001 and 2010).

- The elasticity of employment to total GDP ranged between 0.1 and 0.2 from 1992 to 2008 (figure 22). From 1992 to 1996, when GDP growth was at its highest, at 8.1 per cent, the employment elasticity of the Thai economy was only 0.1. After the financial crisis in 1997, when economic growth contracted and Thailand posted a negative GDP growth rate, the sensitivity of employment to economic fluctuation was higher and elasticity (in which both GDP and employment are in a declining trend) was 0.2. This characteristic, however, did not hold true from 2000 to 2008 (*Key Indicators of the Labour Market*, 2010).

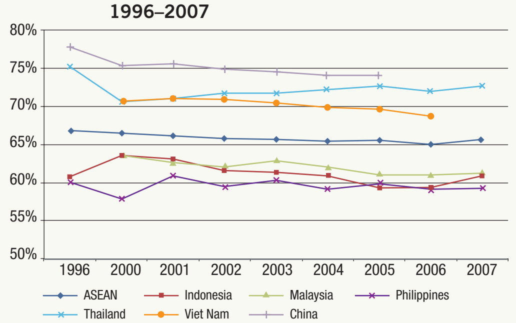
- Men and women were dealt with differently in terms of employment adjustment over the past decade. After 2000, when economic growth began to decline, the elasticity of total employment to total GDP of males was higher than for females, implying higher sensitivity of male employment to the fluctuation of the Thai economy. The gap between males and females grew larger from 2004 to 2008, when economic growth declined further (*Key Indicators of the Labour Market*, 2010).

Figure 20. Employment–population ratios, 2001–10



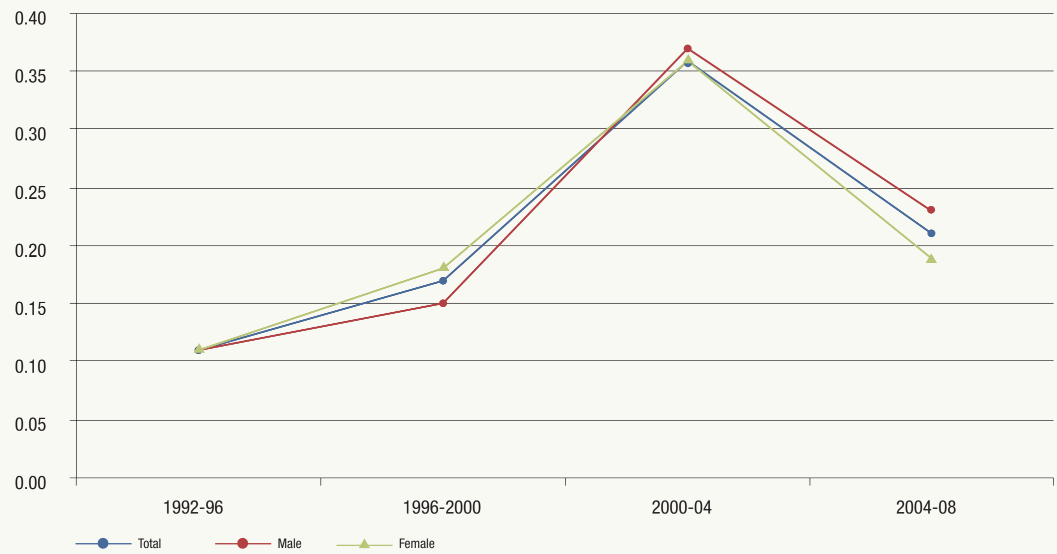
Source: NSO, Labour Force Surveys, 2001–10.

Figure 21. Employment–population ratios in Asian countries, 1996–2007



Source: ILO, *Key Indicators of the Labour Market*, 2010.

Figure 22. Elasticity of total employment to total GDP in Thailand, 1992–2008



Source: ILO, *Key Indicators of the Labour Market*, 2010.

6.2 Employment by sector

Box 10. Definition of employment by sector and labour productivity

"Employment by sector" demonstrates the contribution of job creation of each sector to overall employment in an economy. In short, it reveals the capability of each sector to absorb labour as well as the intensity of labour used as a factor of production. Also, it supports the employment-to-population ratio by decomposing the effect of economic growth on sector employment. Thus, it is capable of showing exactly which sector is positively and negatively impacted from such growth. Employment by sector is also informative in terms of showing where the economy is in the stages of development. If most of employment occurs in the agriculture sector, for instance, it could imply that a country is an "agriculture-based economy". The more developed a country is, the more employment is generated in the manufacturing and service sectors. At a certain point in the development process, the country will reach the industrialized stage and a service-driven growth pattern.

"Labour productivity" is a measure of the efficiency of production and defined as the ratio of output (GDP) per unit of input (here, labour). Labour productivity growth may be due to either increased efficiency in the use of labour, without more of other inputs, or because each worker works with more of the other inputs, such as physical capital, human capital or intermediate inputs.

- Of the total employed population of 38.7 million in 2010, employment in the agriculture and fishery sectors was 15.7 million, while in manufacturing activities it was 5.2 million; the remainder, at 17.7 million, was engaged in service activities (Labour Force Survey, 2010).

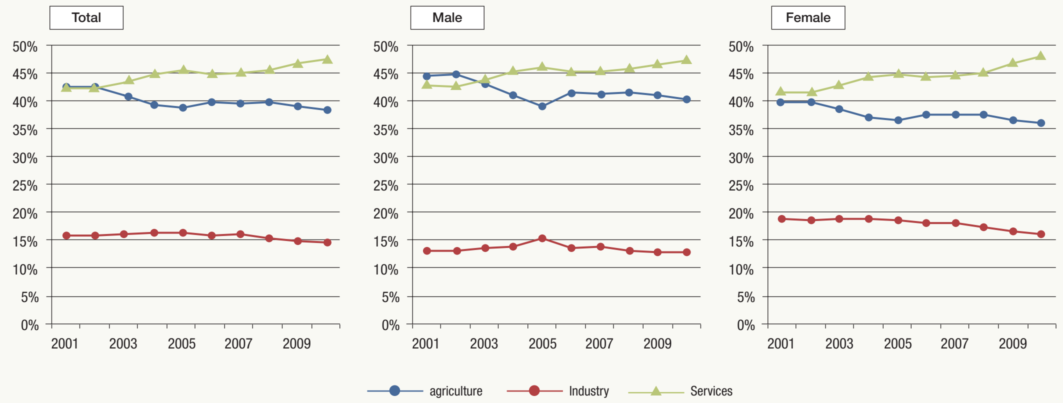
- In 2001, the proportions of employment in the agriculture, industry and service sectors were 46, 14.3 and 39.7 per cent, respectively (figures 23 and 24). A decade later, the share of the service sector had increased to 45.8 per cent (2010), while the share of employment in agriculture declined to 40.7 per cent. The share of the manufacturing sector was relatively static over the decade, at around 15 per cent. The share of employment in agriculture and service diverged considerably (Labour Force Surveys, 2001–10).

- Despite structural shifts, agriculture remains the primary employment sector, with 40 per cent of the employment share (figures 23 and 24). The transition to non-agriculture from agriculture has slowed down. This suggests that the expansion of the industry and service sectors is fed by new entrants to the labour force rather than by movements from the agriculture sector (Labour Force Surveys, 2001–10)

- Productivity, measured as GDP per capita, is lowest in the agriculture sector. Although the agriculture sector contributed only 10 per cent of GDP in 2001, it employed up to 38 per cent of total workers in Thailand (figure 25). Accountable for roughly 43 per cent and 49 per cent of total production, the proportions of the industry and service sectors to overall employment were 14 per cent and 48 per cent, respectively. The estimated labour productivity of the industry sector, with the average labour productivity in each year at 100 in real 1988 GDP, significantly increased, from 246.8 in 2001 to 303.1 in 2010, while in other sectors it declined. In the agriculture sector, labour productivity in 2001 was 124.6 and slightly declined to 121.7 in 2010. In that same period, the service sector experienced a fairly large decrease, from 121.9 in 2001 to 102.4 in 2010 (Labour Force Surveys, 2001–10).

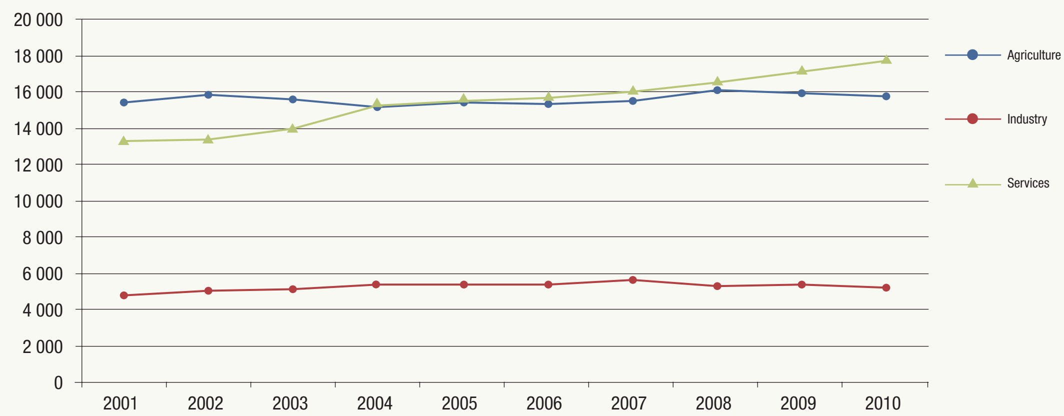
- Although the employment structure of men and women is similar, women made a faster shift than men from agriculture to the service sector (figure 23). The proportion of women workers in the service sector (at 48 per cent) surpassed those in the agriculture sector (at 36 per cent) in 2010. The share of men workers was 47.3 per cent in the service sector and 40.1 per cent in the agriculture sector at the same time. The proportion of men and women in industry in 2010 was 12.6 and 16 per cent, respectively (Labour Force Surveys, 2001–10).

Figure 23. Share of employed persons, by sector, 2001–10 (average of four quarters)



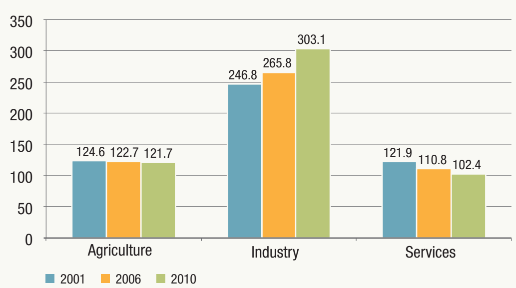
Source: NSO, Labour Force Surveys, 2001–10.

Figure 24. Employed persons, by sector, 2001–10 ('000s)



Source: NSO, Labour Force Surveys, 2001–10.

Figure 25. Labour productivity, by economic activities, 2001–10



Note: Authors' calculation: 1) The sector-based real GDP was divided by sector-based employment, then 2) the whole economy labour productivity was estimated, using a weight (the overall labour productivity then became 100).
Source: NSO, Labour Force Surveys, 2001–10.

6.3 Employment by status

Box 11. Definition of employment by status and vulnerable employment

The "employment status" classifies employed persons to reflect the strength of the institutional attachment between a worker and a job and the authority over other workers, based on the type of explicit or implicit contract. The criteria used to define status of employment are based on the type of contract that a person has with other persons or organizations when performing a particular job, according to the International Classification of Status in Employment, adopted at the Fifteenth International Conference of Labour Statisticians in 1993 (ICSE-93). Workers are separated into employees, employers, own-account workers, members of producers' cooperatives, contributing family members and workers not classified by status.

The ILO combines own-account workers and contributing family workers into the group of "vulnerable employment". Vulnerable employment is often characterized by inadequate earnings, low productivity and difficult conditions of work that undermine workers' fundamental rights.

- The total employment data indicates that wage and salaried workers represent the largest share in total employment (figure 26). In 2010, the share of wage and salaried workers was 42.6 per cent of all workers. However, the number of contributing family workers, who mostly work in the informal sector, demonstrated a decreasing trend, reaching 32 per cent in 2010 (Labour Force Surveys, 2001–10).

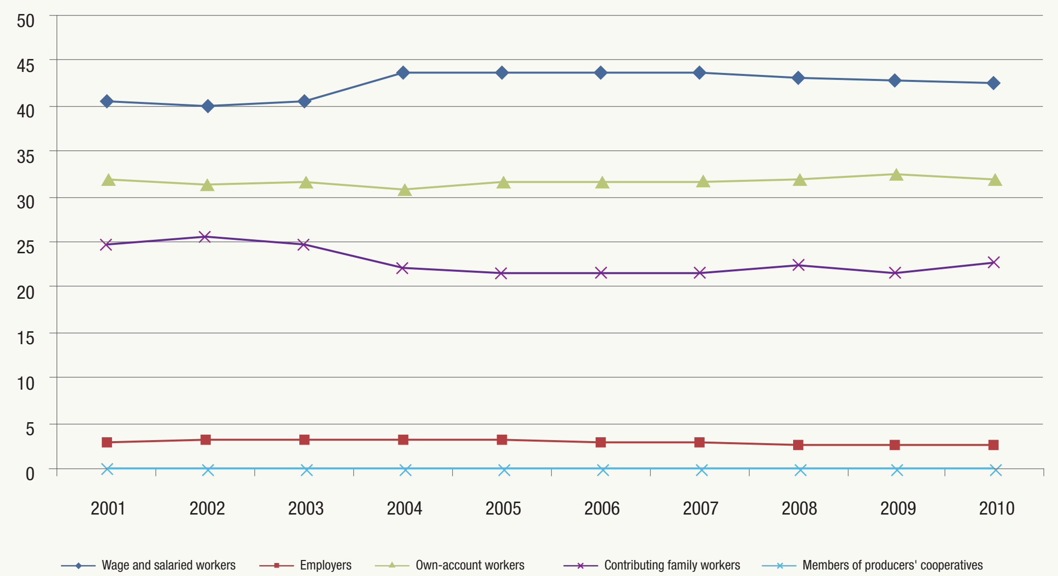
- The sex disaggregation of the employment data indicates that in 2010 a large share of men, at 37.3 per cent, worked as an own-account worker (figures 26a and 26b). The share of unpaid family workers of women (at 31.3 per cent) was double the share of men (at 15.3 per cent), while the share of women employers was 1.5 per cent and men was 3.7 per cent. Interestingly, the share of own-account workers significantly increased over the past decade, from 22.7 in 2001 to 25.7 per cent in 2010 (Labour Force Surveys, 2001–10).

- The indicator of vulnerable employment is measured as the sum of own-account work and unpaid family work (figure 27). For Thailand, this proportion was 56.7 per cent in 2001; it reduced to 53 per cent in 2004 before increasing again, to 54.6 per cent in 2010. There was in particular a significant change in the upward direction in this indicator during the recent economic crisis – implying perhaps a larger incidence of informal employment during the economic crisis instead of open unemployment because few people can afford to remain unemployed in the absence of social protection strategies (*Key Indicators of the Labour Market*, 2010).

- Although the proportion of vulnerable employment is large in Thailand, with more than half of all workers considered as own-account workers and unpaid family workers, it is still smaller than the average among the Association of Southeast Asian Nation countries, which was at almost

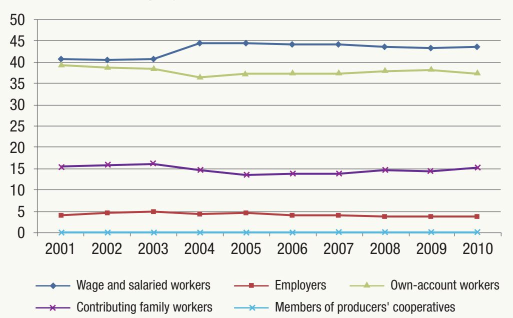
60 per cent in 2007 (figure 28). However, the proportion of vulnerable employment among total employment within ASEAN has a wide range. For example, vulnerable employment in Cambodia represented more than 80 per cent of all employment in 2007, while in Malaysia it was only around 20 per cent (*Key Indicators of the Labour Market*, 2010).

Figure 26. Share of employment, by status in employment, 2001–10



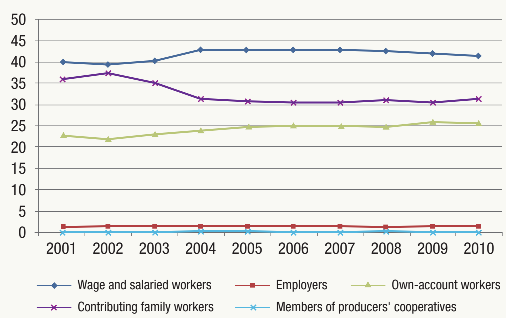
Source: NSO, Labour Force Surveys, 2001–10.

Figure 26a. Share of male employment, by status in employment, 2001–10



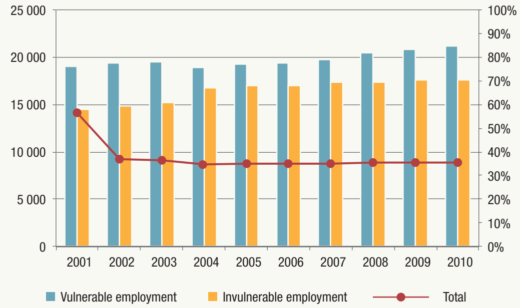
Source: NSO, Labour Force Surveys, 2001–10.

Figure 26b. Share of female employment, by status in employment, 2001–10



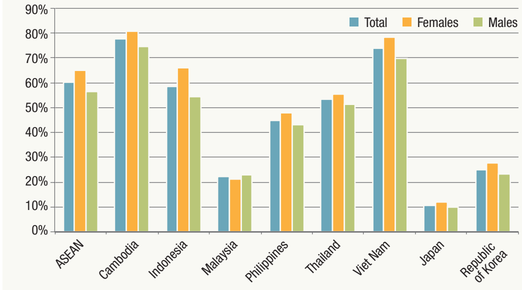
Source: NSO, Labour Force Surveys, 2001–10.

