

THAILAND: A LABOUR MARKET PROFILE

International Labour Organization (2013)

EE460: Thai Economy

Semester 1/2019

Faculty of Economics, Thammasat University

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A labour market profile

1. Labour force participation rate

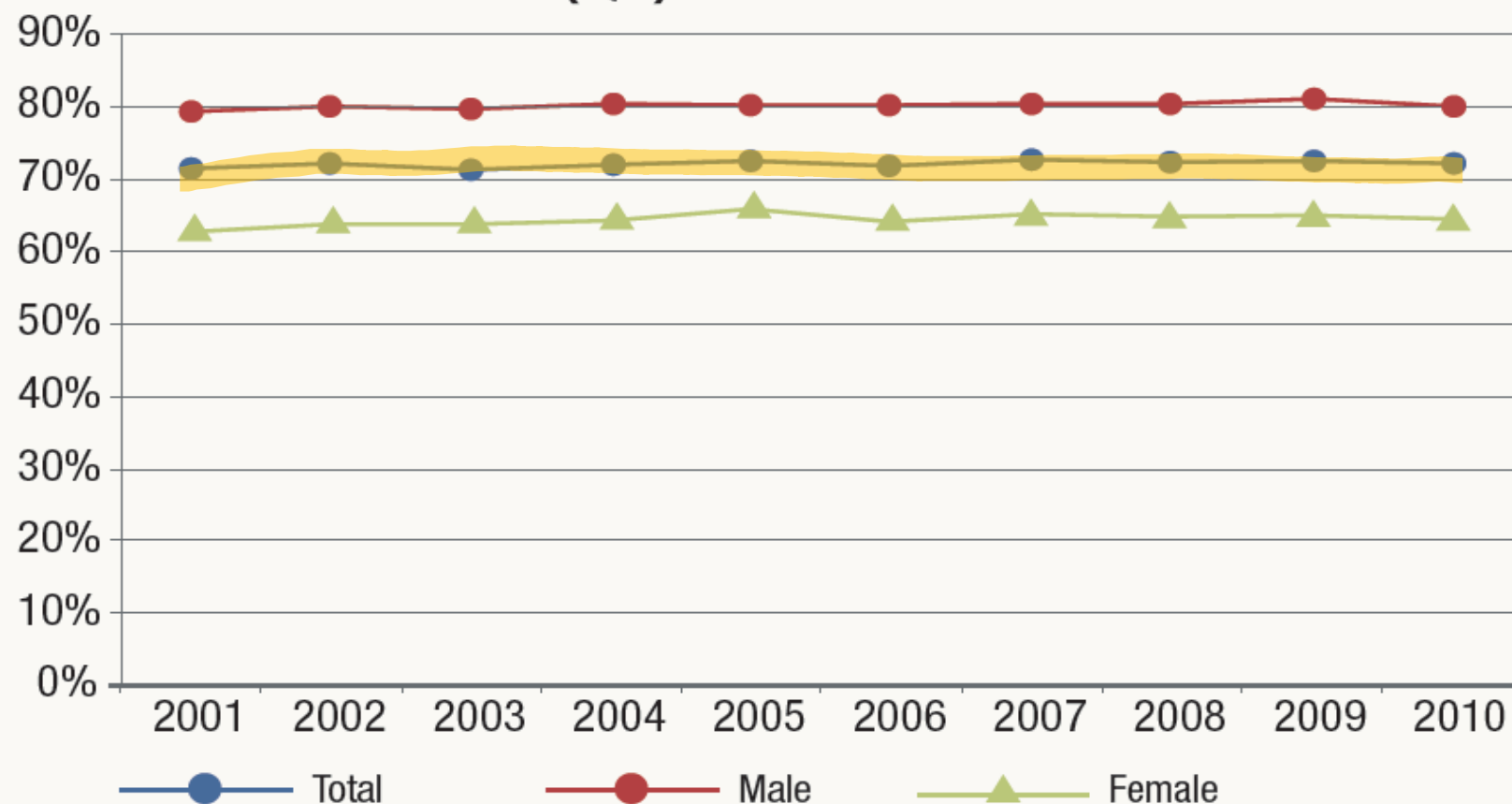
- The “**labour force participation rate**” is the **share** of the **labour force** to the **working-age population** (15–64 years).
- According to the Ministry of Labour, the total labour force covers all persons aged 15–64 years who, during the Labour Force Survey week, were engaged in the labour 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.

1. Labour force participation rate

- 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).

1. Labour force participation rate (cont'd)

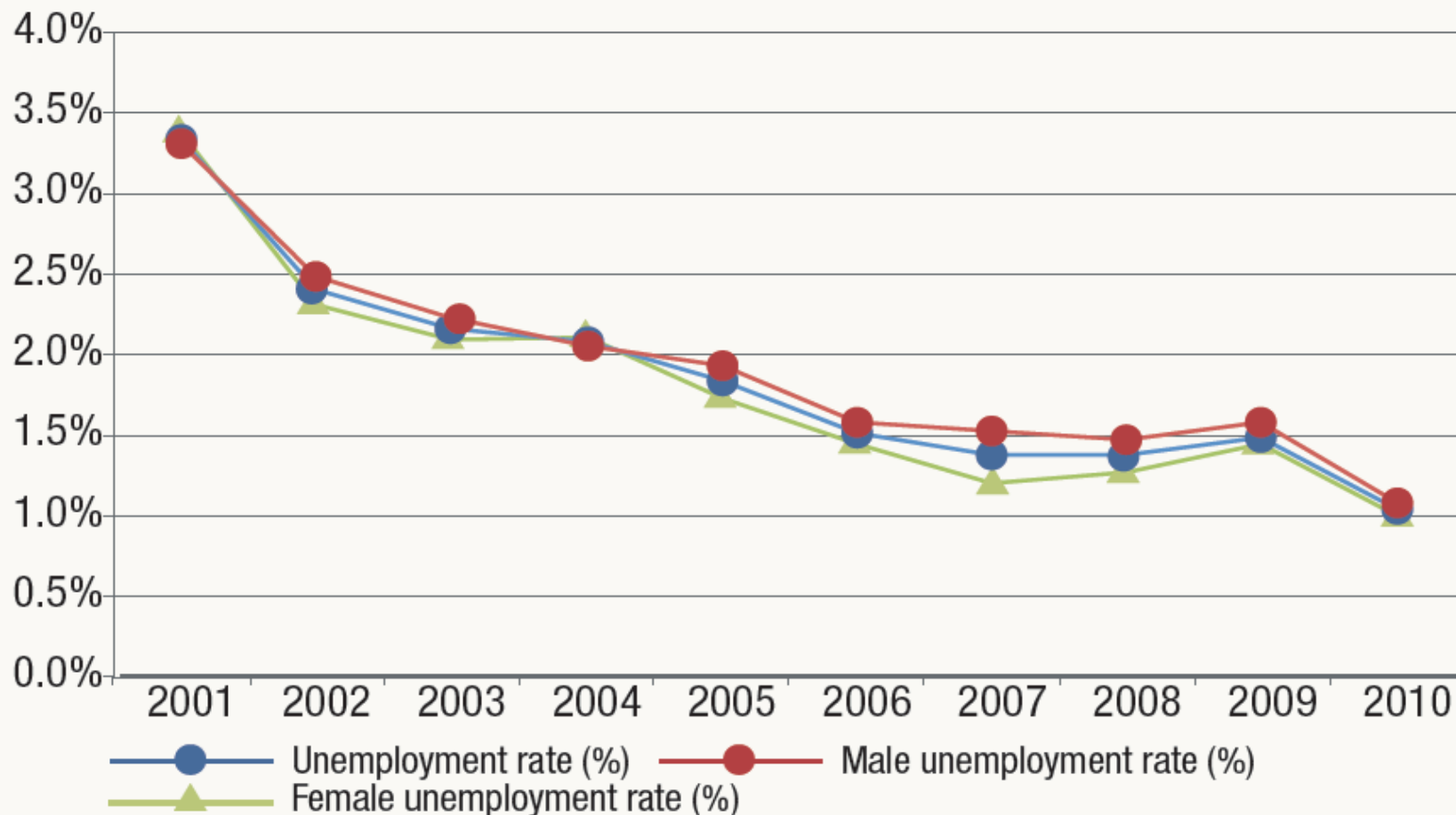
Figure 16. Labour force participation rate, by sex, 2001–10 (Q3)