Figure 27. Vulnerable employment, 2001–10



Source: ILO, *Key Indicators of the Labour Market*, 2010.

Figure 28. Share of vulnerable employment to total employment in selected Asian economies, 2007



Source: ILO, *Key Indicators of the Labour Market*, 2010.

6.4 Employment by occupation

Box 12. Definition of job and employment by occupation

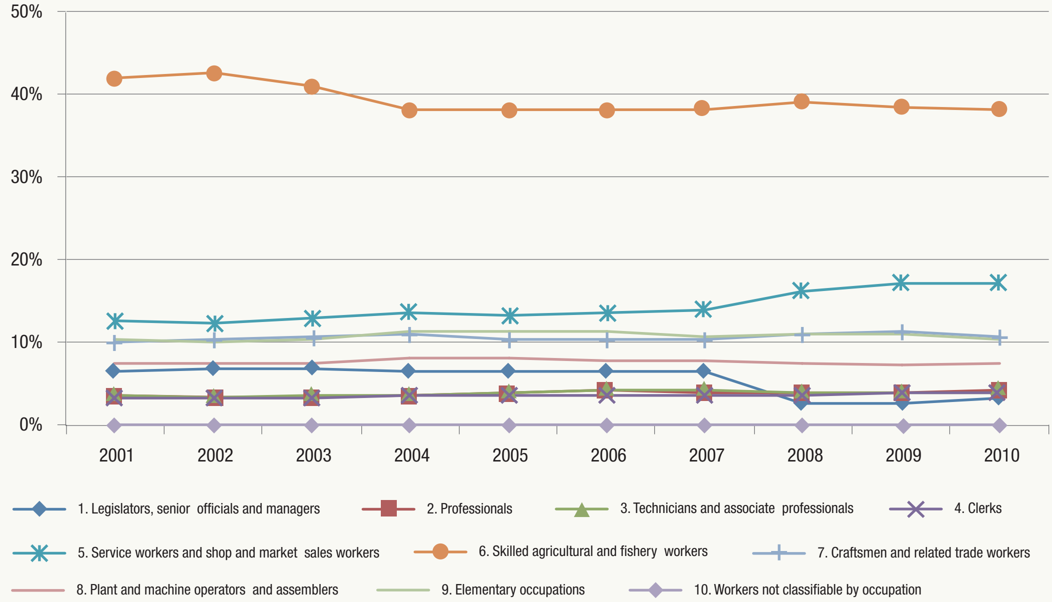
A "job" is defined as a set of tasks and duties performed, or meant to be performed, by one person for an employer or in self-employment. An occupation is defined as a set of jobs whose main tasks and duties are characterized by a high degree of similarity. Occupational classifications categorize all jobs into groups, which are hierarchically structured in a number of levels.

The indicator for "employment by occupation" classifies jobs into major groups, with the groups defined by the classification that is used. For the Thai data, the employment by occupation indicator is classified by the National Statistical Office (NSO) according to the International Standard Classification of Occupations, 2008 (ISCO-08), with the following major groups: legislators, senior officials and managers; professionals; technicians and associate professionals; clerks; service workers and shop and market sales workers; skilled agricultural and fishery workers; craft and related trades workers; plant and machine operators and assemblers; elementary occupations; and armed forces (although the NSO changed "armed forces" to "workers not classifiable by occupation") (*Key Indicators of the Labour Market*, 2010; NSO, 2012).

- Skilled agricultural and fishery workers accounted for the largest share of employment by occupation in 2010, at about 38 per cent (figure 29). Next in line but relatively far behind in terms of share was sales and service workers, at 23 per cent (which was an increase from 18 per cent in 2001). The number of legislators, senior officials and managers plunged beginning in 2008, from 6.7 per cent in 2007 to 2.6 per cent in 2008 (Labour Force Surveys, 2001–10).

- The sex-disaggregated data of employment shows more men than women among the skilled agriculture workers in 2010, at 39.6 and 37.5 per cent, respectively (figures 29a and 29b). Far more women, however, were in sales and service, at 23.1 per cent, compared with men, at 12.5 per cent. Yet, twice as many men were classified as craftsmen and trade workers in 2010, at 14.4 per cent, compared with 6.8 per cent of women (Labour Force Surveys, 2001–10).

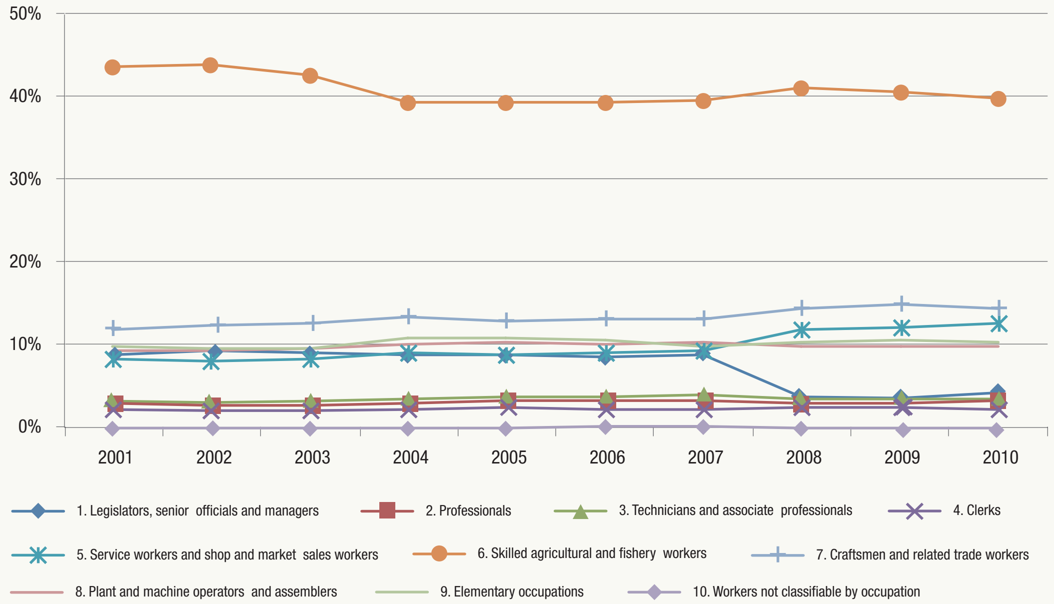
Figure 29. Share of total employed persons, by occupation, 2001–10



Source: NSO, Labour Force Surveys, 2001–10.

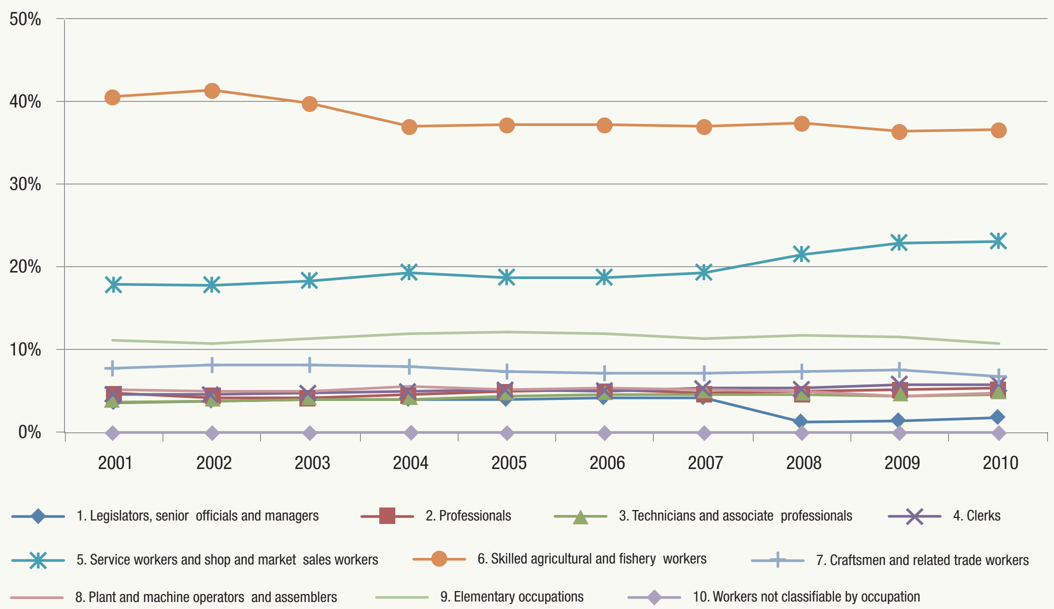
6 Employment

Figure 29a. Share of male employed persons, by occupation, 2001–10



Source: NSO, Labour Force Surveys, 2001–10.

Figure 29b. Share of female employed persons, by occupation, 2001–10



Source: NSO, Labour Force Surveys, 2001–10.

6.5 Employment by educational attainment

Box 13. Thailand's national classification of educational attainment

Thailand's national classification of educational attainment and the National Statistical Office use the following categories:

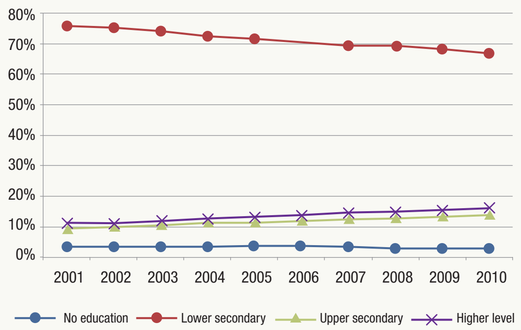
1) "No education" refers to all persons who have never attended school.
2) "Lower secondary level" refers to all persons who have completed Matayom 3, which is the lower of secondary school.
3) "Upper secondary level":
   - "Academic" refers to all persons who completed Matayom 6 in a general education school.
   - "Vocational and technical" refers to all persons who have completed lower secondary school and then completed a three-year course in a vocational and technical college.
   - "Teacher training" refers to all persons who have completed the teacher training course and received a certificate equivalent to upper secondary level.
4) "Higher level" includes those who graduate the general/academic, vocational and teacher training levels.

- The overall education level of the population is improving in Thailand. From 2001 to 2010, the share of employed persons who had completed the lower secondary level of school declined, from 80 to 70 per cent, while the share of graduates increased, from 21 to 30 per cent (figure 30). The share of employed persons aged 15 or older who had never attended school stood at only 3 per cent over the period (Labour Force Surveys, 2001–10).

- There is still room for improvement. From 2001 to 2010, 67–76 per cent of those employed had completed the lower secondary level of school, while only 9–14 per cent had completed the upper secondary level and 11–16 per cent had a tertiary education (figures 30a and 30b). The data reflect no significant difference between women and men in Thailand's labour force in terms of education level over the past decade (Labour Force Surveys, 2001–10).

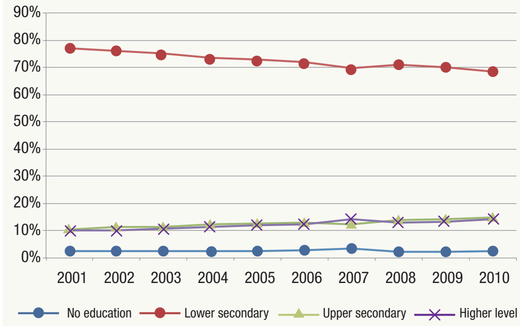
- Even though the number of vocational graduates continued to increase, the share of employed persons graduating from vocational school to the upper secondary or a higher level of school dropped significantly, from 32 per cent in 2001 to 28 per cent in 2010 (figure 31). The decrease is one factor driving the seriousness of the current skill shortages (Labour Force Surveys, 2001–10).

Figure 30. Total employment, by education level, 2001–10



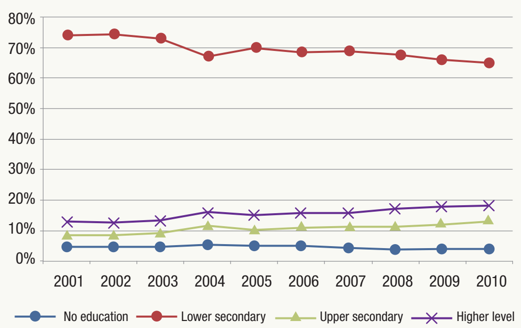
Source: NSO, Labour Force Surveys, 2001–10.

Figure 30a. Male employment, by education level, 2001–10



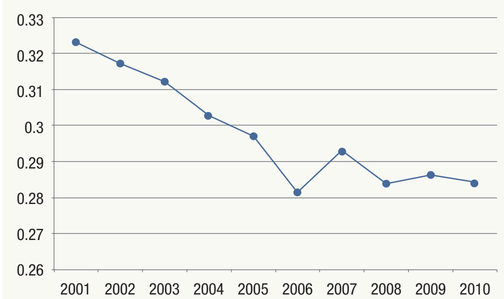
Source: NSO, Labour Force Surveys, 2001–10.

Figure 30b.Female employment, by education level, 2001–10



Source: NSO, Labour Force Surveys, 2001–10.

Figure 31. Ratio of employed persons of vocational graduates to total upper secondary or higher graduates, 2001–10



Source: NSO, Labour Force Surveys, 2001–10

6.6 Working poverty

Box 14. Definition of working poor

The "working poor" are defined as individuals who are working and living in households that are below the poverty line, based either on the national or international threshold. According to the World Bank, the international poverty line is either US$1.25 or $2.00 per day, depending on the level of economic development and standard of living, which are different across countries. Working poor is unlike the traditional measure of poverty in that the working poor incorporate only poor people who are categorized as employed persons (previously defined).

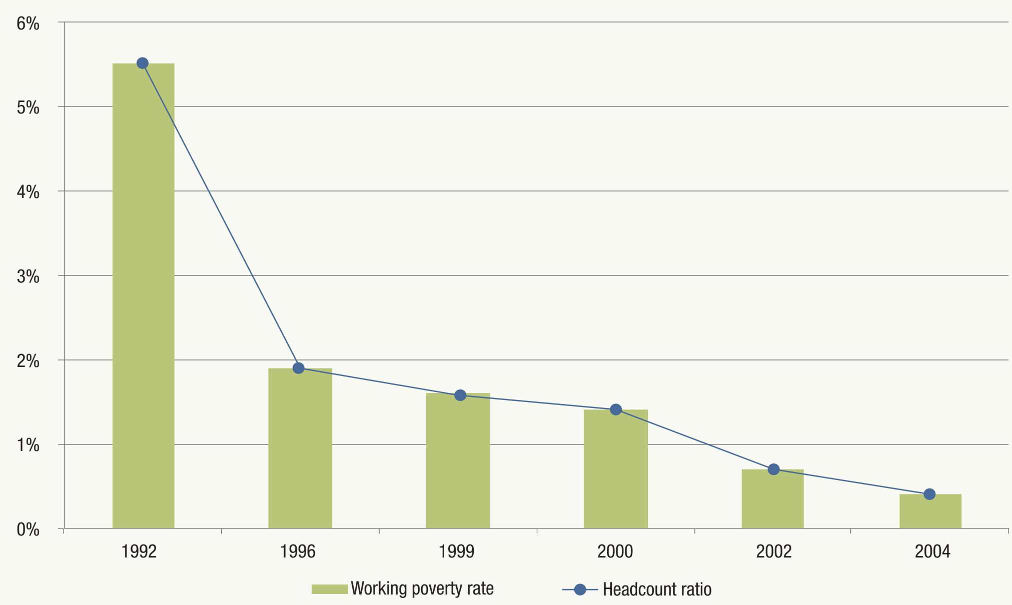
The "working poverty rate" is the ratio of working poor people to total employed persons and is considered an important indicator linking macroeconomic and labour market perspectives.

- The incidence of poverty in Thailand has declined substantially – fourteen-fold – over the past two decades, illustrated by the huge reduction in the headcount ratio (figure 32), from 5.5 per cent in 1992 to 0.4 per cent in 2004 (*Key Indicators of the Labour Market*, 2012).

- According to ILO (*Key Indicators of the Labour Market*, 2012) and World Bank statistics (World Bank, 2010), the working poverty rate stayed more or less equal to the head count ratio, which is the ratio of poor people to the whole population (figure 32). The working poverty rate was 5.2 per cent in 1992 and 0.4 per cent in 2004 (more recent data on working poverty is currently not available).

- A higher employment–population ratio means a larger share of poor people who worked in comparison with the total poor population (figure 32). The employment–population ratio follows a changing trend similar to changes among the working poor–total poor population ratio. This highlights the fact that more employment does not always lead to better socio-economic conditions and a decline in poverty, as many believe. This is at least true for Thailand over the past 20 years (*Key Indicators of the Labour Market*, 2012).

Figure 32. Working poverty rate, 1992–2004



Note: The headcount ratio calculation is based on the international poverty line of US$1.25 per day.
Source: World Bank, 2010; ILO, *Key Indicators of the Labour Market*, July 2012.

6 Employment

6.7 Informal employment

Box 15. Definition of informal sector, employment in informal sector, informal employment and of informal employment in Thailand

"Employment in the informal sector" refers to all workers with jobs in informal sector enterprises or all persons who were employed in at least one informal sector enterprise, irrespective of their status in employment and whether it was their main or a secondary job.

"Informal employment" is the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises or households, including: employees with informal jobs; employers and own-account workers employed in their own informal sector enterprises; members of informal producers' cooperatives; contributing family workers in formal or informal sector enterprises; and own-account workers engaged in the production of goods for own end use by their household (*Key Indicators of the Labour Market*, 2010).

Thailand's official definition of "informal employment", which is the definition used in this publication, is all employed persons without social security coverage.

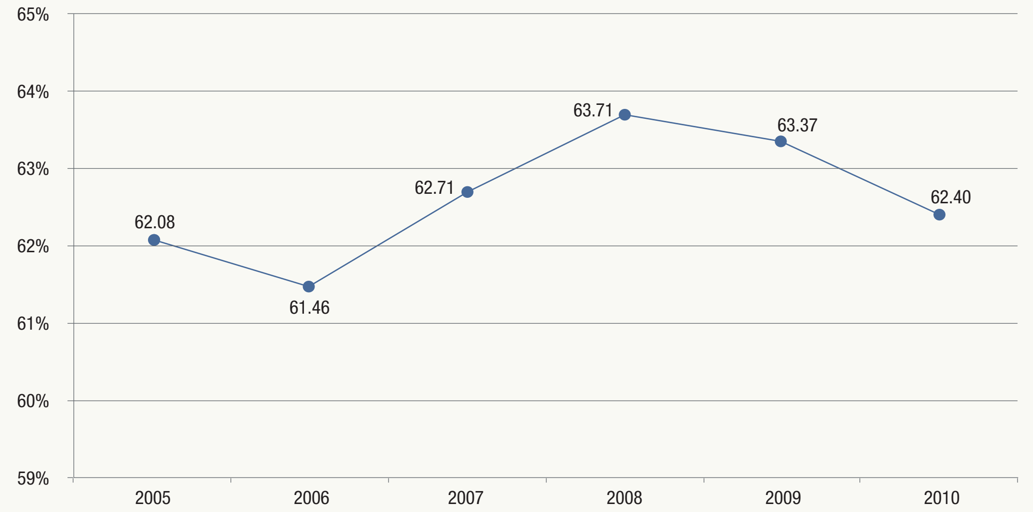
- Of the nearly 39 million employed persons in Thailand in 2010, 24 million were informally employed, amounting to 62.4 per cent of total employment (figure 33). The share of informal employment fluctuated at around 61–64 per cent during the late 2000s (Labour Force Survey, 2005–10).

- Agriculture (including fishing) as well as some service industries (wholesale and retail trade, hotel and restaurant and other community works) embodied the largest proportion of the informal–formal employment ratio (figure 34). Informal employment in the agriculture and fishing sector alone was approximately 58.9 per cent of total informal employment. Electricity, gas and water supply, financial intermediation, education and extra-territorial organizations engaged very few informal sector workers (Labour Force Survey, 2005–10).

- The large proportion of the informal employment by industry is in accordance with the large proportion of informal employment by occupation (figure 35). Within the mostly skilled agricultural and fishery worker occupation, informal employment accounted in 2010 for 93.4 per cent. Informal service workers and sales accounted for 73.7 per cent of total employment (Labour Force Survey/Informal Employed Survey, 2010).

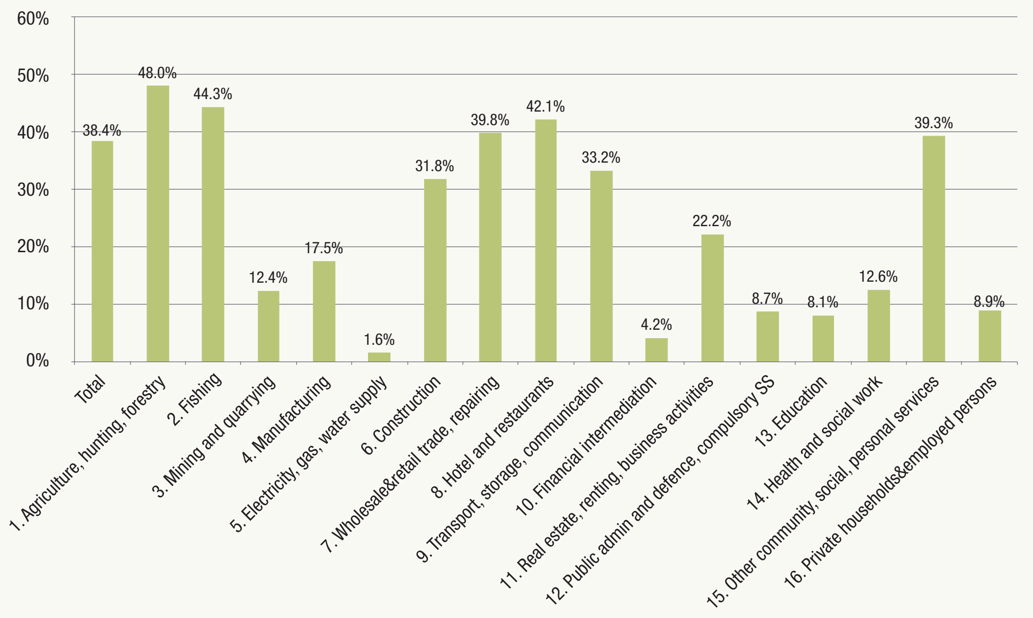
- As percentage of non-agricultural employment, the shares of women and men in informal employment are 43.5 per cent and 41.2 per cent, respectively (Labour Force Survey/Informal Employed Survey, 2010).

Figure 33. Share of informal employment to total employment, 2005–10



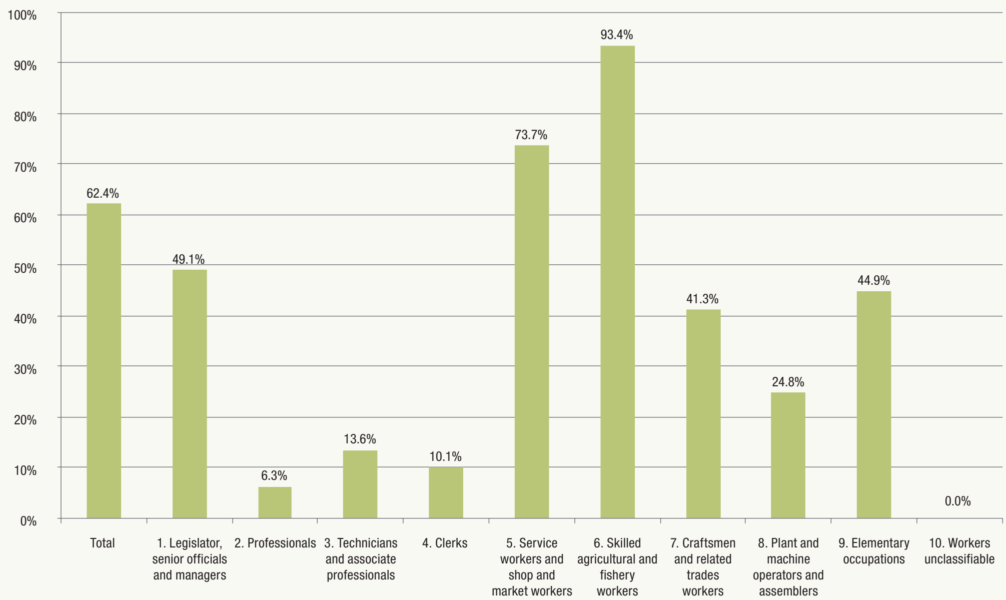
Source: NSO, Informal Employed Survey, 2005–10.

Figure 34. Informal employment, by industry, 2010



Source: NSO, Informal Employed Survey, 2005–10.

Figure 35. Share of informal employment, by occupation, 2010



Note: For the large share of informal employment in occupation No. 1, there are many employed persons in managerial positions in the small and medium-sized enterprises in Thailand wherein most of these enterprises are classified as the informal sector.
Source: NSO, Informal Employed Survey, 2010.

7. Unemployment

7.1 Unemployment rate

Box 16. Definition of unemployed person

"Unemployed person" is defined as anyone participating in the labour force who was aged 15–64 years during the Labour Force Survey week but did not work for even one hour, had no job, business enterprise or farm of their own. Persons in this category include: i) those who had been looking for work, applying for a job or waiting to be called to work during the 30 days prior to the survey date and ii) those who had not been looking for work during the 30 days prior to the survey date but were available for work during the seven days before the survey.

- The unemployment rate in Thailand has consistently declined since 2001. Male unemployment has been slightly greater than female unemployment, by about 0.1–0.4 percentage points (figure 36). In 2010, the unemployment rates of men and women were at a very low level, at 0.9 and 0.8 per cent, respectively. Over time, the unemployment situation in Thailand has substantially improved to a level that is almost three times lower than it was ten years ago (Labour Force Surveys, 2001–10).

- Although men are more likely to be unemployed than women, it is interesting that during the economic crisis (2009–10), the female unemployment rate increased, converging with the unemployment rate of men (figure 36). This also pushed up the overall unemployment rate to 1.4 per cent in 2009 (Labour Force Survey, 2009).

- Over the period 2002–09, unemployment rates fell in every region, regardless of the economic crisis (figure 37). Only Thailand's southern region experienced a higher unemployment rate during 2008–09. The unemployment rates among regions in 2009 ranged from 1.3–1.6 per cent (Labour Force Surveys, 2002–09).

- Different patterns of unemployment based on education attainment between males and females emerged over the past decade (figures 30a and 30b). More uneducated females than males were unemployed, on average over the decade at about 1–2 per cent throughout the period between 2001 and 2010. The number of females with less than an upper secondary education was constantly smaller than males, at an average of about 2–3 per cent for the same period. In contrast, the number of females who obtained a higher educational level exceeded that of males by a decade average of 3–4 per cent between 2001 and 2010 (Labour Force Surveys, 2001–10).

- The share of unemployment by education in 2010 indicates a decline in demand for academic graduates compared with those with vocational degrees (figure 39). Graduates with tertiary education accounted for 34.4 per cent of total unemployment, whereas graduates with a vocational school degree accounted for a smaller 17.1 per cent (Labour Force Survey, 2010).

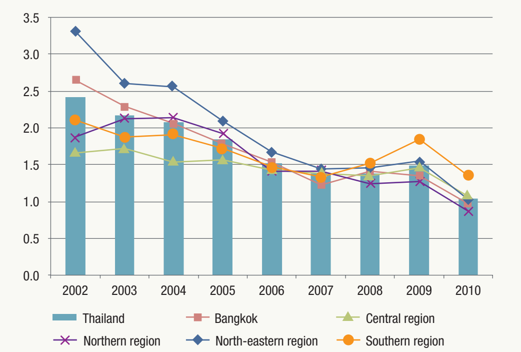
- As in many other developing countries in Asia, unemployment of Thai people with a secondary school education was largest, accounting for approximately 40 per cent of total unemployed persons in 2007 (figure 39). The unemployment share of people with only a primary school education was smaller than among those with a secondary education, although it was still larger than people who had only a pre-primary school education (*Key Indicators of the Labour Market*, 2010).

- Vulnerable employment in Thailand has moved in the same direction as the unemployment rate (figure 38). Based on this reality, a higher unemployment rate is typically accompanied by a higher vulnerable employment rate. In other words, the vulnerable employment acts as a buffer in the Thai labour market. High vulnerable employment helps reduce the number of unemployment persons, but it can mislead the calculations of the overall unemployment situation because a much lower unemployment rate does not necessarily mean an improvement in the employment situation of the country (*Key Indicators of the Labour Market*, 2010).

Figure 36. Unemployment rate, by sex, 2001–10

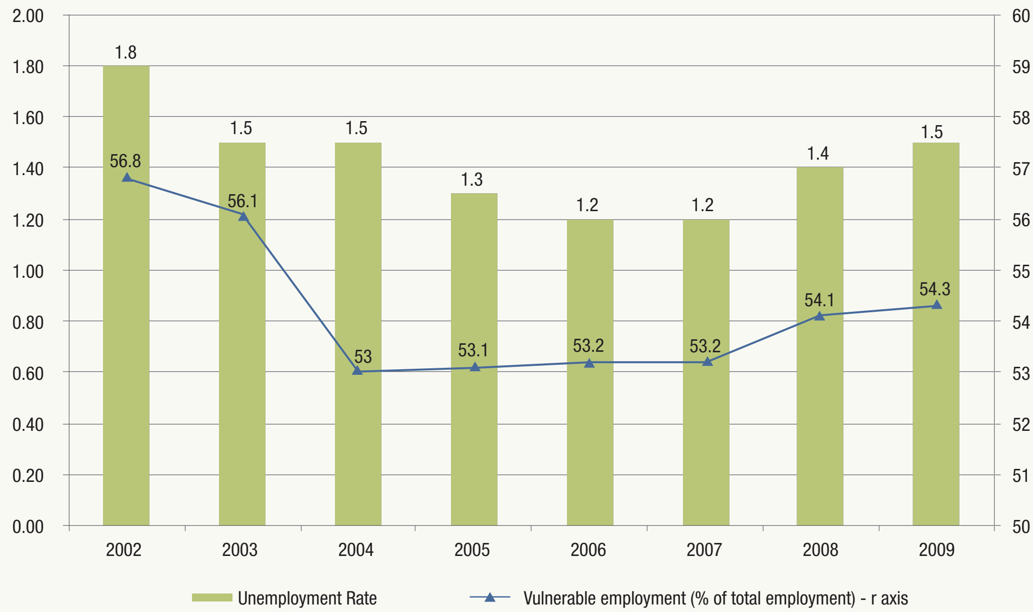
Source: NSO, Labour Force sSurveys, 2001–10.

Figure 37. Unemployment rate, by region, 2001–09



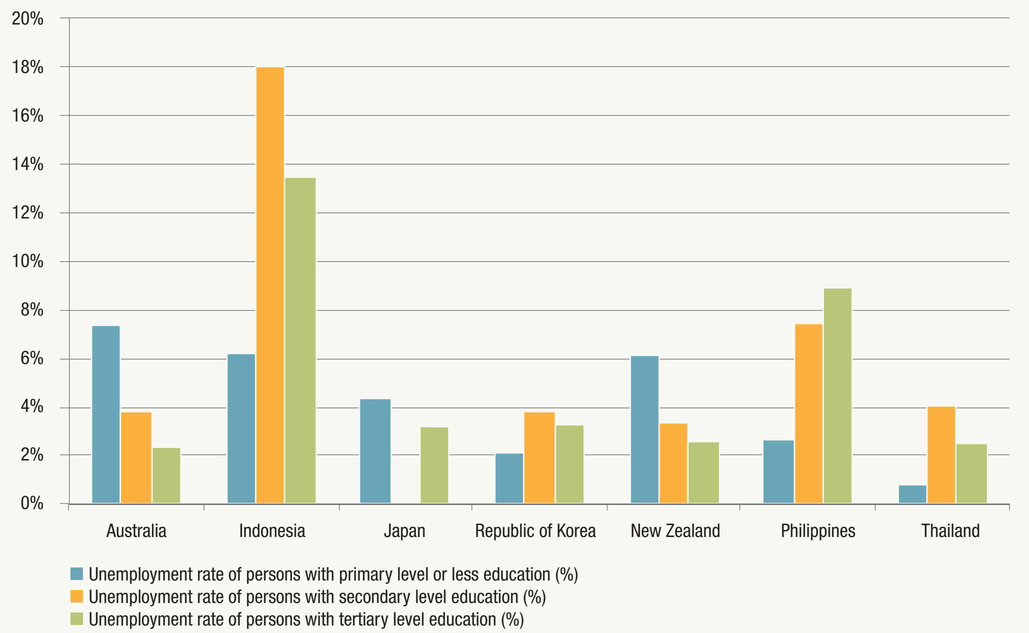
Source: NSO, Labour Force Surveys, 2001–10.

Figure 38. Unemployment rate and vulnerable employment rate, 2002–09



Source: ILO, *Key Indicators of the Labour Market*, 2010.

Figure 39. Unemployment rate, by level of education in selected Asian economies, 2007



Note: For the missing unemployment rate of persons with secondary level education in Japan, the primary level includes the secondary level.
Source: ILO, *Key Indicators of the Labour Market*, 2010.

7

Unemployment

7.2 Youth unemployment

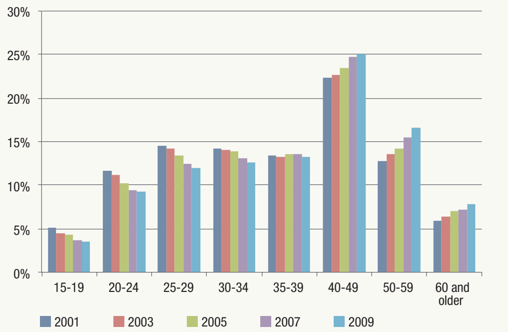
Box 17. Definition of youth unemployment rate

The “youth unemployment rate” is defined as the ratio of the number of unemployed persons aged 15–24 to the current youth labour force and is expressed as a percentage.

The “ratio of youth unemployment rate to adult unemployment rate” is the comparative size of youth unemployment to adult unemployment. A lower youth–adult unemployment ratio does not necessarily indicate low unemployment for youth because it does not take into account the youth labour force. The share of youth unemployment within the total unemployment shows the proportion of youths who enter the labour force but are unable to be hired in relation to the total unemployed persons.