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

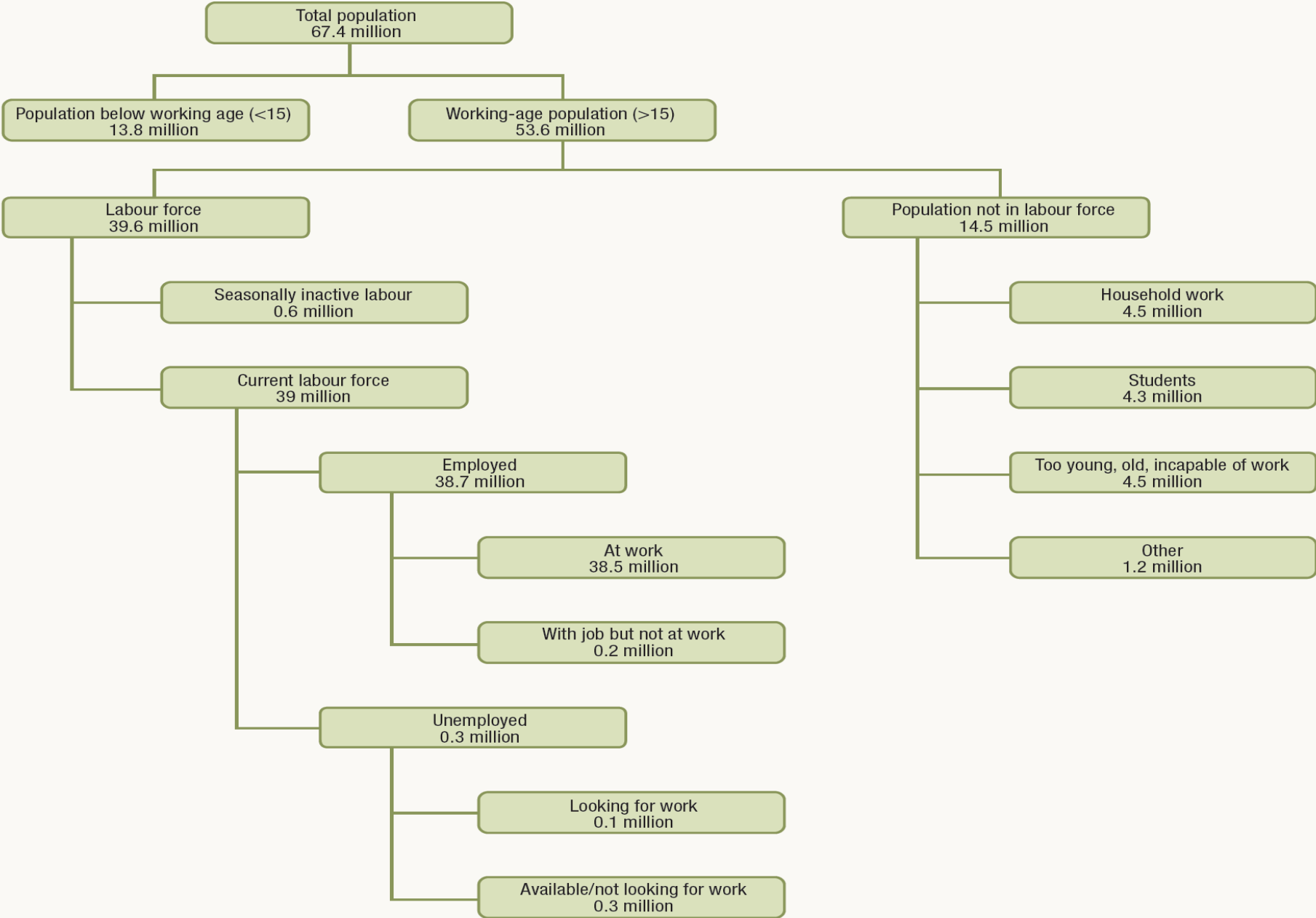
1. Labour force participation rate (cont'd)

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



2. 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.