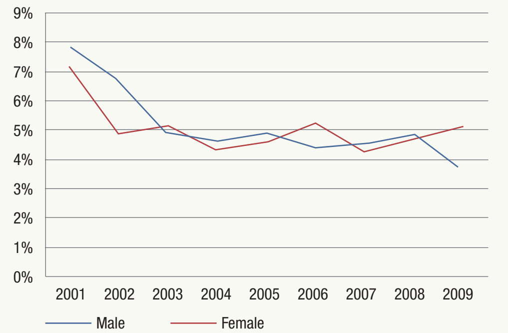
- Unemployment is highest among youth (figure 40).
- The total youth unemployment rate declined by nearly half to 4.3 per cent during the period 2001–2009 (figure 41). For young men, it fell from 7.9 per cent in 2001 to 3.7 per cent in 2009, reflecting a more than two-fold decline (Labour Force Surveys, 2001–09).
- In 2009 during the economic crisis, the female youth unemployment rate increased to 5.1 per cent (figure 41), while the male unemployment rate decreased to 3.7 per cent (Labour Force Surveys, 2001–10).
- The ratio of youth to adult unemployment rate fluctuated over the 2001–2009 period. In 2008, the ratio peaked at 7.7 per cent (figure 42). This is because the youth unemployment rate increased from 4.5 per cent in 2007 to 4.8 per cent in 2008, even though the adult unemployment rate stayed the same, at 0.6 per cent (Labour Force Surveys 2001–09).
- Despite the low unemployment rate, the proportion of youth unemployment to total unemployment in Thailand was greater than 50 per cent in 2007 (figure 43), one of the highest in Asia (*Key Indicators of the Labour Market*, 2010). This reflects a somewhat equal distribution in unemployment between youth and adults. However, given a considerably smaller number of youth in the labour force, it could be argued that the bias against youth in the labour market is still a big concern.

Figure 40. Unemployment rate, by age, 2002–09



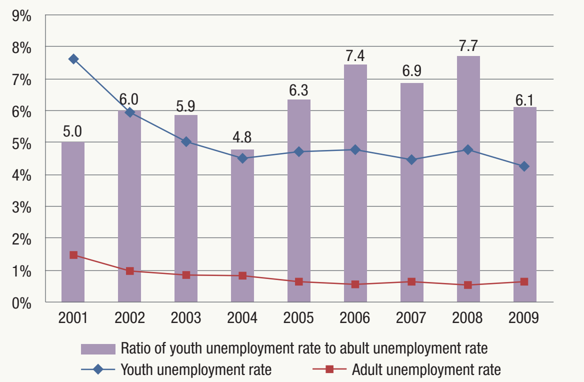
Source: NSO, Labour Force Surveys, 2001–09.

Figure 41. Youth unemployment rate, by sex, 2001– 09



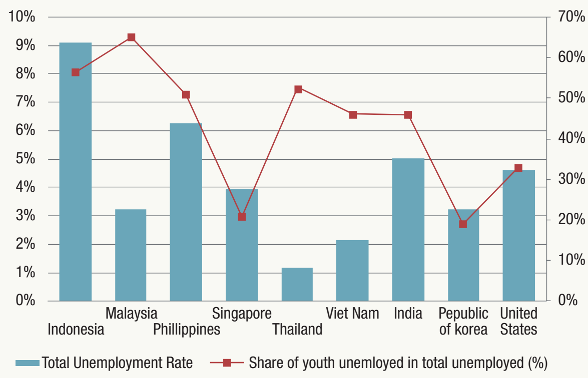
Source: NSO, Labour Force Surveys, 2001–09.

Figure 42. Youth–adult unemployment ratio, 2001–09



Source: NSO, Labour Force Surveys, 2001–09.

Figure 43. Share of youth unemployment to total unemployment in selected Asian economies, 2007



Source: ILO, *Key Indicators of the Labour Market*, 2010.

7

Unemployment

8. Wages

8.1 Nominal average wage rates and indices

Box 18. Definition of average monthly wage rate

"Wage" refers to the amount of money agreed between an employer and an employee to be paid in return for work done under a contract of employment for regular working periods on an hourly, daily, weekly, monthly or other period of time basis or on the basis of piecework done during the normal working time of a working day. It also includes money to be paid by an employer to an employee on holiday and on leave during which the employee does not work but is entitled to the money under the Labour Protection Act (1998).

The "average monthly wage rate" is the total wage bill by total employees.

In this publication, the average monthly wage rates are calculated from three main industries: agriculture, manufacturing and wholesale and retail trade. The manufacturing and wholesale and retail trade are representative of the industrial and service sectors, respectively because the wholesale and retail trade contributed around 40 per cent of employment in the service sector in 2010. Price indices are introduced to show the ability of the average wage rate to catch up to the degree of change in price over time, using 2001 as the base year. Real wages refer to wages deflated by the Consumer Price Index. Raw data for the wage rate and consumer price level were obtained from the National Economic and Social Development Board and the Bank of Thailand, respectively.

- The nominal average monthly wage in Thailand was 6,663 baht in 2001 and 9,607 baht in 2010 (figures 44 and 45). Over that ten-year period, the wage differential between the sexes narrowed, from 660 baht in 2001 to 319 baht in 2010, implying an improved gender gap in wages (NESDB, 2010).

- In 2010, workers in the financial intermediate sector gained the highest average monthly wage, at 21,717 baht (figure 46). The lowest wage gainer was the agriculture sector, at 4,217 baht a month, followed by private households with employed persons, at about 5,213 baht per month. Although women on average earn lower wages than men, women enjoy higher wages than men in some industries, such as wholesale and retail trade, and transport, storage and communications. The highest wage gap of women over men was in the transportation, storage and communications sector, at 2,621 baht (Bank of Thailand, 2010). However, the real average monthly wage in 2001 reflects that the real earnings of workers in all industries did not improve significantly between 2001 and 2010. In that period, the average nominal monthly wage in the agriculture sector rose, from 2,382 baht to 3,226 baht, while the average nominal monthly wage in the non-agriculture sector slightly increased, from 7,522 baht to 7,650 baht (NESDB, 2010).

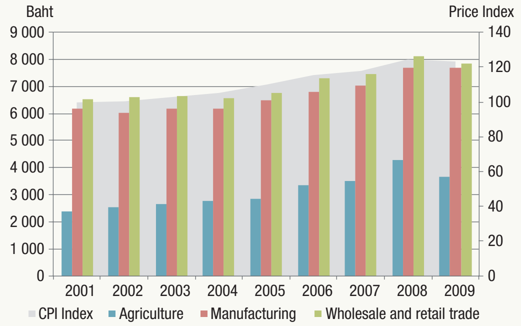
- In 2010, average monthly wages in formal and informal employment were equivalent to 10,526 and 4,088 baht per month, respectively (figure 47). This implies that formal workers earned 2.6 times what informal sector workers earned per month. Based on the fact that 64.2 per cent of the Thai labour force engaged in such informal employment in 2010, income inequality remains a significant challenge in Thailand. The first three highest wage differentials between formal and informal sectors workers are in i) transportation, storage and communications, ii) education and iii) utilities, at 3.5, 3.5 and 3.4, respectively (Labour Force Survey/Informal Employed Survey, 2010).

- The highest and lowest wages classified by economic sectors in the formal and informal sectors have been consistent (figure 47). The lowest average monthly wages are in the agriculture sector, at 5,240 baht for formal sector and 3,024 baht for informal sector workers, while the highest average monthly wages are in financial intermediation, at 21,788 baht for formal sector workers and 15,142 baht for informal sector workers (Labour Force Survey/Informal Employed Survey, 2010).

- That average monthly wage rates in all sectors have fluctuated (Labour Force Survey/Informal Employed Survey, 2010) in response to the business cycle – rising during the boom and declining on the bust – implies a high sensitivity of the Thai labour market to the world economy. In other words, the purchasing power of Thai workers is vulnerable not only to internal circumstances but also to external shocks.

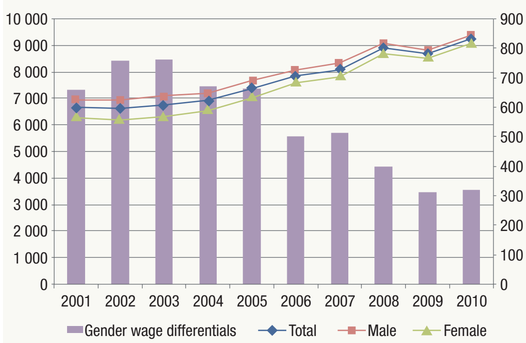
- Findings from the 2010 Informal employed survey show that, on average, registered migrant workers earned less than half the wage of Thai workers. The average monthly wage of Thais was 12,554 baht while that of migrants was only 5,730 baht (figure 48). Female migrants earned less than other male migrants and Thais, at an average of 5,264 baht a month. The average Thai male monthly wage was highest at 13,265 baht. The existence of the wage gap indicates non-equal pay in various dimensions (Labour Force Survey/Informal Employed Survey, 2010).

Figure 44. Nominal wage rate, by industry and the consumer price index, 2001–09



Sources: NESDB, 2010; Bank of Thailand, 2010; authors' calculation.

Figure 45. Gender wage differentials, 2001–10 (baht)

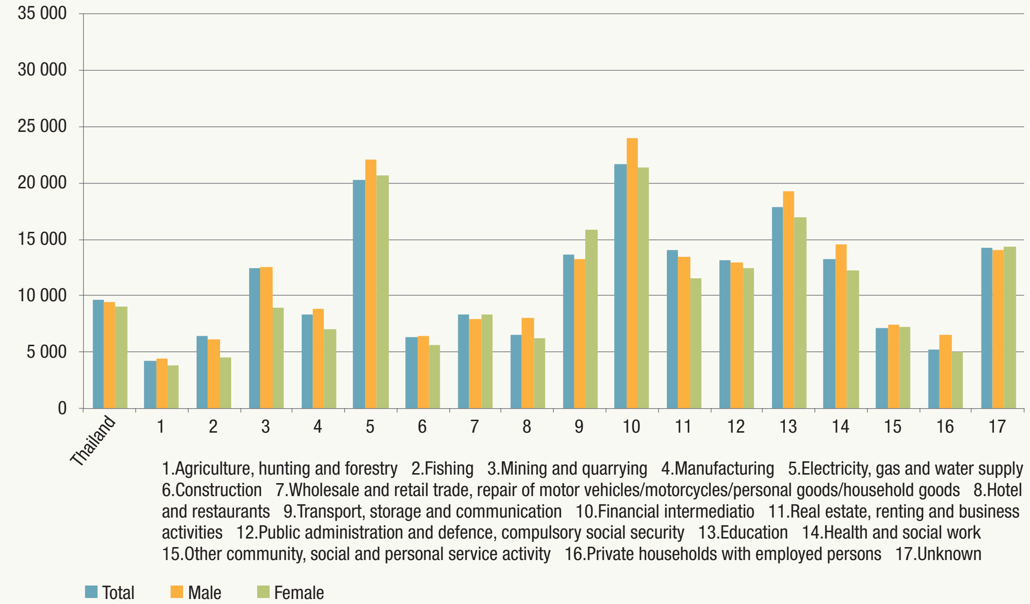


Sources: NESDB, 2010.

8

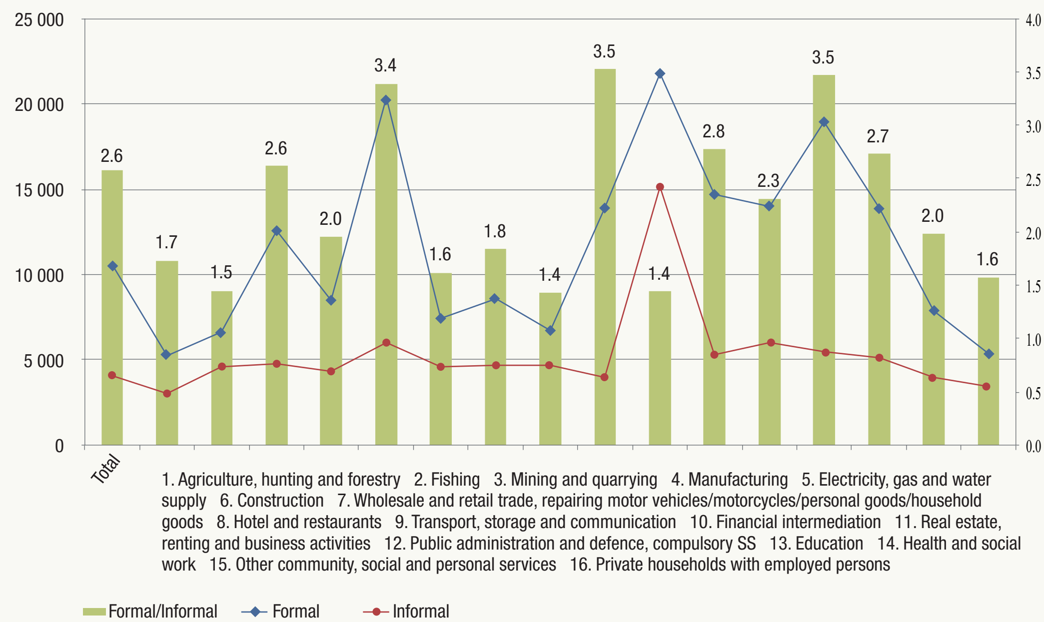
Wages

Figure 46. Average monthly wages (baht), by industry and sex, 2010



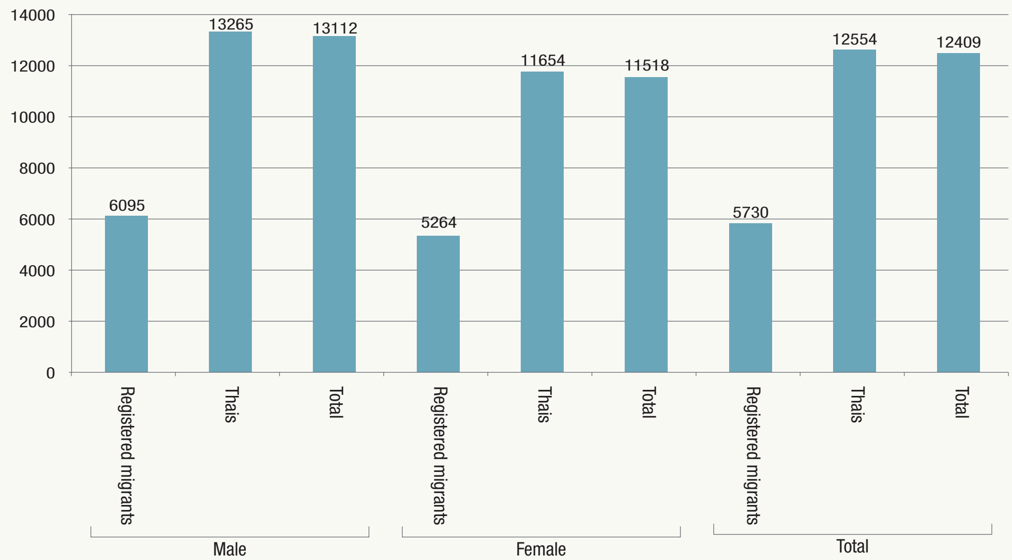
Source: NSO, Labour Force Survey, 2010.

Figure 47. Monthly wage (baht) of formal and informal sector employees, by industry, 2010



Source: NSO, Informal Employed Survey, 2010.

Figure 48. Average monthly wage (baht) of registered migrant workers and Thais, by sex, 2010



Source: NSO, Informal Employed Survey, 2010.

8.2 Minimum wage rate

Box 19. Definition of wage and minimum wage rate

The "minimum wage rate" is the minimum rate of wages determined by the wage committee under the Labour Protection Act (1998). It is an indicator of the standard of living of workers. The minimum wage rate is based on the cost of living, which incorporates all basic needs (foodstuff, shelter, transportation fare, basic medical care and other miscellaneous private expenses).

Minimum wages require a timely adjustment to respond to changes in price levels so that real income is maintained. The rate further indicates the lowest labour cost possible for entrepreneurs to bear when employing a unit of low-skilled labourer or someone entering the labour force. The minimum wage rate in Thailand varies across regions, with regional wage committees setting the minimum wage in their respective areas.

- After decentralizing the government wage policies, minimum wages are now set in Thailand by regional agencies (table 1). The wage committee has appointed a Bangkok Minimum Wage Rate Subcommittee and 76 Provincial Minimum Wage Rate Subcommittees with the role of proposing the minimum wage rate for their respective province that is suitable to each area social and economic conditions.[1]

- From 2003 to 2006, Thailand's economy entered an expansionary phase, demonstrated by the consistent increase in the GDP growth rate, at around 4.5–7 per cent (figure 49), the highest range after the 1997 financial crisis (Bank of Thailand, 2010). However, minimum wages have not been adjusted to inflation on a systematic basis and therefore real minimum wages have been declined. In 2012, according to the Ministry of Labour (2012), workers in only seven provinces receive a minimum wage rate of 300 baht per day.

- The Wage Committee announced on 2 November 2011 that minimum wages would be set at 300 Baht per day for 7 provinces (Bangkok, Nakorn Pathom, Nonthaburi, Pathum Thani, Phuket, Samutprakarn, and Samutsakorn: These provinces are in the central area and close to Bangkok). This entered into force from 1 April 2011. In October 2012, the Wage Committee made a further announcement that wages in the remaining 70 provinces would also be set at 300 Baht, starting from 1 January 2013 (Ministry of Labour of Thailand, 2012).

Figure 49. Growth in minimum wage rate, compared with inflation and nominal GDP, 1996–2010

Source: Ministry of Labour, 2010; Bank of Thailand, 2010

1 As of September 2012; see Ministry of Labour: Wage Committee announcement – Subject: Minimum wage rate (No. 6), http://www.mol.go.th/sites/default/files/downloads/Wage_2012_Eng.pdf [accessed 6 Nov. 2012].