2. Inactivity rate (cont'd)

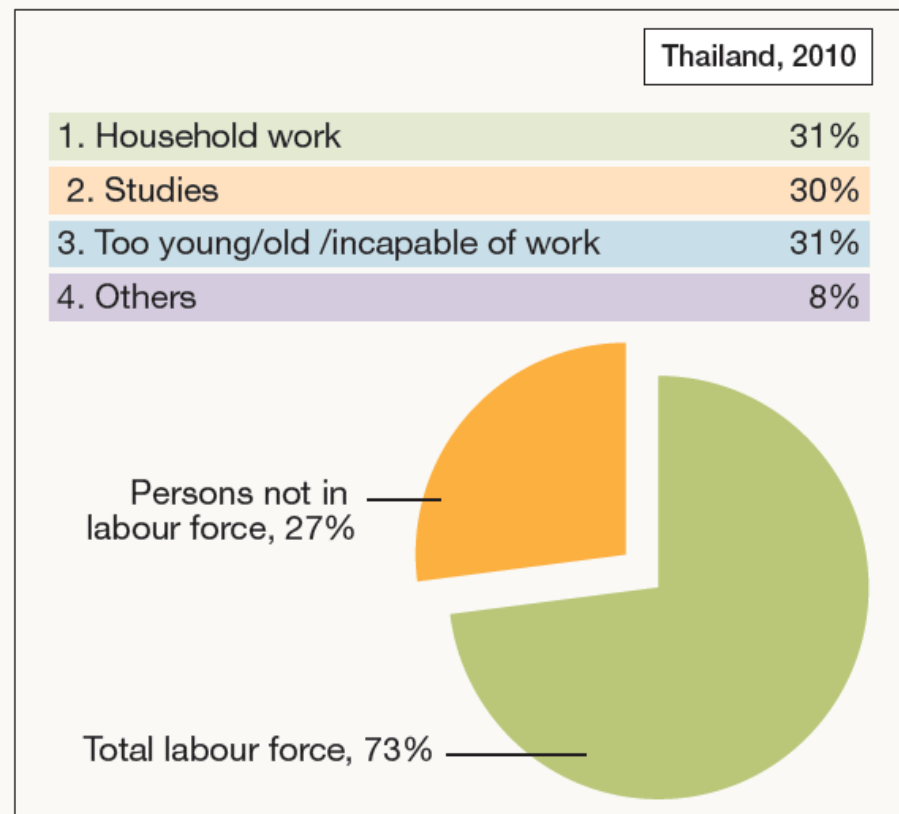
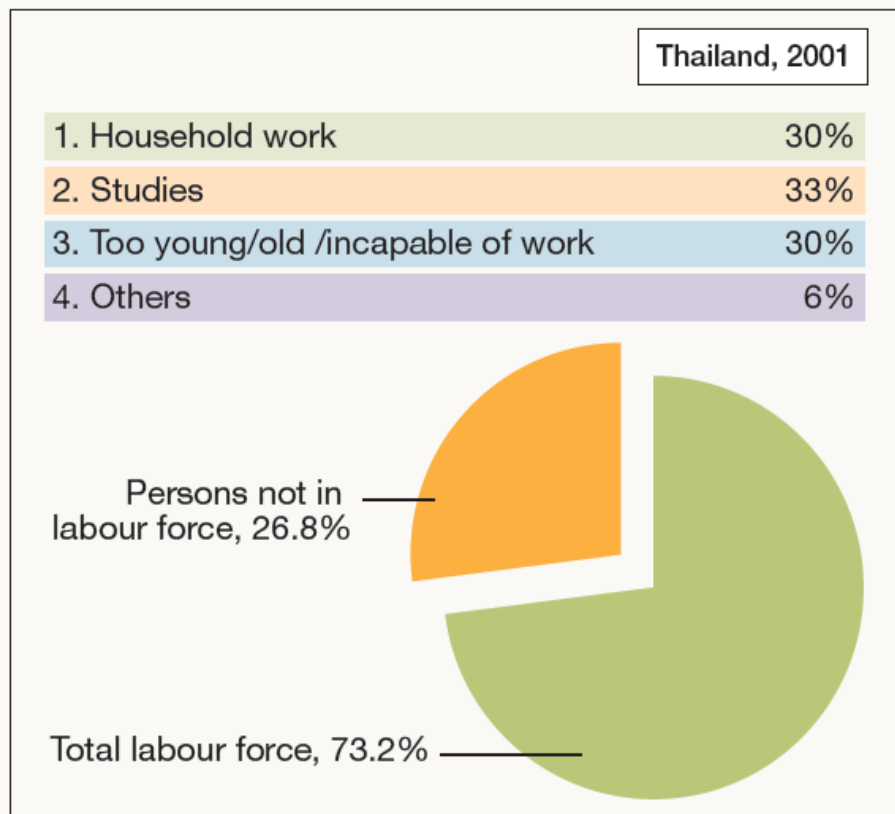
- Working-age persons (15–64 years) who are out of the labour force – measured by the inactivity rate – remained at around **27 per cent** for most of the decade 2000–10 (figure 19).
- Within the total share, **35 per cent** were **inactive women**, compared with **19 per cent** of **inactive men** (Labour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

2. Inactivity rate (cont'd)

- 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).

2. Inactivity rate (cont'd)

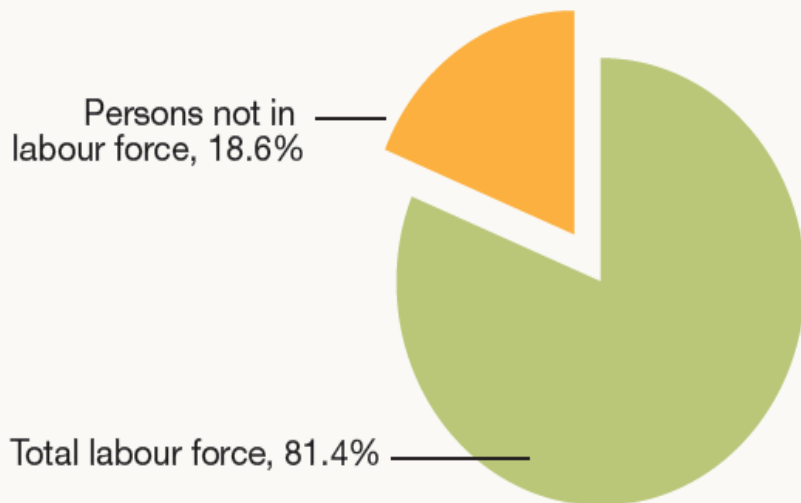
Figure 19. Distribution of the labour force and inactive persons, by sex, 2001 and 2010 (Q3)



2. Inactivity rate (cont'd)

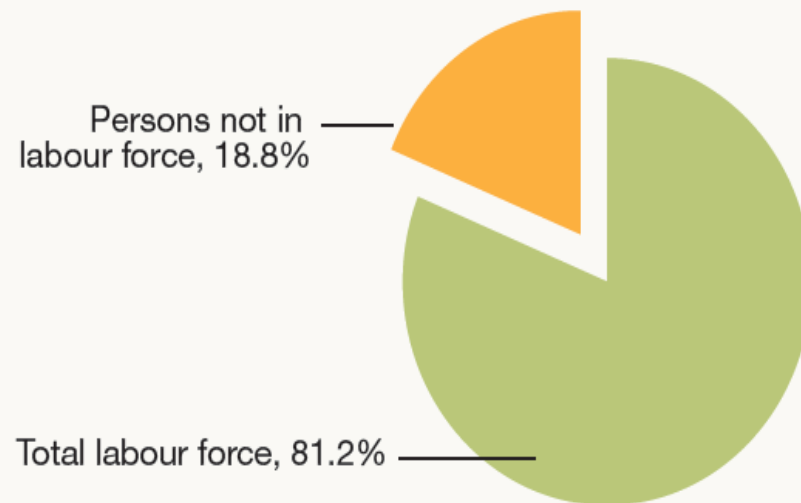
Male, 2001

1. Household work	3%
2. Studies	47%
3. Too young/old /incapable of work	40%
4. Others	10%



Male, 2010

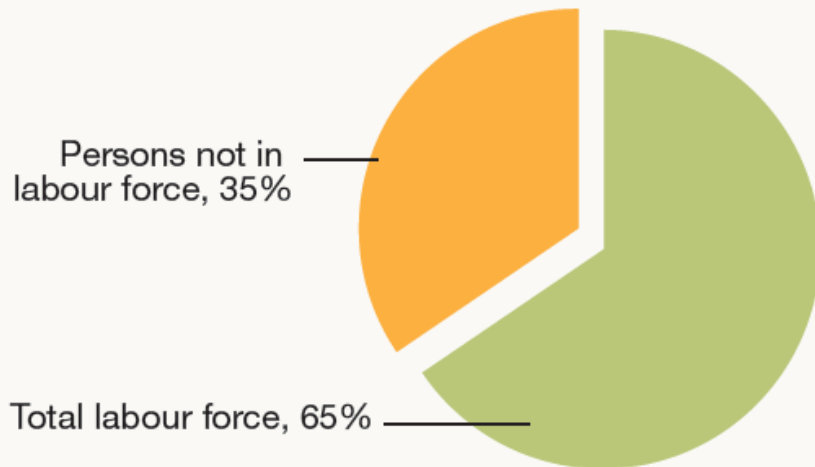
1. Household work	4%
2. Studies	41%
3. Too young/old /incapable of work	40%
4. Others	14%



2. Inactivity rate (cont'd)

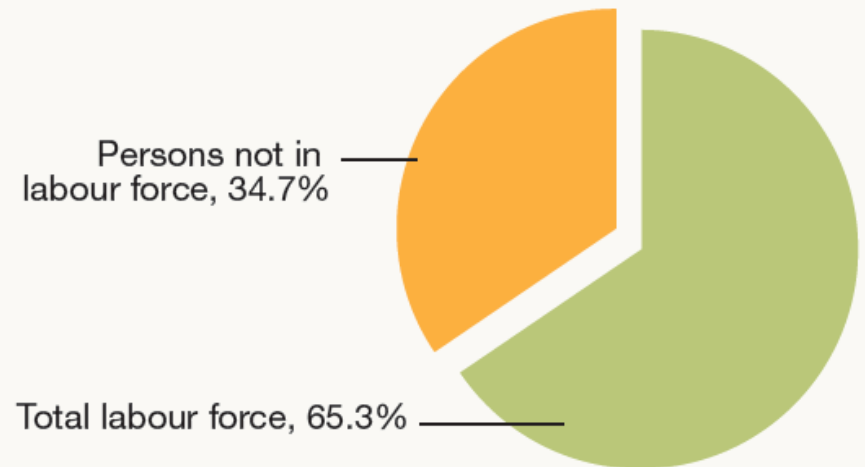
Female, 2001

1. Household work	44%
2. Studies	26%
3. Too young/old /incapable of work	25%
4. Others	5%



Female, 2010

1. Household work	44%
2. Studies	24%
3. Too young/old /incapable of work	27%
4. Others	5%



3. Employment–population ratio

- 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**.

3. Employment–population ratio (cont'd)

- 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).

3. Employment–population ratio (cont'd)

- 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).

3. Employment–population ratio (cont'd)

- 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 percent**, 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**.

3. Employment–population ratio (cont'd)

- 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).

3. Employment–population ratio (cont'd)

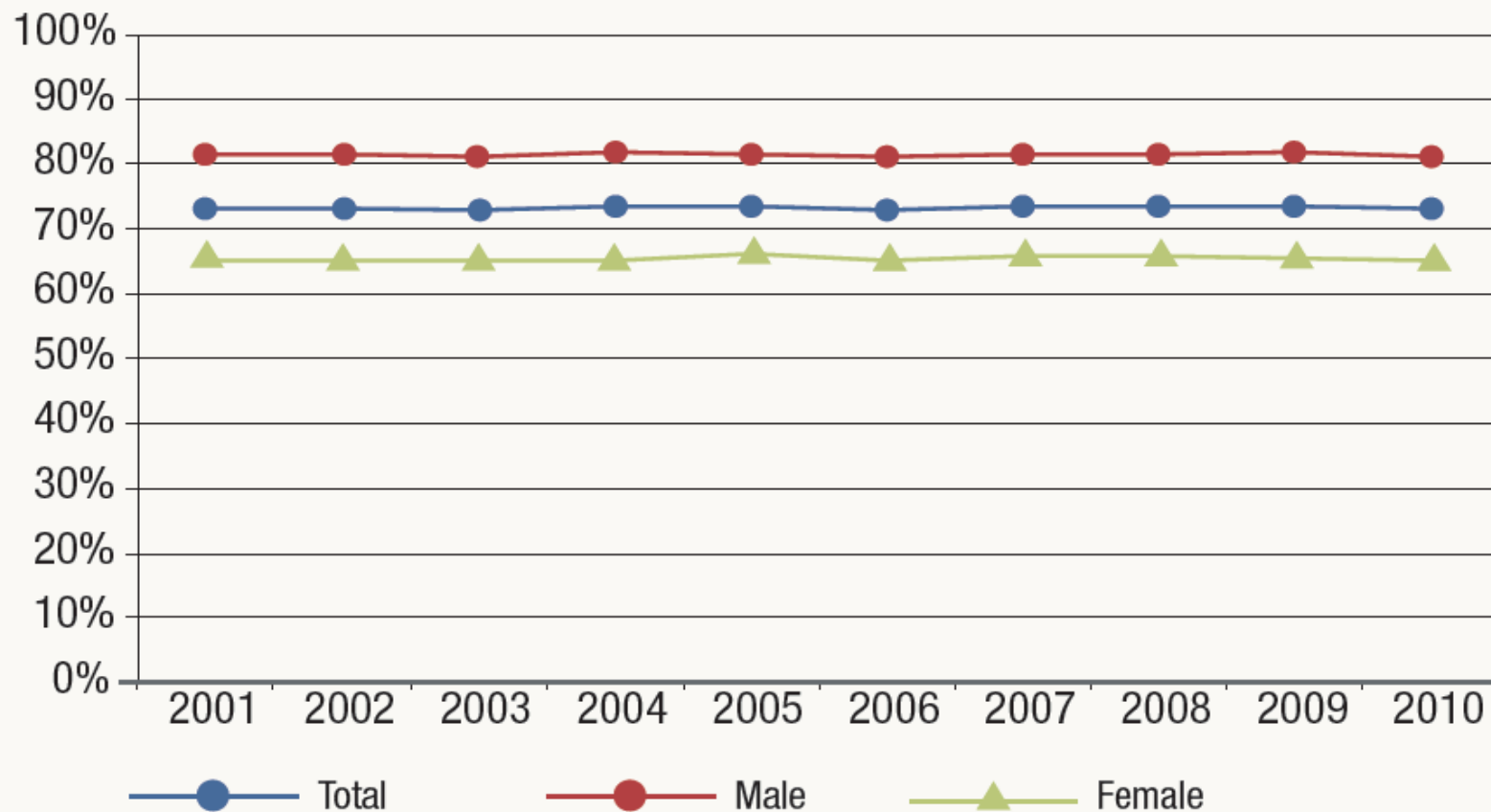
- The elasticity of employment to total GDP ranged **between 0.1 and 0.2 from 1992 to 2008** (figure 22).
- From 1992 to 1996, when GDP growth was at its highest, at **8.1 per cent**, the **employment elasticity** of the Thai economy was only **0.1**.
- After the financial crisis in 1997, when economic 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*).

3. Employment–population ratio (cont'd)

- 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*).