Table 1. Minimum wage rates (baht per day) and percentage changes, by region and province, 2011–12

Announcement date	1 Jan. 2011	1 Apr. 2012	Change (%)
Province	Minimum wage	Minimum wage	
Bangkok	215	300	39.5
Central region			
Nakhonpathom	213	300	40.8
Nonthaburi	213	300	40.8
Pathumthani	213	300	40.8
Samutprakan	212	300	41.5
Samutsakhon	213	300	40.8
Chainat	163	233	42.9
Ayutthaya	182	265	45.6
Lopburi	175	254	45.1
Saraburi	188	269	43.1
Sing Buri	172	246	43.0
Angthong	170	243	42.9
Chantaburi	175	250	42.9
Chachoengsao	186	269	44.6
Chonburi	180	273	51.7
Trat	165	236	43.0
Nakhonnayok	166	237	42.8
Prachinburi	176	255	44.9
Rayong	184	264	43.5
Sakaeo	170	241	41.8
Ratchaburi	177	251	41.8
Kanchanaburi	177	252	42.4
Suphan Buri	163	233	42.9
Samutsongkhram	169	240	42.0
Petchburi	175	250	42.9
Prachuapkhirikhan	168	240	42.9
Northern region			
Chiangmai	177	251	41.8
Lampoon	165	236	43.0
Lampang	163	230	41.1
Uttaradit	162	227	40.1
Phrae	162	227	40.1
Nan	160	225	40.6
Phayao	158	222	40.5
Chiang Rai	166	232	39.8
Mae Hong Son	163	227	39.3
Nakhonsawan	163	232	42.3
Uthaithani	168	234	39.3
Kamphaengphet	166	234	41.0
Tak	160	226	41.3
Sukhothai	165	230	39.4
Phitsanulok	162	227	40.1
Phichit	162	227	40.1
Phetchabun	166	232	39.8
North-eastern region			
Nakhonratchasima	180	255	41.7
Buribam	164	232	41.5
Surin	160	226	41.3
Sisaket	158	223	41.1
Ubonratchathani	165	239	44.8
Yasothon	164	232	41.5
Chaiyaphum	161	230	42.9
Amnatcharoen	161	227	41.0
Nongbualamphu	163	230	41.1
Khon Kaen	164	233	42.1
Udonthani	169	239	41.4
Loei	172	241	40.1
Nongkhai	167	236	41.3
Mahasarakham	160	227	41.9
Roiet	163	232	42.3
Kalasin	165	233	41.2
Sakonnakhon	164	232	41.5
Nakhonphanom	162	229	41.4
Mukdahan	163	230	41.1
Southern region			
Nakhonsithammarat	170	243	42.9
Krabi	179	257	43.6
Phangnga	181	259	43.1
Phuket	214	300	40.2
Suratthani	168	240	42.9
Ranong	169	258	52.7
Chumporn	171	241	40.9
Songkhla	171	246	43.9
Satun	169	241	42.6
Trang	170	244	43.5
Phatthalung	169	241	42.6
Pattani	166	237	42.8
Yala	167	240	43.7
Narathiwat	164	239	45.7

Source: Ministry of Labour, 2012.

9. Labour productivity

Box 20. Definition of labour productivity

"Labour productivity" illustrates the amount of output, either goods or services, produced by using a unit of labour input. There are two main indicators to measure labour productivity, based on the term "unit of labour input". These are real GDP per employed person and real GDP per hour worked. Despite the capability to measure productivity growth, real GDP per hour worked could provide more insight with less bias due to the fact that the data per se is free from the effect of more hours worked with the same productivity.

The benefit of applying real value rather than the nominal one is that it eliminates the effect of change in price levels, which influentially overestimates change in units of production that labourers can actually produce. In other words, the indicator tends to measure the unit of output instead of the market value of output produced.

- Thailand's labour productivity grew substantially from 1990 to 1996. The calculated index of the real GDP per employed person ranked 100 in 1990 and then 180 in 2008 (figure 50). It was considered the period of highest growth ever in the past 20 years. By decomposing the Cobb-Douglas production function[2], the major factor contributing to improvement in labour productivity in this phase was capital deepening, or the increase in the number of capital stock to work with labour. After the 1997 crisis, enterprises curbed their investment in capital, machinery and other inventories, thus reducing their capital intensity and labour productivity. As a consequence, from 1999 to 2002, labour productivity growth stagnated, with narrow movement at around 1–3 per cent, or within the 143–149 index, using 1990 as the base year (*Key Indicators of the Labour Market*, 2010).

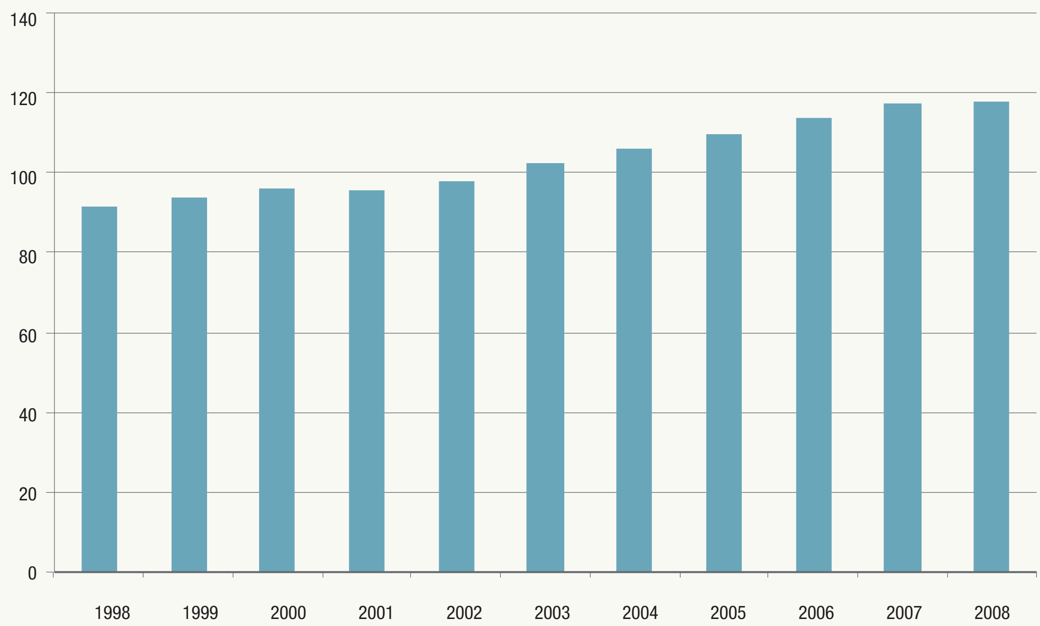
- Although the Thai economy has scored well on overall labour efficiency, ranking 24 on the 2010 World Economic Forum competitiveness index, the majority of workers still participate in the low-productivity workforce (agriculture, construction and wholesale and retail trade). Real GDP per employed person is extremely low in those segments of the economy. However, the low-productive industries absorbed more than 65 per cent of the Thai labour force in 2008 (figure 51). This indicates that the Thai labour market still struggles with a major bottleneck – the inefficient distribution of workers, which requires a timely solution from the Government

2 In economic theory, the Cobb-Douglas (1928) function is widely used to represent the relationship of an output to inputs. After the functional form was initially proposed by Knut Wicksell (1851–1926), it was later developed and verified by Charles Cobb and Paul Douglas in 1928. Ceteris paribus, they considered an economy in which production of output is determined by the amount of labour employed and the amount of capital invested. The function is given as follows:
$Y = A(K^{\alpha}, L^{\beta})$, where Y = is total production of output, L is labour input, K is capital input, A is total factor productivity, β and α are the output elasticities of labour and capital, respectively. These values are determined by available technology.

and the private sector. Some possible solutions are the restructuring of labour across industries or the adoption of capital and technology in the low labour productivity sectors (NSO, 2008).

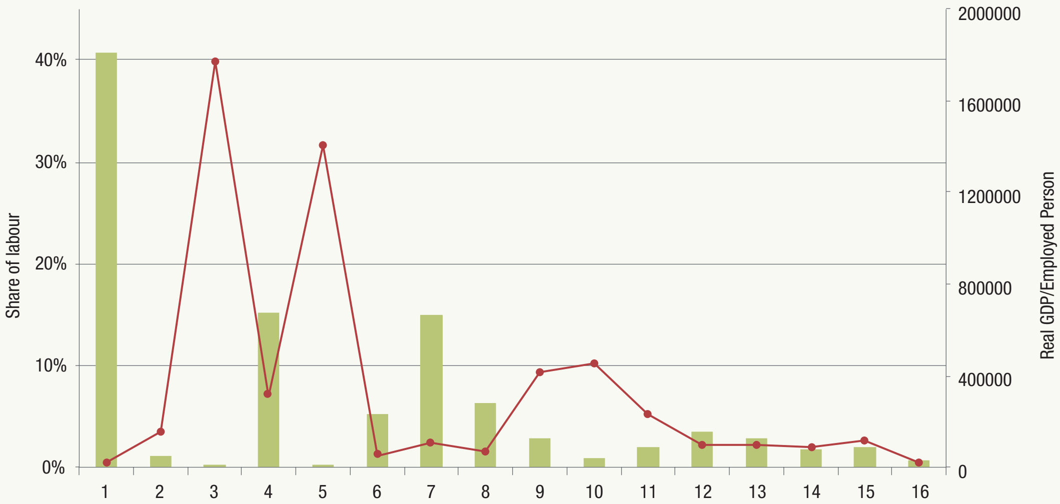
- There has been a significant shift in the structure of the labour productivity growth in that the major source of the growth has changed from "capital deepening" to improvement in "total factor productivity" (TFP). This corresponds to the fact that the share of impact of capital intensity on labour productivity fell from 57 per cent during 1987–1996 to 10.5 per cent during 2002–08 (Bank of Thailand, 2008). In contrast, the share of total factor productivity rose from 25 per cent to more than 60 per cent over the same period (Bank of Thailand, 2008). Previous studies on the determinants of TFP growth in Thailand, such as by the Bank of Thailand (2008), revealed that among many types of total factor productivity, foreign direct investment in fixed capital, the degree of openness of the economy and the share of employment in the non-agriculture sectors are the three most influential drivers of TFP improvement.

Figure 50. Real GDP per employed person, 1998–2008 (index 1990 = 100)



Source: ILO, *Key Indicators of the Labour Market*, 2010.

Figure 51. Real GDP per employed persons, by industry, 2008



1.Agriculture, hunting and forestry 2.Fishing 3.Mining and quarrying 4.Manufacturing 5.Electricity, gas and water supply 6.Construction 7.Wholesale and retail trade, repairing motor vehicles/motorcycles/personal goods/household goods 8.Hotel and restaurants 9.Transport, storage and communication 10.Financial intermediation 11.Real estate, renting and business activities 12.Public administration and defence, compulsory SS 13.Education 14.Health and social work 15.Other community, social and personal services 16.Private households with employed persons

Share of labour — Real GDP per employed persons

Source: NESDB and NSO, 2008.

10. Labour shortage and migration

10.1 Shortage of labour

Box 21. Definition of labour shortage

"Labour shortage" is an economic condition in which there are insufficient qualified employees to fill the market place demands to either expand the production sites or substitute old workers at any price. Basically, it can be measured by subtracting labour supply from the labour demand at a specific wage rate. The labour shortage can increase along with a higher wage rate even though more labourers are willing to supply their time to work because fewer positions are available. Some exogenous factors, such as economic growth, could also lead to a labour shortage as firms expand their production and thus require more workers in the workplace, given other factors remaining unchanged.

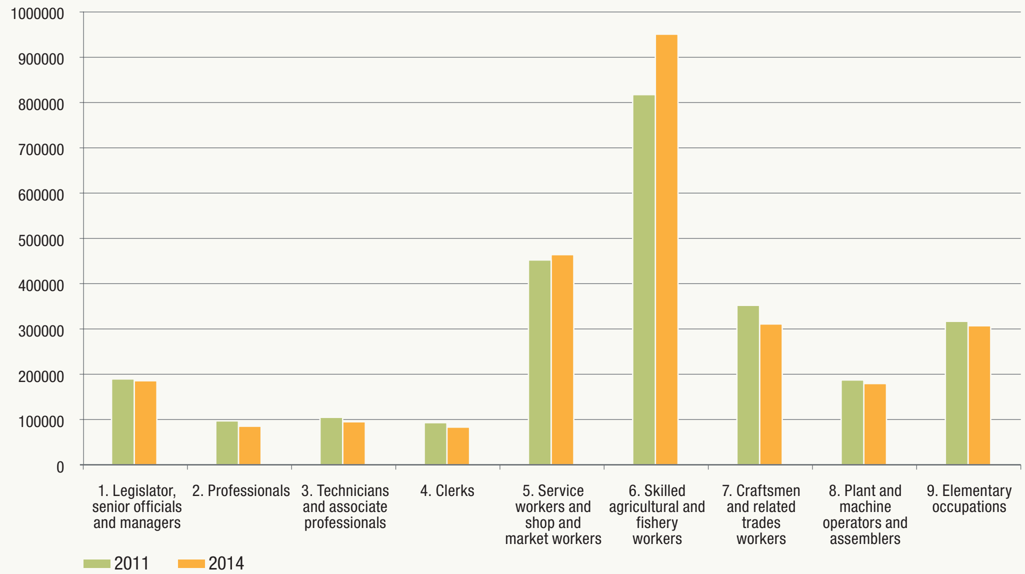
The concept of labour shortages can be classified into absolute and relative labour shortages (Böhning, 1996):

- "Absolute labour shortages": the required population (or skills) that is not physically present, relative to the production and service needs. This can extend to the whole of the economy (such as Gulf Cooperation Council countries) or there are shortages specific to particular occupations (such as doctors and nurses).
- "Relative labour shortages": occurs when the already sufficient number of nationals on the country's territory is unwilling to fill all the vacancies. Typically, this type of shortage is associated with certain sectors (low wage), regions (remote) and employers (small units).

- Historically, Thailand's labour force participation was always greater than the demand for labour (figure 52). Given this circumstance, the Thai labour market for a long time experienced a surplus of labour. Under the market mechanism, the excess supply of labour prevents an increase in the average wage rate unless the economy spectacularly grows or price levels substantially skyrocket. In other words, with a labour surplus, Thai employers have more bargaining power to choose workers and maintain a wage rate that is preferential towards them (Ministry of Labour, 2009).

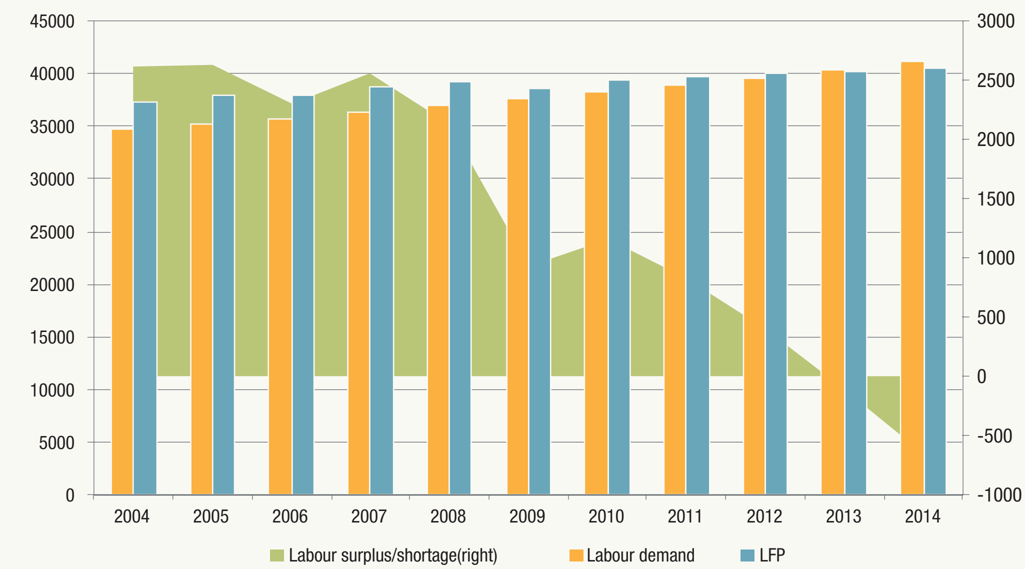
- Although the labour force participation rate was higher than the demand for labour, the surplus gap declined over time as the labour demand grew faster than the labour force participation rate (figure 53). The Ministry of Labour (MOL) estimates that by 2013, Thailand for the first time will experience a labour shortage problem. An additional 116,000 workers will be required to fill the rising demand and right the labour–market imbalance. The excess demand will keep growing, at least in the near future, if there is no intervention from an external shock or the Government does not change the employment policies for the private sector (*Key Indicators of the Labour Market*, 2010).

Figure 52. Projected labour demand, by occupation, 2011 and 2014



Source: Ministry of Labour, *Study Report of Labour Demand Projection in Thailand from 2010–2014*, 2009.

Figure 53. Actual and projected labour demand and labour shortage, 2004–14



Sources: ILO, *Key Indicators of the Labour Market*, 2011; Ministry of Labour, *Study report of labour demand projection in Thailand from 2010–2014*, 2009.

10.2 Labour migration

Box 22. Definition of registered and unregistered migrant workers and irregular migrant

Key indicators used for the migration issue are the number of registered and unregistered migrant workers, the percentage of registered migrants to total migrant workers, the percentage of foreign workers to total labour force, the share of migrant workers disaggregated by industry and the share of Thai migrants classified by destination. The difference between registered and unregistered migrant workers is mainly the legal provision of immigrant workers by the responsible authority.

The term "irregular migrant" refers to foreigners whose immigration or work status is not authorized. The irregular status can be obtained by a number of ways, including: i) entering the country clandestinely or without approval, ii) entering the country with a valid document but staying longer than permitted and iii) in the country legally but working without permission (Huguet et al., 2011).

International migration

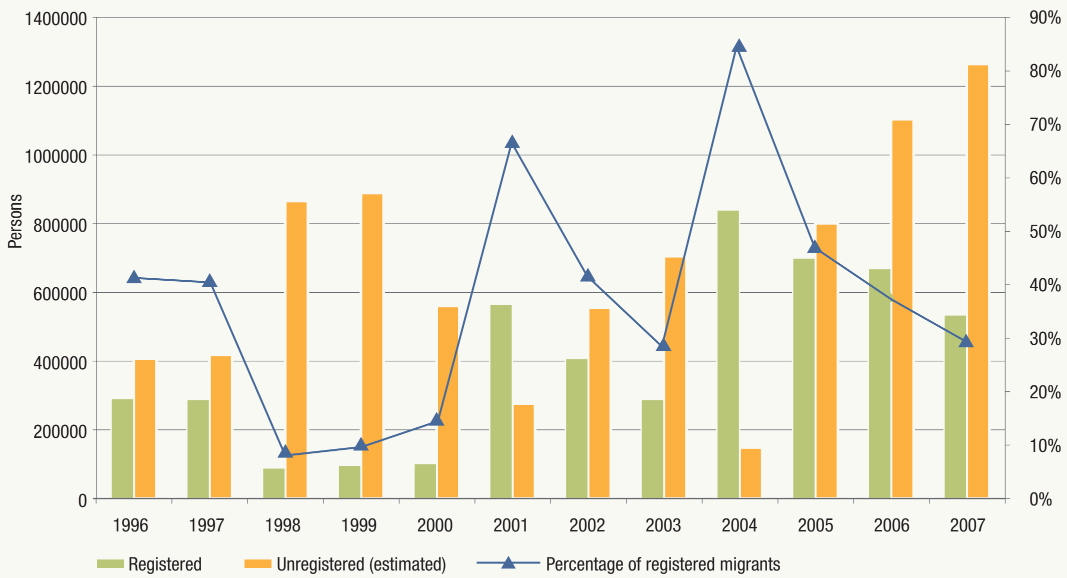
- For more than two decades, Thailand has been a net recipient country of a large number of migrant workers, particularly from its three neighbours – Cambodia, Lao People's Democratic Republic and Myanmar. Thailand currently accommodates at least two million regular and irregular migrant workers from those three countries. Based on the records of the Office of Foreign Workers Administration, Ministry of Labour in December 2011, the total number of registered foreign workers was 1,950,650 (figure 54); the majority were from Myanmar (Ministry of Labour, 2011). Estimates of the numbers working without registration range up to another million (UNDP, 2010). Thus a total of approximately three million migrant workers in Thailand. This figure is consistent with the estimate of Huguet, Chamratrithirong and Richter (2011, p. 9) that 3.1 million foreign migrants resided and worked in Thailand in 2010.

- In 2011, at least 147,623 Thais worked abroad (both new entrants and re-entry workers) – of which 17.8 per cent were female and 82.2 per cent were male (Ministry of Labour, 2011). The most popular destinations for Thai migrants are Asian countries, such as Taiwan (China), Brunei Darussalam, Malaysia and Singapore. In 2011, the share of Thai citizens working in Asian countries accounted for 66.4 per cent of the total labour outflow (figure 55).

- Asia and Middle East regions were also popular destinations, with around 98,000 and 27,600 Thai workers, respectively (figure 55). South America employs the fewest Thais, at only 74 workers (Ministry of Labour, 2011).

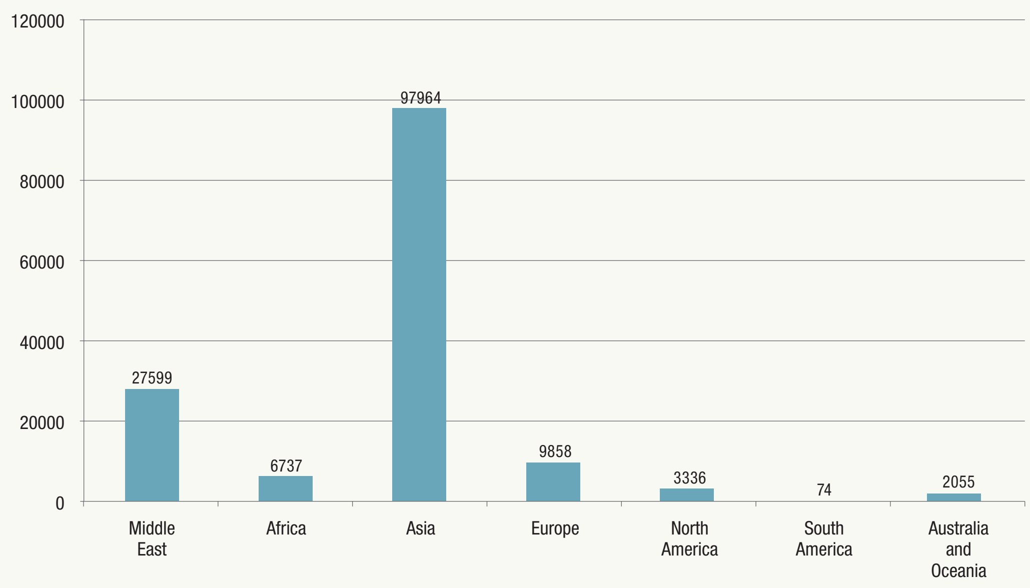
- Compared with other destination countries in the region, Thailand's share of foreign workers to total population and the labour force is considerably low, at approximately 8 and 5 per cent, respectively. In other words, the Thai economy is majorly driven by a domestic labour force supplemented by a portion of workers from abroad, particularly a cheap, low-skilled group from neighbouring countries (Ministry of Labour, 2011).

Figure 54. Number of registered and unregistered migrant workers in Thailand, 1996–2007



Source: Ministry of Labour, 2011.

Figure 55. Share of Thai immigrant workers, by destination, 2011



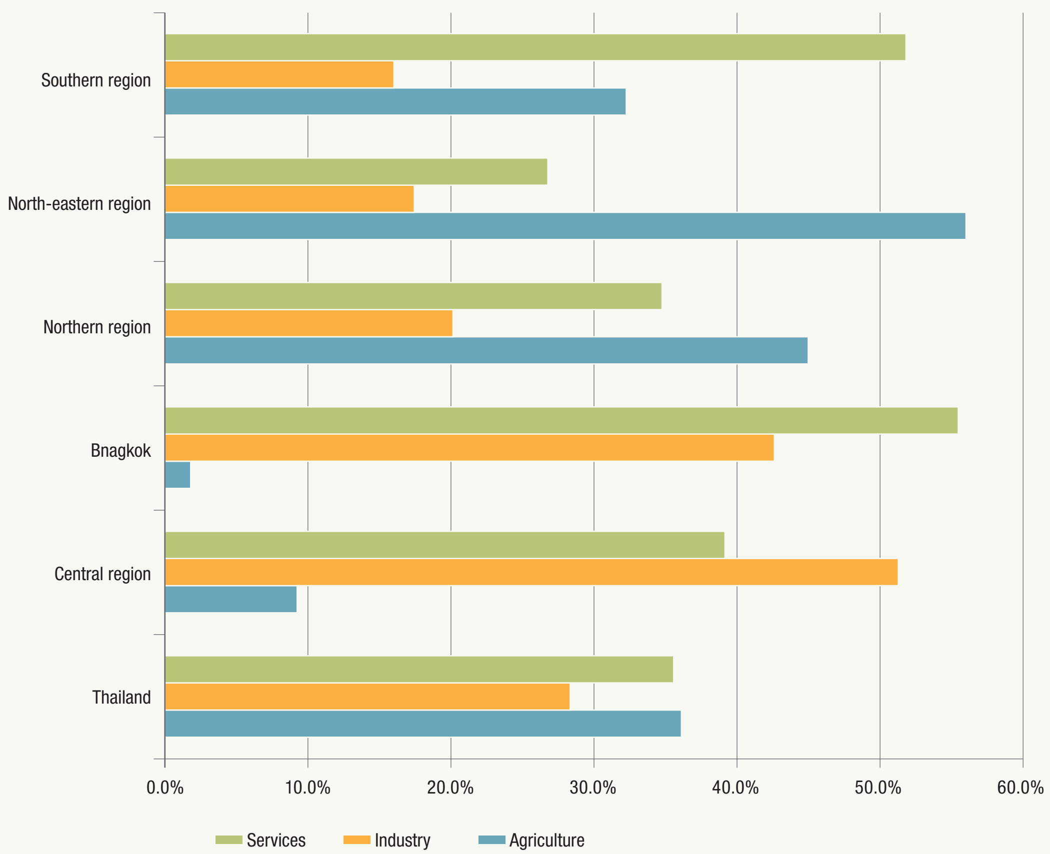
Source: Ministry of Labour, 2011.

Internal migration

- In 2008 (most recent data), 62.3 per cent of migrant workers were male – of which 40.7 per cent engaged in the agriculture sector, followed by 30.4 per cent in the service sector and 28.9 per cent in the industry sectors (figure 56). Among female migrants, 44.1 per cent worked in the service sector, followed by agriculture and industry, at 28.4 per cent and 27.5 per cent, respectively (Migration Survey, 2008).

- Most migrants (56 per cent) in 2008 participated in the agricultural workforce in the north-eastern region (figure 56). The share of migrant employment in the agriculture sector also was largest in the northern region (45 per cent). In the central region, more than half of the migrant workers engaged in the service (55.6 per cent) and industrial (42.6 per cent) sectors. In the southern region, 51.7 per cent of migrant workers were found in the service sector, thanks mainly to the concentration of tourism and hotel and restaurant services (Migration Survey, 2008).

Figure 56. Internal migrant workers, by sector and region, 2008



Source: NSO, Migration Survey, 2008.

11. Social protection

11.1 Health care and social security schemes

Box 23. Definition of health care and social security

"Health care" is defined as the prevention, treatment and management of illness and the preservation of mental and physical well-being through the services offered by the medical and allied health professions.

"Social security" covers all measures providing benefits, whether in cash or in kind, to secure protection, inter alia, from:

- lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age or death of a family member;
- lack of access or unaffordable access to health care;
- insufficient family support, particularly for children and adult dependants;
- general poverty and social exclusion.

Social security schemes can be of a contributory (social insurance) or non-contributory nature (Global Extension of Social Security, 2012).

- The Social Security Act was enacted in 1991 and the Social Security Health Insurance started providing medical benefits to workers in companies with more than 20 employees that same year. In 1996, the law extended to employees in companies with more than ten employees, and as of December 2005, it covered all employees and workers who are self-employed. A distinction remains, however – social security is compulsory for employees and non-compulsory for people who are self-employed, members of producers' cooperatives or unpaid family workers (Health and Welfare Survey, 2007 and 2009).

- Although there is voluntary private health insurance available, over time the Government has extended various public schemes for providing medical benefits. Beginning in the 1970s, the Government subsidized a scheme that offered free medical care to people with little income. From 1987 until 2001, the Ministry of Public Health provided a partially subsidized voluntary health card scheme for low-income groups who made a prepaid contribution. Then in April 2001, the Government offered universal coverage for medical services for all Thai citizens. However, certain temporary civil officers can still avail of the civil servant medical service benefit (Health and Welfare Survey, 2007 and 2009).

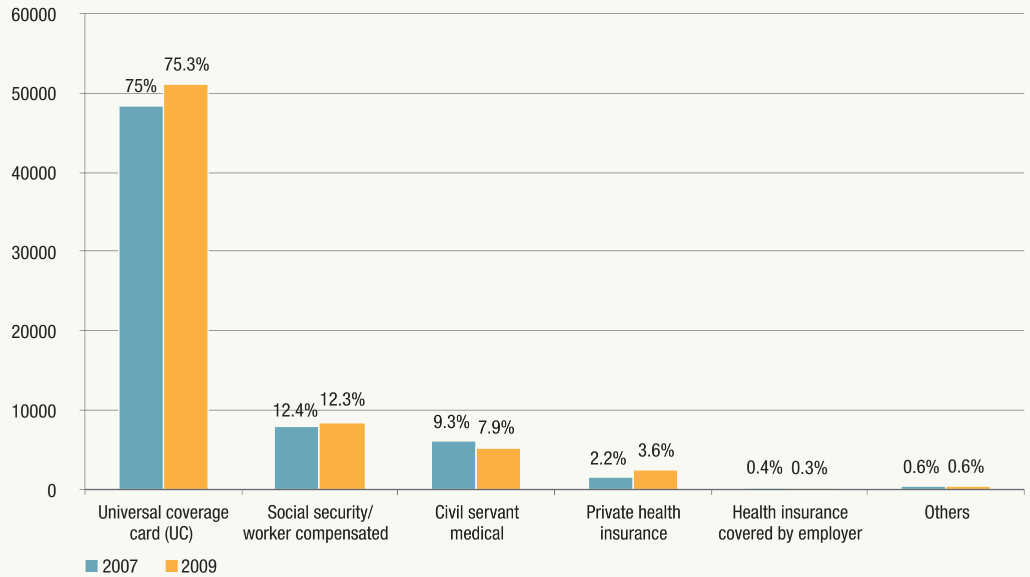
- Considering that approximately 40 per cent of the total work force is in the social security or civil servant medical scheme, empirical figures from the Health and Welfare Surveys suggest that the universal coverage is the major scheme used by all other workers, although all workers are entitled to either the social security scheme or universal coverage (figure 57). Workers covered by the social security scheme enjoy a range of benefits that include, at the least, coverage for injury/illness, giving birth, disability, old age and death, while those who are covered by the universal coverage receive only entitlement to health care services (Health and Welfare Survey, 2007 and 2009).

- Thailand's social health protection schemes consist of the Civil Servants Medical Benefit Scheme (CSMBS), the Health Branch (of the Social Security Fund), the Social Security Fund (SSF), the Universal Coverage Scheme (UCS) and the Compulsory Migrant Health Insurance (CMHI). The schemes provide social health protection to the civil servants and their dependants, private sector employees and the informal economy workers (ILO, 2012).

- In 2011, the CSBMS covered 6.4 per cent of the total population (civil servants and dependants). The SSF covered around 23.2 per cent of the economically active population, or 13.4 per cent of the total population in 2011. In December 2011, a total of 855,412 people (or 1.3 per cent of the country's population) were insured, and the UCS covered 70.6 per cent of the total population, most of them accounting for the informal economy. The CMHI covered 880,614 persons. In total, these schemes covered approximately 91.7 per cent of the total population in 2011 (ILO, 2012).

- The social health protection system in Thailand is still inefficient, and in some cases there are conflicts in legislation. Many families experience difficulties in accessing health care services; the Compulsory Migrant Health Insurance scheme does not cover undocumented migrant workers. Actually, there is lack of clarity on the health care services covered by the Universal Coverage Scheme, which has resulted in a low utilization rate of preventive care and health check-ups. Additionally, there is a problem of inequality in health care access between people in urban and rural areas due to the uneven distribution of health care facilities among regions (ILO, 2012).

Figure 57. Number and share of population, by type of health insurance, 2007 and 2009



Note: The survey provides multiple answers; approximately 2 per cent of the respondents chose multiple answers.
Source: NSO, Health and Welfare Survey, 2007 and 2009.

11.2 Hours of work per week

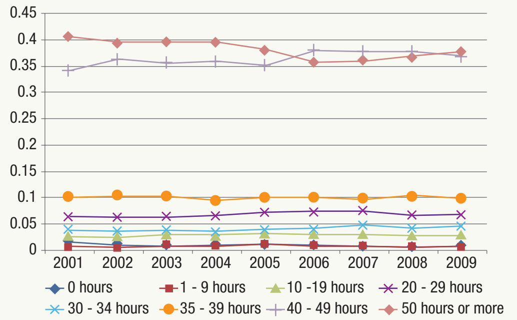
Box 24. Definition of hours worked

"Hours worked" means the hours that employed persons actually worked during the week prior to the Labour Force Survey. For a person with more than one job, the hours worked is the sum total of hours worked on all jobs. For a person who had a regular job but was not at work during the survey week, the hours worked is recorded as zero. Before 2001, a person who had a regular job but was not at work during the survey week, the number of hours normally worked in a week was taken as the hours worked.

- The average hours of work among all workers in Thailand remained essentially the same over the past decade, at 45.7 in 2001 to 45.3 in 2009 (figures 58 and 60). The only sector in which the average hours worked was less than in other sectors was education, at about 35–36 hours per week. Employed persons in households endured the longest working hours, at 59.9 in 2001 and 53.3 in 2009. However, the decline in their working hours, regardless of the economic crisis, indicates a gradual improvement in the working conditions in households (Labour Force Survey, 2001 and 2009).

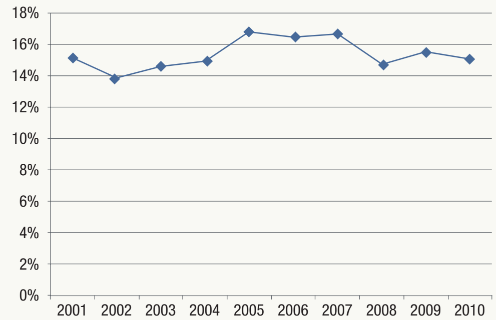
- Around 37 per cent of employed workers spent more than 50 hours per week working in 2006 (figure 59). Working 35 hours or less, the so-called underemployed workers accounted for roughly 14–16 per cent of all workers during the period of 2001–10. The share of the underemployed persons slightly dropped during the economic crisis (2009) while that of workers working more than 40 hours a week rose. One possible explanation is that enterprises retrenched workers, mostly those who were low skilled, and increased the number of hours worked for those who remained (Labour Force Surveys, 2001–10).