3. Employment–population ratio (cont'd)

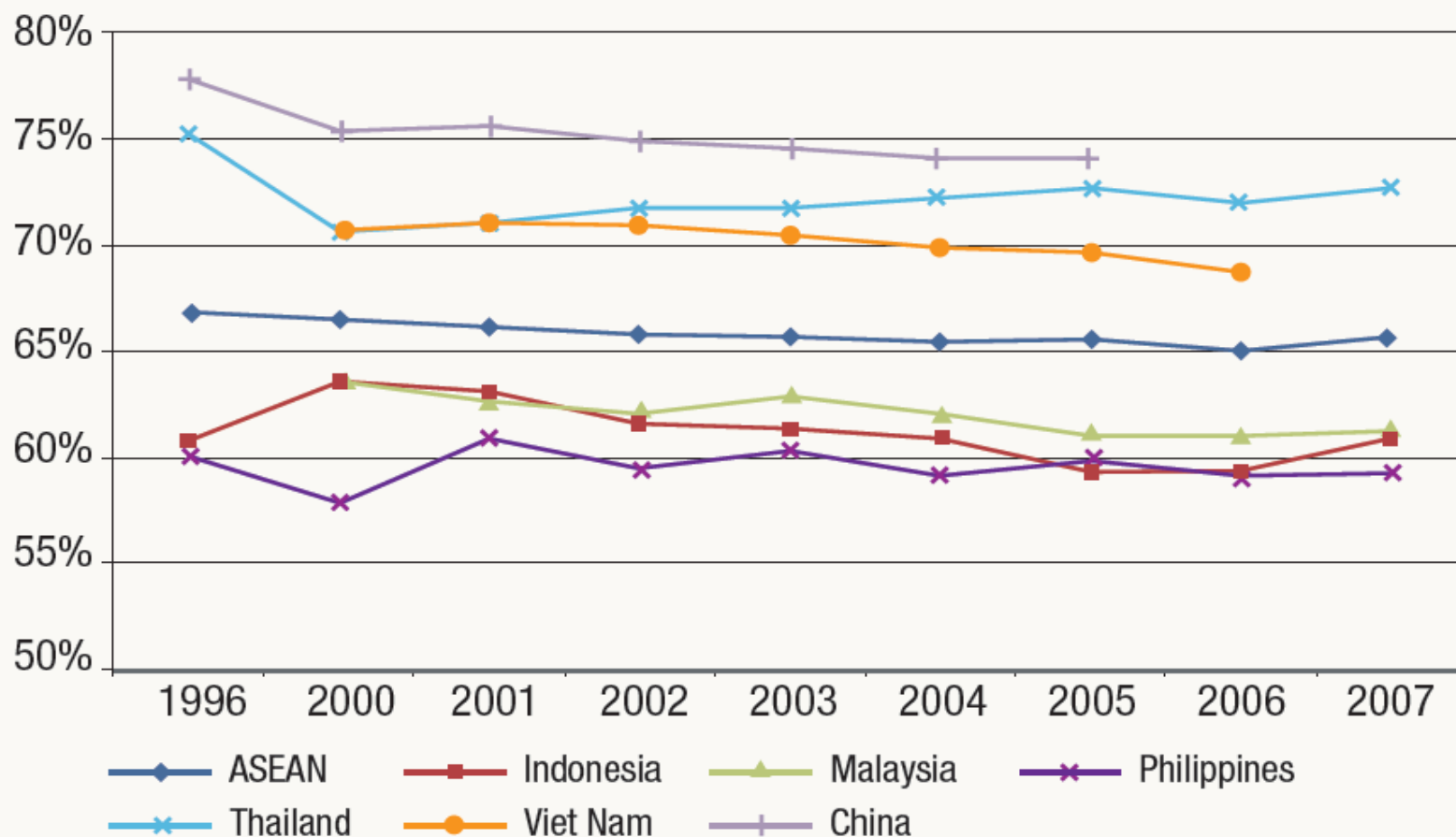
Figure 20. Employment–population ratios, 2001–10



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

3. Employment–population ratio (cont'd)

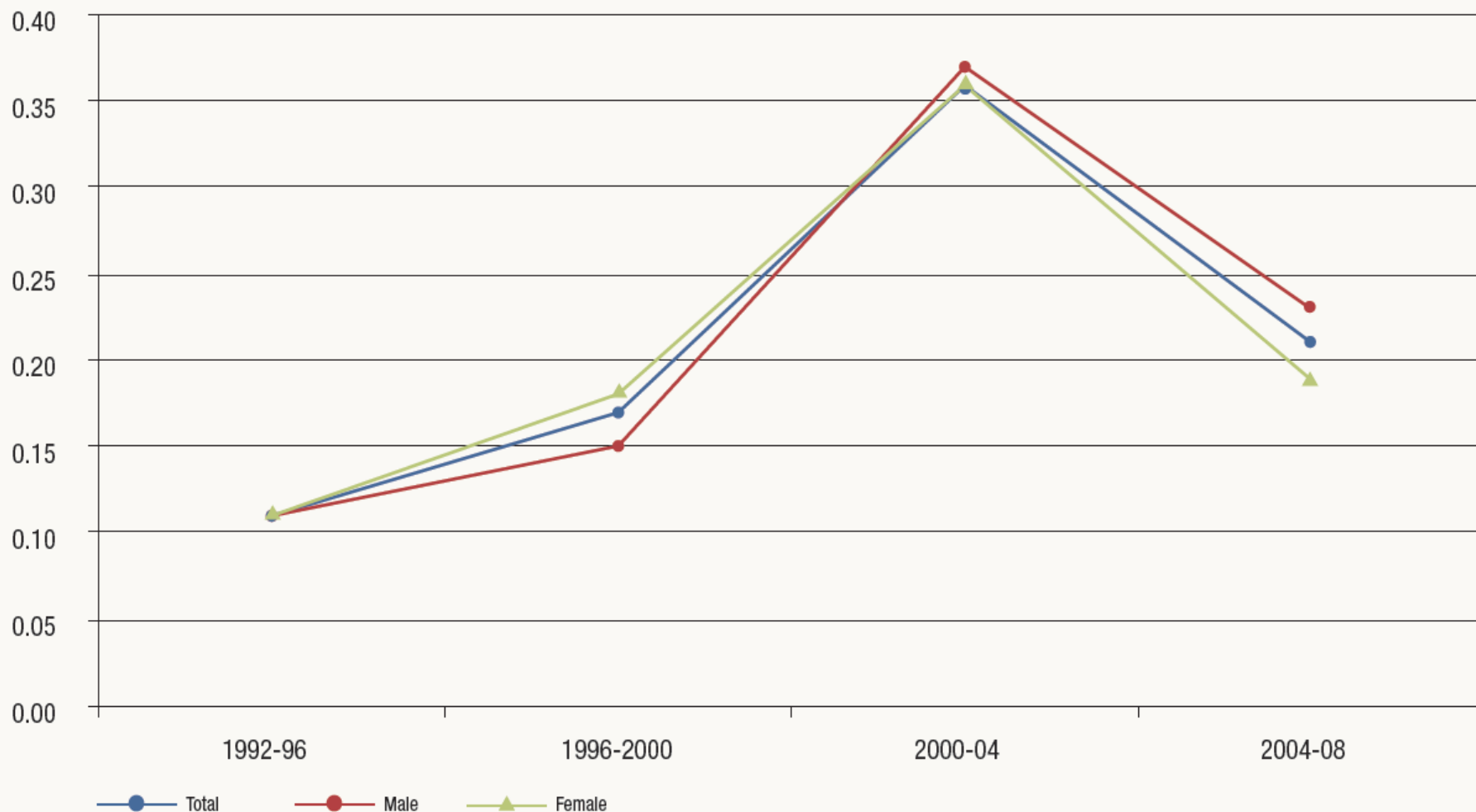
Figure 21. Employment–population ratios in Asian countries, 1996–2007



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

3. Employment–population ratio (cont'd)

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



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

4. Employment by sector

- 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).