Figure 58. Share of employed persons, by hours worked, 2001–10



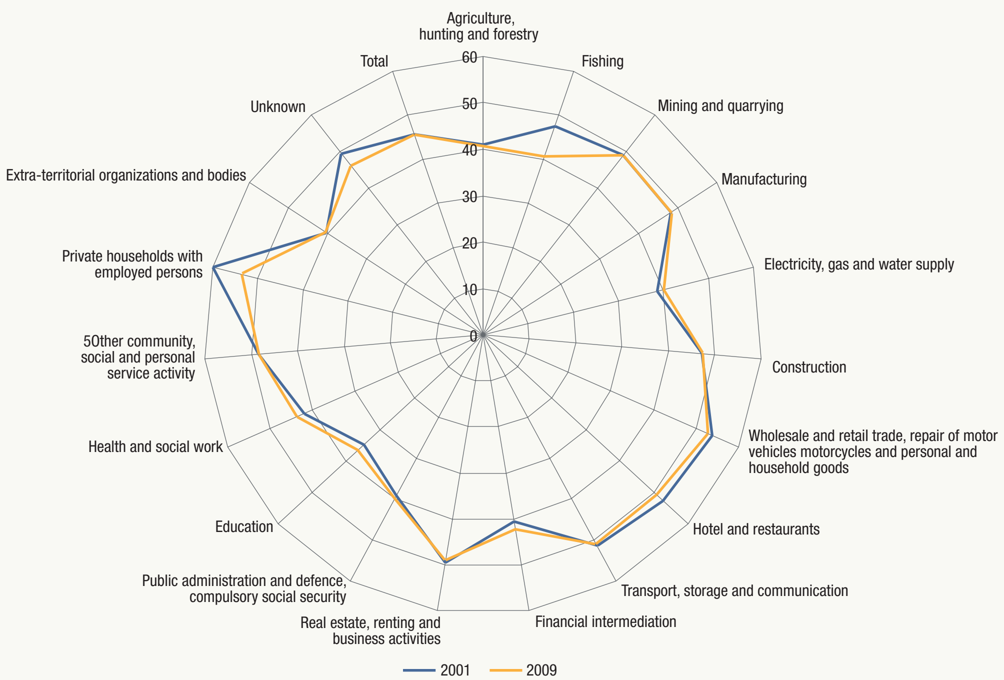
Note: Underemployment accounts for actual working hours during the week prior to the Labour force survey of less than 35 hours.
Source: NSO, Labour Force Surveys, 2001–10.

Figure 59. Share of underemployment to total employment, 2001–10



Source: NSO, Labour Force Surveys, 2001–10.

Figure 60. Average hours of work, by economic sector, 2001 and 2009



Source: NSO, Labour Force Survey, 2001 and 2009.

11

Social protection

11.3 Safety in the workplace

Box 25. Definition of accident and injury rate

The "accident and injury rate" are all accidents and injuries that take place in the workplace per 1,000 workers. Defined by the Ministry of Labour, accidents and injuries cover any harmful event that leads to death, disability, loss of some parts of the body or sick leave.

Severe accidents and injuries cover all cases of accidents and injuries defined above, except that the sick leave must be longer than three working days.

$$\text{Rate of injured workers} = \frac{\text{Number of insured workers}}{\text{Total employed persons}} \times 100$$

11

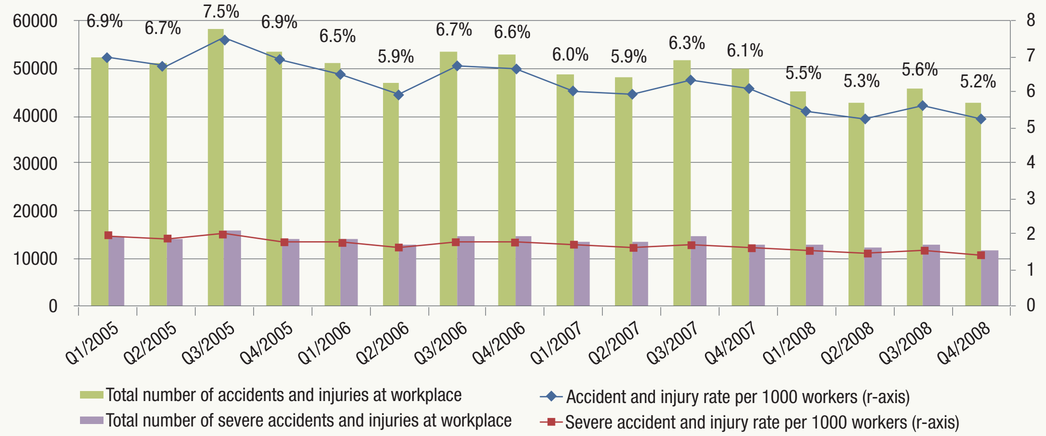
Social protection

- The accident and injury rate at the workplace in Thailand has declined consistently, from almost 6 per cent to 5 per cent over the past decade, although there was a spike in the rate, from 5.9 to 6.6 per cent in the latter half of 2006 (figure 61). Although the accident and injury rate rose to 7.5 per cent in 2005, it fell in 2008 to just 5.2 per cent (NSO, 2009).

- The work-related accidents in the informal sector was substantially more than that in the formal sector in 2010, when the number of injured formal sector workers was about 1.2 million while that of injured informal sectors workers was 3.5 million (figure 62). The proportion of formal sector workers injured at work was a little less than half (8.2 per cent) of those among the informal sector workers (14.6 per cent) (Labour Force Survey/Informal Employed Survey, 2010).

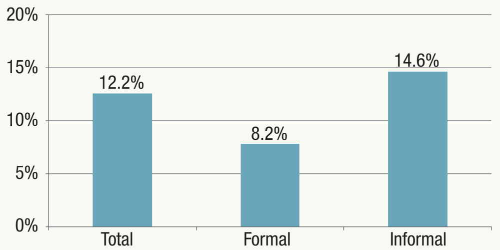
- Of the 38.7 million total employed persons in 2010, 4.7 million were injured at work, or 12.2 per cent of total employment (figure 63). The majority of injuries were classified as cuts, at 61.2 per cent of total cases, followed by falls, at around 13.8 per cent. Noticeably, falls and cuts were major causes of accidents in both the formal and informal sectors. However, formal workers were more likely to be injured by a machine in comparison to informal workers, who were more likely to be injured by a vehicle, hit by an object or burned by an electric shock (Labour Force Survey/ Informal Employed Survey, 2010).

Figure 61. Rate and number of workplace-related accidents or injuries, 2005–08



Source: NSO, *Yearbook of labour statistics of Thailand* 2009.

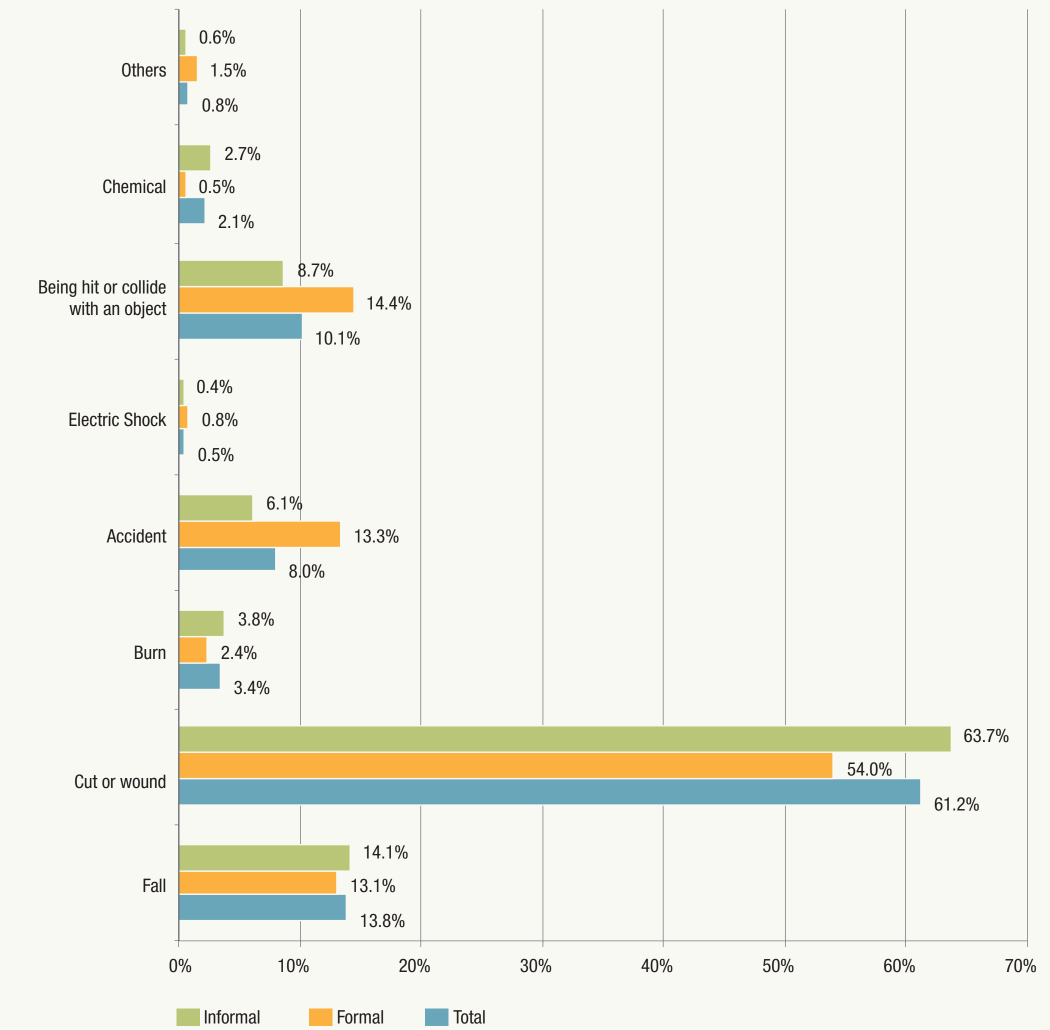
Figure 62. Share of employed persons who experienced an accident or injury, 2005–08



Source: NSO, Informal Employed Survey, 2010.

11
Social protection

Figure 63. Share of injured workers to total injuries, by type of accident, 2010



Source: NSO, Informal Employed Survey, 2010.

12. Gender equality

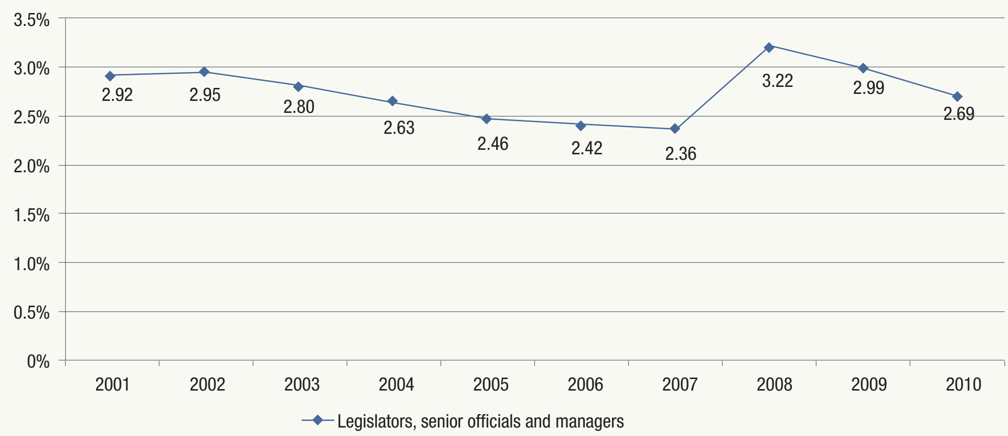
Box 26. Definition of gender equality

"Gender equality" refers to the equal rights, responsibilities and opportunities of women and men and girls and boys. Equality does not mean that women and men will become the same but that women's and men's rights, responsibilities and opportunities will not depend on whether they are born male or female. Gender equality implies that the interests, needs and priorities of both women and men are taken into consideration, recognizing the diversity of different groups of women and men. Gender equality is not a women's issue but should concern and fully engage men as well as women. Equality between women and men is seen both as a human rights issue and as a precondition for, and indicator of, sustainable people-centred development (UNWOMEN, 2012).

- To measure gender equality, one indicator is the share of women among legislators, senior officials and managers (figure 64). In 2001, the ratio of men to women's employment in this category was 2.9, suggesting that men were three times more likely to be in this higher-quality or higher-skilled employment than women. The declining ratio in the later years indicated a decreasing gender gap, but the economic crisis in late 2008 hit female employment at this high level, and the ratio in 2008 shot up to 3.2 before gradually dropping to 2.7 in 2010 (Labour Force Survey, 2010).

- Another measure of women's economic empowerment is the share of employed women in the non-agriculture sectors (figure 65). Despite an increasing trend, the share of women in the industry and service sectors was smaller than men over the decade, which implies inferior opportunities for them to work in the non-agriculture sectors (Labour Force Survey, 2010).

Figure 64. Ratio of male to female employment in category of legislators, senior officials and managers, 2001–10

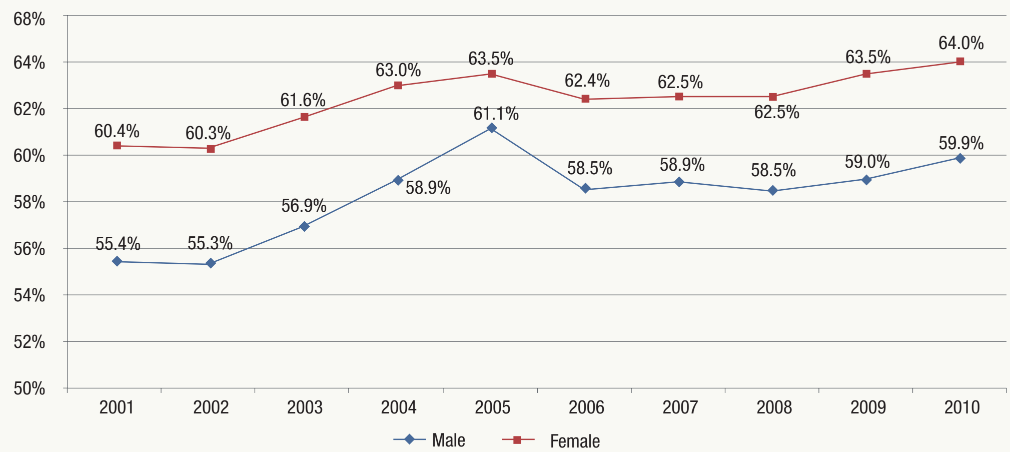


Source: NSO, Labour Force Surveys, 2001–10.

12

Gender equality

Figure 65. Share of employment in non-agriculture sectors, by sex, 2001–10



Note: Share of employment in non-agriculture sector by sex is calculated by dividing the total number of female/male workers in the non-agriculture sector by total number of female/male workers
Source: NSO, Labour Force Surveys, 2001–10.

13. Concluding remarks

Thailand has certainly grown quite significantly in the past decade. Its strong growth fundamentals helped it to bounce back after the effect of the global economic crisis in 2008. Thailand also has a low unemployment rate, even lower than many of its Asian neighbours. But low open unemployment is often a characteristic of large rural economies, and Thailand still has a significant share of its population in rural areas. Qualitative indicators of employment, on the other hand, reveal certain challenges with the quality of Thailand's world of work – over half of all Thailand's workers are in vulnerable employment (defined as the sum of own-account work and unpaid family work) and more than 60 per cent are informally employed, with no access to any social security mechanisms. Inequality, as measured by the Gini coefficient, is also high in Thailand and has continued to remain high in spite of its success in economic growth.

Thailand's economic growth has given it a middle income status. However, in 2001 about 65 per cent of the population had only an elementary or less than elementary education and in 2010 that share had declined but still stood at about 50 per cent. The education and skill profile of Thai labourers needs much improvement. Many children who enrol in school do not complete primary school and access to technical and vocational education and training is also denied. This low education and low skill profile of Thai workers could pose challenges for the country's economic transformation beyond its middle income status and is a contributing factor to keeping it in the "middle income trap".

The demographic structure shows an ageing population. This is likely to lead to labour shortage in certain sectors, and Thailand is likely to need migrant workers in specific sectors. This would require managed labour migration as well as policies and programmes to promote and protect the rights of migrant workers in a manner that is mutually beneficial for this country as well as its migrant workers.

Gender wage differentials have declined in Thailand over the years but remain significant. At the same time, labour force participation rates for women are lower than that of men by about 10 percentage points. There is thus scope for raising women's participation in paid employment, given the right enabling conditions, such as maternity benefits, child care and gender-friendly workplaces.

Thailand's high growth rate has not been reflected in its average wage growth. Indeed, real wage growth in Thailand in the past five years has lagged behind real productivity growth. Additionally, minimum wage adjustments have not kept pace with inflation since 1997, though there was a spike in minimum wage growth in 2008 during the economic crisis. This delinking of wage and productivity growth is likely to contribute to increased wage inequality in the country. Depressed real wage growth could mean a decline in aggregate demand, which is likely to have an adverse impact on sustainable growth.

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Appendix: Additional data

Appendix table 1. GDP and its composition, 2001–10 (p1)

	2001	2002	2003	2004	2005	2006	2007	2008	2009p	2010p1
Private consumption (%)	55	55.1	54.7	54.7	54.7	53.7	52	52.2	52.8	51.4
Government expenditure (%)	9.2	8.8	8.5	8.4	8.9	8.7	9.1	9.1	10.1	9.9
Private investment (%)	20.8	21	22.2	23.5	25.4	23.3	22.4	23.6	18.1	21.6
Net export (%)	14.6	14.8	14.2	12.8	10.3	13.8	16.0	14.3	18.2	16.4
Statistical discrepancy (%)	0.3	0.3	0.4	0.5	0.7	0.5	0.6	0.7	0.8	0.7

Source: NESDB, 2011.

Appendix table 2. Import, export growth and trade dependence index, 2001–10 (p1)

	2001	2002	2003	2004	2005	2006	2007	2008	2009p	2010p1
Export growth (%)	-4.2	12.0	7.1	9.6	4.2	9.1	7.8	5.1	-12.5	14.7
Import growth (%)	-5.5	13.7	8.4	13.4	9	3.3	4.4	8.9	-21.5	21.5
Net export growth (%)	0.1	6.6	2.6	-3.8	-15.8	40.6	21.3	-7.8	23.9	-2.7
Trade dependence index	106.7	114.2	114.8	120.1	122.1	123.7	125.2	130.4	111.5	121.6

Source: NESDB, 2011.