4. Employment by sector (cont'd)

- 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).

4. Employment by sector (cont'd)

- 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).

4. Employment by sector (cont'd)

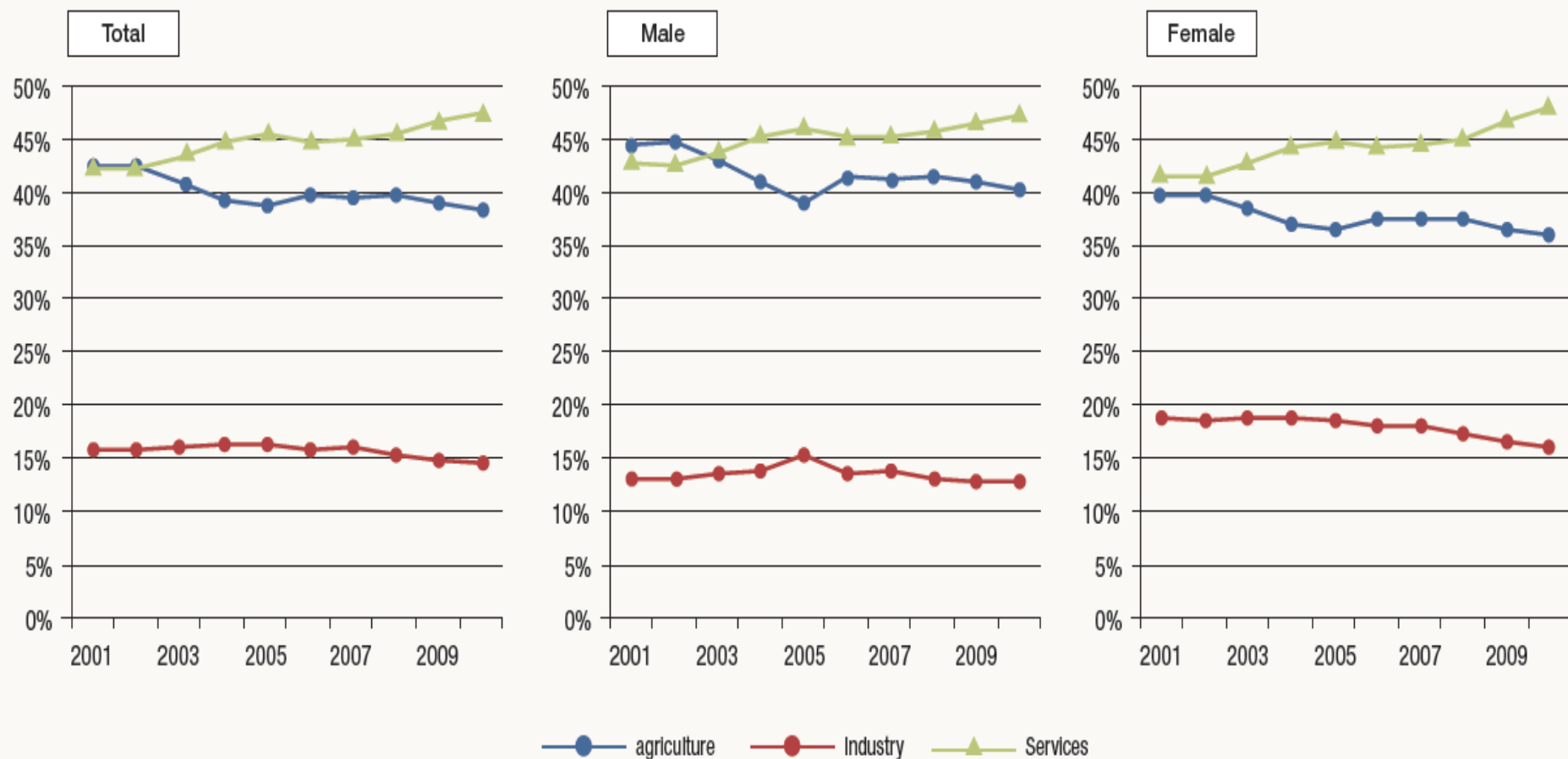
- **Productivity**, measured as GDP per capita, is **lowest in the agriculture sector**.
- Although the agriculture sector contributed only 10 per cent of GDP in 2001, it employed up to 38 per cent of total workers in Thailand (figure 25).
- Accountable for roughly 43 per cent and 49 per cent of total 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

4. Employment by sector (cont'd)

- 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).

4. Employment by sector (cont'd)

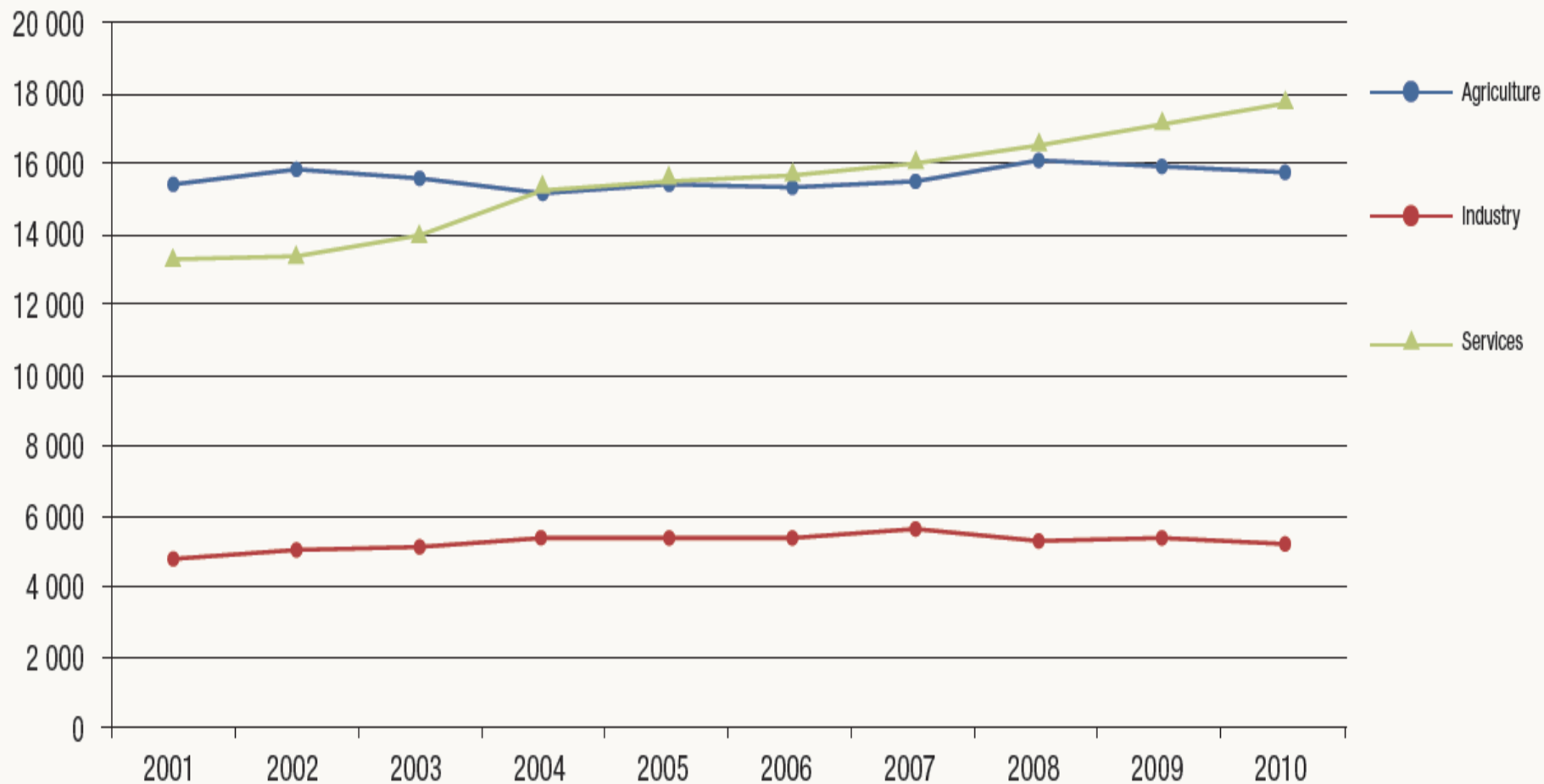
Figure 23. Share of employed persons, by sector, 2001–10 (average of four quarters)