Appendix table 3. Gini index (income based), 2000–09

Year	Bangkok	Central	North	North-east	South	Urban	Rural
2000	0.41	0.44	0.46	0.48	0.47	0.47	0.46
2002	0.43	0.43	0.46	0.46	0.46	0.47	0.44
2004	0.42	0.43	0.47	0.44	0.44	0.46	0.44
2006	0.45	0.44	0.48	0.49	0.47	0.47	0.47
2007	0.46	0.42	0.46	0.46	0.46	0.47	0.45
2009	0.46	0.41	0.44	0.46	0.47	0.47	0.44

Source: NESDB, 2011.

Appendix table 4. Number of population, aged 6 years or older, who are illiterate, by causes of illiteracy, 2008

Cause of illiteracy	Total	Male	Female
Never studied	1 986 700	650 835	1 335 865
Studied but forgot	703 073	257 383	445 690
Others	190 648	87 629	103 019
Unknown	2 385	972	1 413
Total	2 882 806	996 818	1 885 987

Source: NSO, *Reading of population survey*, 2008.

Appendix table 5. Number of population, by health coverage, 2007 and 2009

	2007	2009
Universal coverage card	48 437.5	51 097.3
Social security/worker compensated	8 008.8	8 362.4
Civil servant medical scheme	6 022.4	5 327.7
Private health insurance	1 448.9	2 423.1
Health insurance covered by employer	280.5	228.4
Others	378.5	417.8

Source: NSO, Health and Welfare Survey, 2007 and 2009.

Appendix table 6. Employment to population, 2001–10 (Q3)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total (%)	71.0	71.7	71.7	72.2	72.6	71.9	72.6	72.4	72.5	72.3
Male (%)	79.1	79.8	79.6	80.4	80.2	80.1	80.6	80.4	80.8	80.3
Female (%)	63.1	63.9	63.9	64.2	65.4	64.2	65.1	64.9	64.7	64.6

Source: NSO, Labour Force Surveys, 2001–10.

Appendix table 7. Elasticity of total employment to total GDP, by sex and period, 1992–2008

Gender	Elasticity of total employment to total GDP				Average annual GDP growth (%)			
	1992–96	1996–2000	2000–04	2004–08	1992–96	1996–2000	2000–04	2004–08
Total	0.11	0.17	0.36	0.21	8.1	-0.9	5.2	4.3
Male	0.11	0.15	0.37	0.23	8.1	-0.9	5.2	4.3
Female	0.11	0.18	0.36	0.19	8.1	-0.9	5.2	4.3

Source: ILO, *Key Indicators of the Labour Market*, 2010.

Appendix table 8. Share of employed persons, by sector, 2001–10

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Share of employed persons in agriculture (%)	42	42	41	39	39	40	39	40	39	38
Share of employed persons in industry (%)	16	15	16	16	16	16	16	15	14	14
Share of employed persons in services (%)	42	42	43	45	45	45	45	45	47	48
Total (%)	100	100	100	100	100	100	100	100	100	100

Source: NSO, Labour Force Surveys, 2001–10.

Appendix table 9. Employment share, by status, 2001–10 (Q3)

Year	Wage and salaried workers (%)			Members of producers' cooperatives (%)									Contributing family workers (%)			Members of producers' cooperatives (%)		
				Total			Employers			Own-account workers								
	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F
2001	40.4	40.8	39.9	34.8	43.6	24.0	2.9	4.1	1.3	32.0	39.5	22.7	24.7	15.6	35.9	0.1	0.0	0.1
2002	40.0	40.6	39.3	34.4	43.5	23.2	3.2	4.6	1.4	31.2	38.8	21.8	25.6	15.9	37.4	0.0	0.0	0.1
2003	40.5	40.9	40.2	34.8	43.1	24.5	3.3	4.8	1.4	31.5	38.4	23.1	24.6	16.0	35.2	0.1	0.1	0.1
2004	43.8	44.5	42.9	33.9	40.7	25.5	3.1	4.3	1.5	30.8	36.4	24.0	22.2	14.7	31.4	0.1	0.1	0.2
2005	43.7	44.5	42.7	34.6	41.9	26.3	3.1	4.5	1.5	31.5	37.4	24.8	21.6	13.5	30.8	0.1	0.1	0.2
2006	43.7	44.3	42.9	34.7	41.7	26.5	3.0	4.2	1.6	31.7	37.5	24.9	21.5	13.9	30.5	0.1	0.1	0.1
2007	43.7	44.3	42.9	34.7	41.7	26.5	3.0	4.2	1.6	31.7	37.5	24.9	21.5	13.9	30.5	0.1	0.1	0.1
2008	43.2	43.7	42.6	34.4	41.5	26.1	2.6	3.7	1.3	31.8	37.8	24.8	22.3	14.7	31.1	0.1	0.1	0.2
2009	42.9	43.5	42.1	35.3	42.1	27.4	2.7	3.9	1.4	32.6	38.2	26.0	21.7	14.3	30.4	0.1	0.1	0.1
2010	42.6	43.6	41.5	34.7	41.0	27.2	2.7	3.7	1.5	32.0	37.3	25.7	22.7	15.3	31.3	0.1	0.1	0.1

Source: NSO, Labour Force Surveys, 2001–10.

Appendix table 10. Employed persons, by level of education attained and by sex, 2001–10

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total (%)	100	100	100	100	100	100	100	100	100	100
No education (%)	3.4	3.4	3.5	3.6	3.7	3.7	3.4	2.9	3.1	3.1
Lower secondary (%)	75.8	75.4	74.2	72.4	71.5	70.3	69.5	69.5	68.3	66.8
Upper secondary (%)	9.5	10.1	10.4	11.4	11.4	12.0	12.4	12.7	13.2	14.0
Higher level (%)	11.3	11.2	11.9	12.7	13.4	14.0	14.7	14.9	15.4	16.1
Total male (%)	100	100	100	100	100	100	100	100	100	100
No education (%)	2.4	2.5	2.5	2.7	2.6	2.7	3.4	2.3	2.3	2.4
Lower secondary	77.1	76.2	75.2	73.6	72.9	71.8	69.8	70.8	70.1	68.4
Upper secondary (%)	10.4	11.3	11.4	12.4	12.6	13.1	12.5	14.0	14.3	14.9
Higher level (%)	10.1	10.1	10.8	11.3	11.9	12.4	14.3	12.9	13.3	14.3
Total female (%)	100	100	100	100	100	100	100	100	100	100
No education (%)	4.7	4.5	4.6	5.3	4.9	4.8	4.3	3.7	4.0	3.9
Lower secondary (%)	74.3	74.4	72.9	67.0	69.9	68.7	68.8	67.9	66.1	65.0
Upper secondary (%)	8.3	8.6	9.2	11.5	10.1	10.7	11.1	11.3	11.9	12.9
Higher level (%)	12.8	12.6	13.2	16.2	15.1	15.8	15.8	17.1	17.9	18.2

Source: NSO, Labour Force Surveys, 2001–10.

Appendix table 11. Working poverty ratio, 1992–2004

Year	Total population (15+) (millions)	Total poor population (15+) (millions)	Headcount ratio (%)	No. of working poor (millions)	Employment-to-population ratio (%)	Working poverty rate (%)	Working poor-to-total poor (%)
1992	41.5	2.3	5.5	1.8	77.6	5.5	78
1996	44.3	0.8	1.9	0.6	75.1	1.9	75
1999	46.0	0.7	1.5	0.5	71.9	1.6	73
2000	46.7	0.7	1.4	0.5	72.7	1.4	73
2002	48.3	0.3	0.7	0.3	73.1	0.7	74
2004	50.1	0.2	0.4	0.2	73.2	0.4	73

Note: Headcount ratio calculation is based on the international poverty line of US$1.25 per day.
Source: World Bank, 2010; ILO, *Key Indicators of the Labour Market*, 2010.

Appendix table 12. Vulnerable employment, 2001–2010 (Q3)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vulnerable employment	18 969.4	19 441.9	19 450.9	18 927.7	19 274.6	19 348	19 794.1	20 465	20 828.6	21 137.1
Non-vulnerable employment	14 514.4	14 819.9	15 225.5	16 783.6	17 027.8	16 996.5	17 327.9	17 371.6	17 542.9	17 554.5
Share of vulnerable employment to total employment (%)	6.7	56.7	56.1	53	53.1	53.2	53.3	54.1	54.3	54.6

Source: NSO, Labour Force Surveys, 2001–10.

Appendix table 13. Share of female wage employment, 1996–2010

Year	Share of female wage employment	
	To total female employment (%)	To total wage employment (%)
1996	34.2	40.8
1997	35.2	42.4
1998	35.3	43.5
1999	37.5	43.9
2000	38.8	44.1
2001	39.9	42.3
2002	39.3	41.4
2003	40.2	42.3
2004	42.9	44.2
2005	42.7	44.7
2006	42.9	44.0
2007	42.9	43.9
2008	42.6	43.8
2009	42.1	43.4
2010	41.5	44.7

Source: Labour Force Surveys; ILO, *Key Indicators of the Labour Market*, 2010.

Appendix table 14. Coverage of minimum wage rate on daily expense required for low-skilled labour, by region, 2010

	Overall country	Bangkok	Vicinity of Bangkok	Central	North	North-east	South
Number of provinces	76	2	4	24	13	19	14
Average minimum wage rate (as of Aug. 2010)	165.3	206	205	167	154.9	157.5	165.6
Daily expense							
- as necessary	148.8	178.3	169.8	162.0	134.2	136.5	153.5
- for a good standard of living	163.6	191.5	183.6	178.2	147.8	151.3	168.4
- for a good standard of living, inflation adjusted	171.2	200.4	192.2	186.5	154.7	158.3	187.3
Coverage of minimum wage on good standard of living	Yes	Yes	Yes	No	Yes	Yes	No
Coverage of minimum wage on good standard of living (after inflation adjusted)	No	No	Yes	No	Yes	No	No

Source: Ministry of Labour, 2010; Petcharat, S. et al., 2006, The income and minimum wage system development group, Bangkok, Ministry of Labour; Authors' calculation for the regional minimum wage rate and daily expenses after inflation adjustment.

Appendix table 15. Average wage, by sex and gender wage differentials, 2001–10

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total	6 663.3	6 611	6 758.5	6 915.2	7 389.4	7 850.6	8 085.1	8 912.7	8 694.2	9 262.2
Male	6 951	6 940	7 091	7 206	7 683	8 071	8 315	9 091	8 833	9 404
Female	6 291	6 184	6 328	6 533	7 019	7 571	7 801	8 693	8 521	9 085
Gender wage differentials	660	756	762	673	665	500	514	398	312	319

Source: NSO, Labour Force Surveys, 2001–10; authors' calculation.

Appendix table 16. Employees, by occupation of registered migrant workers and Thais, 2010

	Male			Female			Total		
	Registered migrants	Thais	Total	Registered migrants	Thais	Total	Registered migrants	Thais	Total
Legislators, senior officials and managers	12 000	42 126	42 099	12 000	33 445	33 417	12 000	38 744	38 716
Professionals	41 705	37 600	37 673	3 795	22 783	22 727	35 488	29 507	29 565
Technicians and associate professionals	9 128	36 233	35 958	n.a.	18 250	18 250	9 128	25 831	25 759
Clerks	11 868	14 128	14 113	6 866	21 861	21 855	11 321	19 450	19 430
Service workers and shop and market workers	4 085	8 789	8 718	4 211	10 489	10 377	4 165	9 802	9 708
Skilled agricultural and fishery workers	5 096	14 105	13 696	4 897	8 912	8 723	5 009	11 876	11 559
Craftsmen and related trades workers	5 473	9 834	9 777	5 226	6 867	6 822	5 371	9 107	9 045
Plant and machine operators and assemblers	4 673	13 525	13 319	5 073	6 438	6 401	4 837	10 910	10 759
Elementary occupations	5 451	7 139	7 086	6 020	8 557	8 487	5 713	7 837	7 774
Total	6 095	13 265	13 112	5 264	11 654	11 518	5 730	12 554	12 409

n.a. = data not available
Source: NSO, Informal Employed Survey, 2010; authors' calculation.

Appendix table 17. Source of Thai labour productivity, 2002–08

	2002	2003	2004	2005	2006	2007	2008
Hours worked and GDP							
Growth rate of hours worked (%)	4.1	1.9	2.3	0.9	1.7	1.7	2.6
Growth rate of real GDP/hour worked (%)	1.6	5.2	3.9	3.6	3.4	3.2	-0.1
Share of capital and labour in production							
Share of capital in production function (%)	51.5	51.7	52.3	54.3	55.0	54.9	54.6
Share of labour in production function (%)	48.5	48.3	47.7	45.7	45.0	45.1	45.4
Growth rate, given share							
Growth of capital deepening, given capital share (%)	-1.3	0.1	0.2	1.1	0.9	0.9	0.2
Growth of labour utilization, given share of labour (%)	-0.5	0.2	0.1	0.2	-0.2	-0.1	-0.2
Growth of total factor productivity (including quality of labour) (%)	3.4	4.9	3.6	2.3	2.7	2.3	-0.1

Source: NESDB, 2009; Bank of Thailand, 2010; NSO, 2010; authors' calculation.

Appendix table 18. Foreign workers as percentage of total population and labour force, 2005

Recipient country	No. of foreign workers	As % of population	As % of labour force
Brunei Darussalam	124 193	33.2	69.8
Malaysia	1 639 138	6.5	14.9
Singapore	1 842 953	42.6	82.1
Thailand	1 050 459	1.6	2.8
Hong Kong (China)	2 998 686	42.6	84.6
Japan	2 048 487	1.6	3.1
Republic of Korea	551 193	1.2	2.3
Australia	4 097 204	20.3	38.8
United Arab Emirates	3 211 749	71.4	127.2

Source: World Bank, 2010.

Appendix table 19. Employed persons, by hours of work per week ('000s), 2001–10 (Q3)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Number of hours										
0	532.8	314	301.5	340.4	430.9	326.8	267	233.8	289.6	221.2
1–9	235.2	181.5	243	288.3	398.6	274.5	276.4	224.9	264	218.7
10–19	885.3	840.3	1 023.1	1 055.4	1 178.1	1 099	1 110.6	1 034	1 084.1	1 044.9
20–29	2 155.5	2 165.9	2 181.5	2 345.7	2 616.7	2 729.4	2 783.5	2 508.5	2 585.1	2 645.9
30–34	1 256.7	1 248.1	1 305.7	1 305.6	1 463.5	1 546.9	1 761.8	1 586.3	1 744.3	1 688.8
35–39	3 396.5	3 534.1	3 595.6	3 389.8	3 639.9	3 654.2	3 572.2	3 947.2	3 779.4	3 903.9
40–49	11 427.7	12 441.7	12 310.9	12 846.8	12 765.7	13 761.5	13 982.7	14 298.1	14 134	14 479.7
50 hours or more	13 594.1	13 536.9	13 715.2	14 139.3	13 809	12 952.2	13 367.8	14 003.9	14 491.2	14 488.5
Total	33 483.7	34 262.4	34 676.4	35 711.3	36 302.4	36 344.5	37 122.0	37 836.6	38 371.5	38 691.6
in total										
0	1.6	0.9	0.9	1	1.2	0.9	0.7	0.6	0.8	0.6
1–9	0.7	0.5	0.7	0.8	1.1	0.8	0.7	0.6	0.7	0.6
10–19	2.6	2.5	3	3	3.2	3	3	2.7	2.8	2.7
20–29	6.4	6.3	6.3	6.6	7.2	7.5	7.5	6.6	6.7	6.8
30–34	3.8	3.6	3.8	3.7	4	4.3	4.7	4.2	4.5	4.4
35–39	10.1	10.3	10.4	9.5	10	10.1	9.6	10.4	9.8	10.1
40–49	34.1	36.3	35.5	36	35.2	37.9	37.7	37.8	36.8	37.4
50 hours or more	40.6	39.5	39.6	39.6	38	35.6	36	37	37.8	37.4
Total	100	100	100	100	100	100	100	100	100	100

Source: NSO, Labour Force Surveys, 2001–10.

Appendix table 20. Employed persons, by type of accident, 2008

	Total	Male	Female
Employed persons	37 121 977	19 976 668	17 145 309
Never experienced an accident or injury	32 311 988	17 070 456	15 241 532
Experienced an accident or injury	4 809 989	2 906 212	1 903 777
1. Fall	726 394	436 420	289 974
2. Cut or wound	3 132 875	1 846 348	1 286 526
3. Burn	149 913	62 608	87 305
4. Accident	199 693	153 310	46 383
5. Electric shock	33 668	30 017	3 652
6. Hit or colliding with an object	426 502	289 285	137 217
7. Chemical	76 960	49 195	27 765
8. Others	63 984	39 029	24 955

Source: NSO, Informal Employed Survey, 2008

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Regional Office for Asia and the Pacific,
United Nations Building, 11th Floor,
Rajdamnern Nok Avenue, Bangkok
10200, Thailand.
Tel.: +66 2 288 1710, 2288 1755;
Fax: +66 2 288 3062;
Email: BANGKOK@ilo.org

ILO Country Office for Thailand, Cambodia
and Lao People's Democratic Republic
United Nations Building, 10th Floor,
Rajdamnern Nok Avenue,
Bangkok 10200, Thailand.
Tel.: +66 2 288 1234
Fax: +66 2 288 3062
Email: BANGKOK@ilo.org

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