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

4. Employment by sector (cont'd)

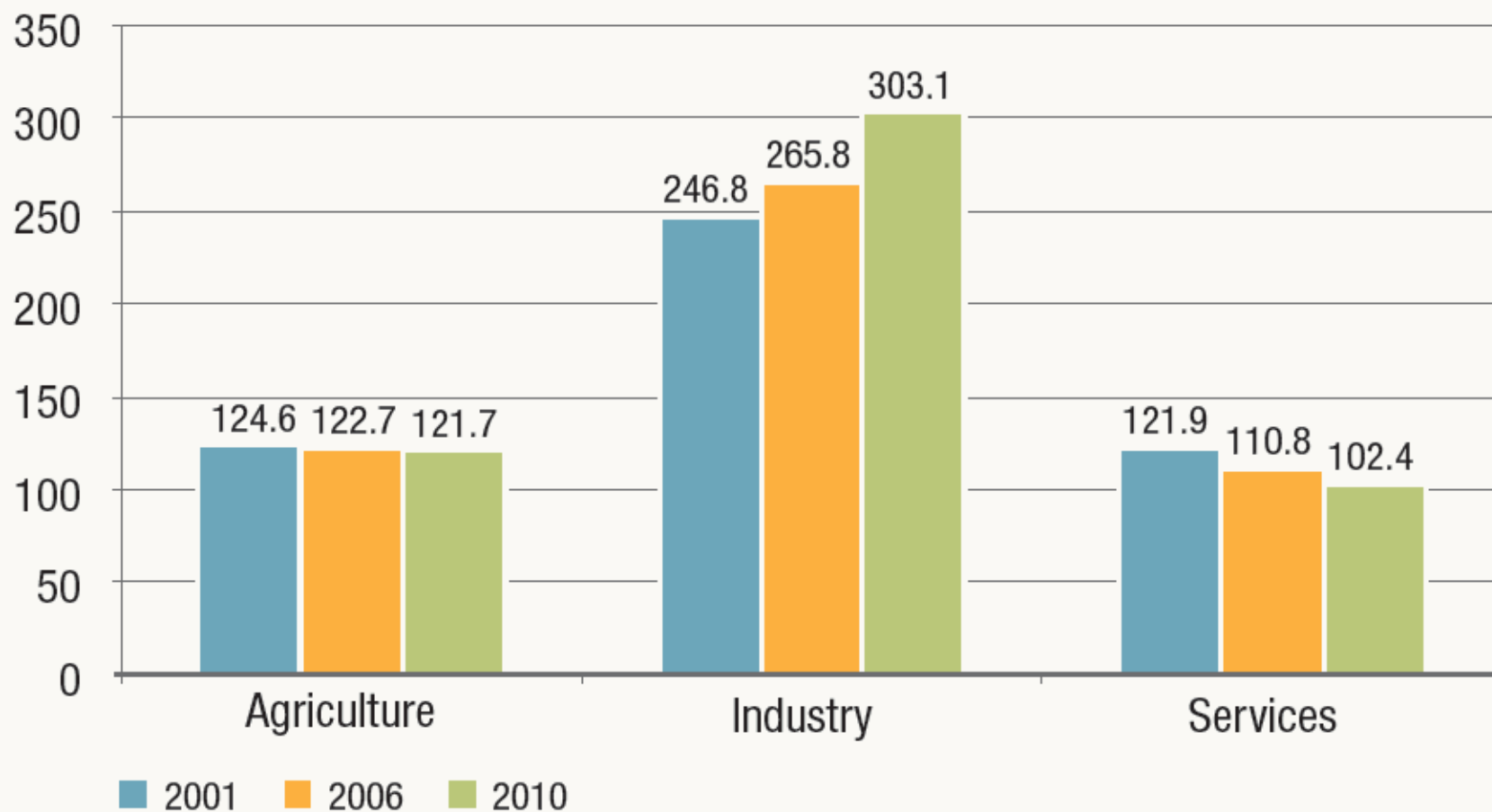
Figure 24. Employed persons, by sector, 2001–10 ('000s)



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

4. Employment by sector (cont'd)

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



5. Employment by status

- 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).

5. Employment by status (cont'd)

- 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).

5. Employment by status (cont'd)

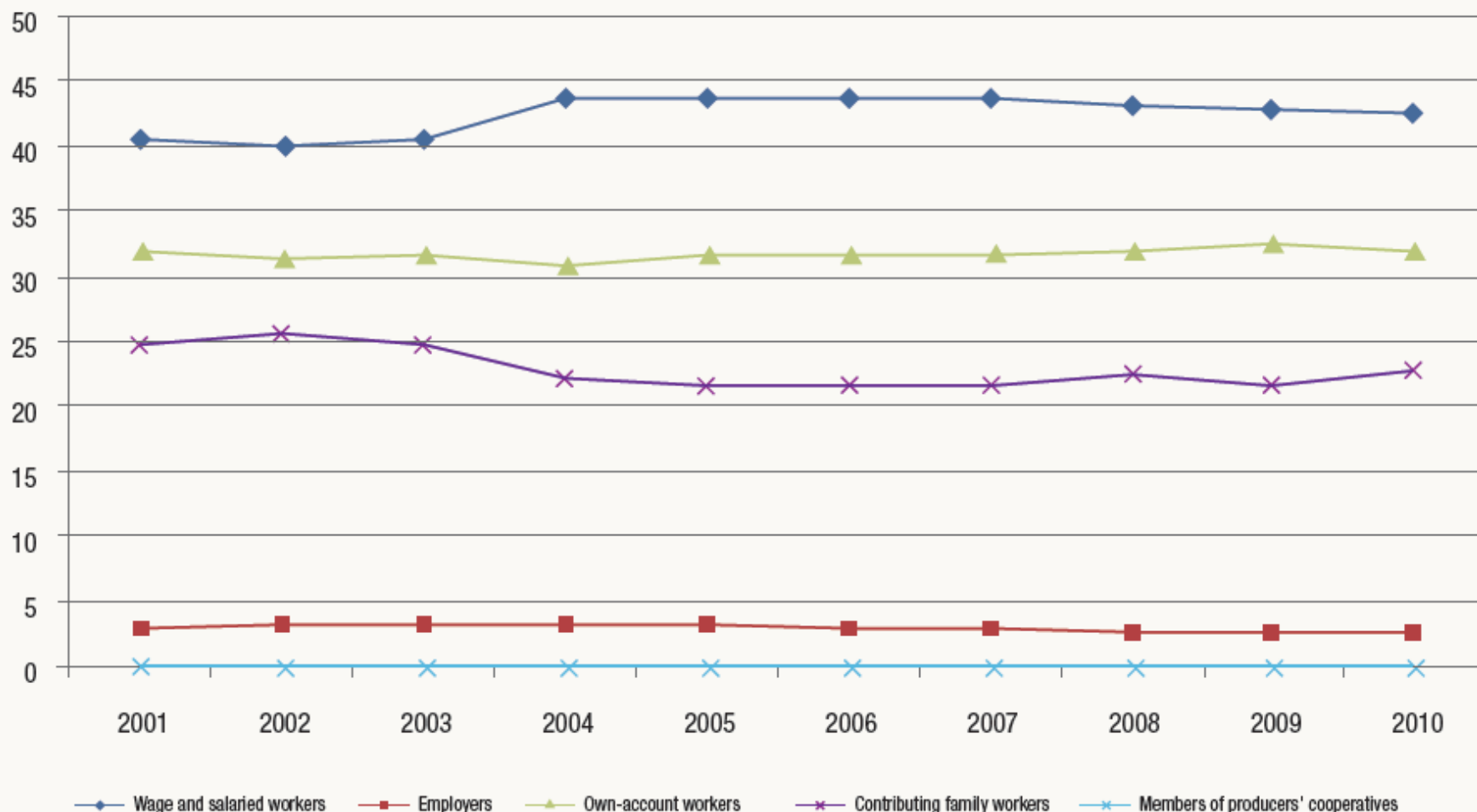
- The indicator of vulnerable employment is measured as the sum of own-account work and unpaid family work (figure 27).
- For Thailand, this proportion was 56.7 per cent in 2001; it reduced to 53 per cent in 2004 before increasing again, to 54.6 per cent in 2010.
- There was in particular a significant 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*).

5. Employment by status (cont'd)

- 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*).

5. Employment by status (cont'd)

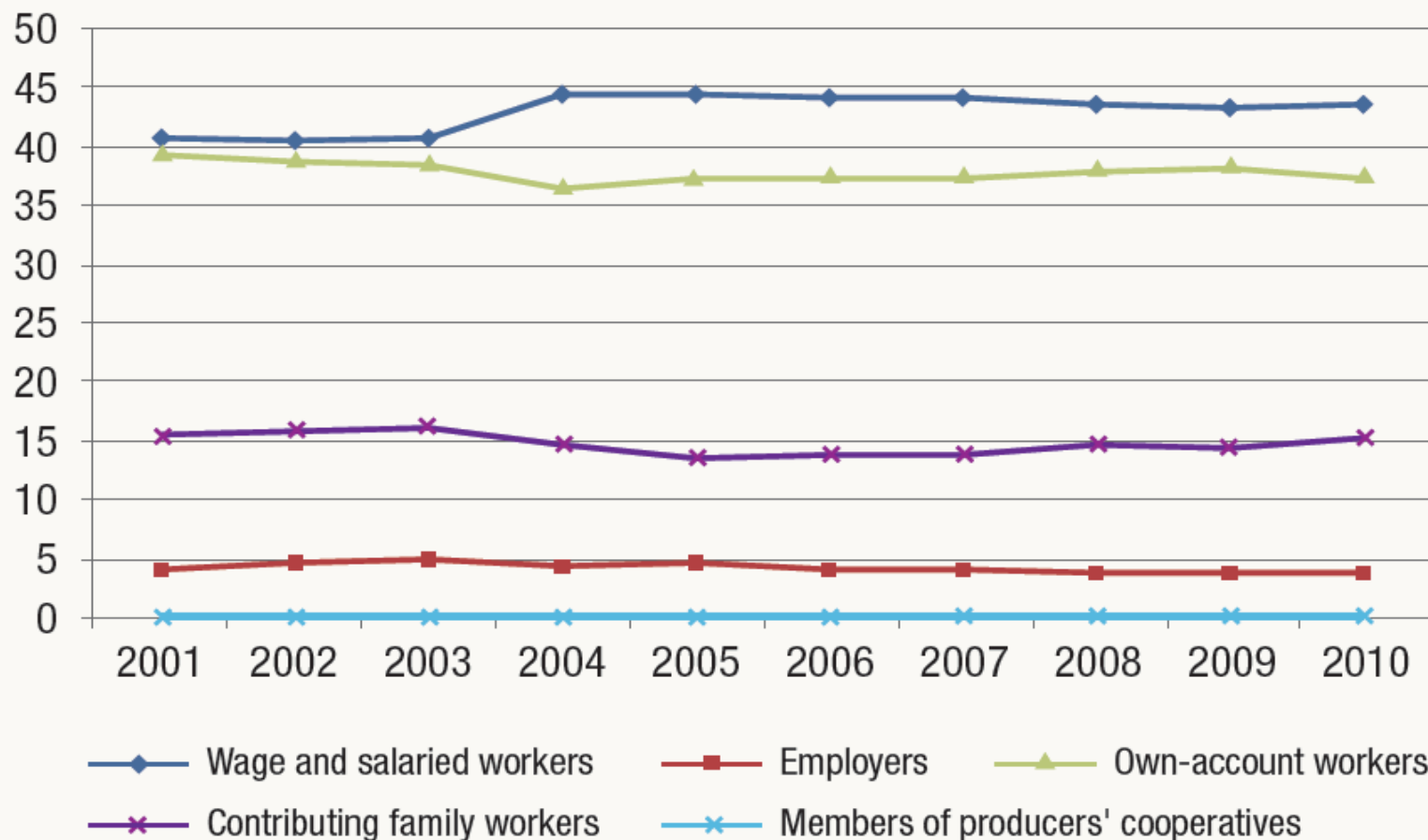
Figure 26. Share of employment, by status in employment, 2001–10



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

5. Employment by status (cont'd)

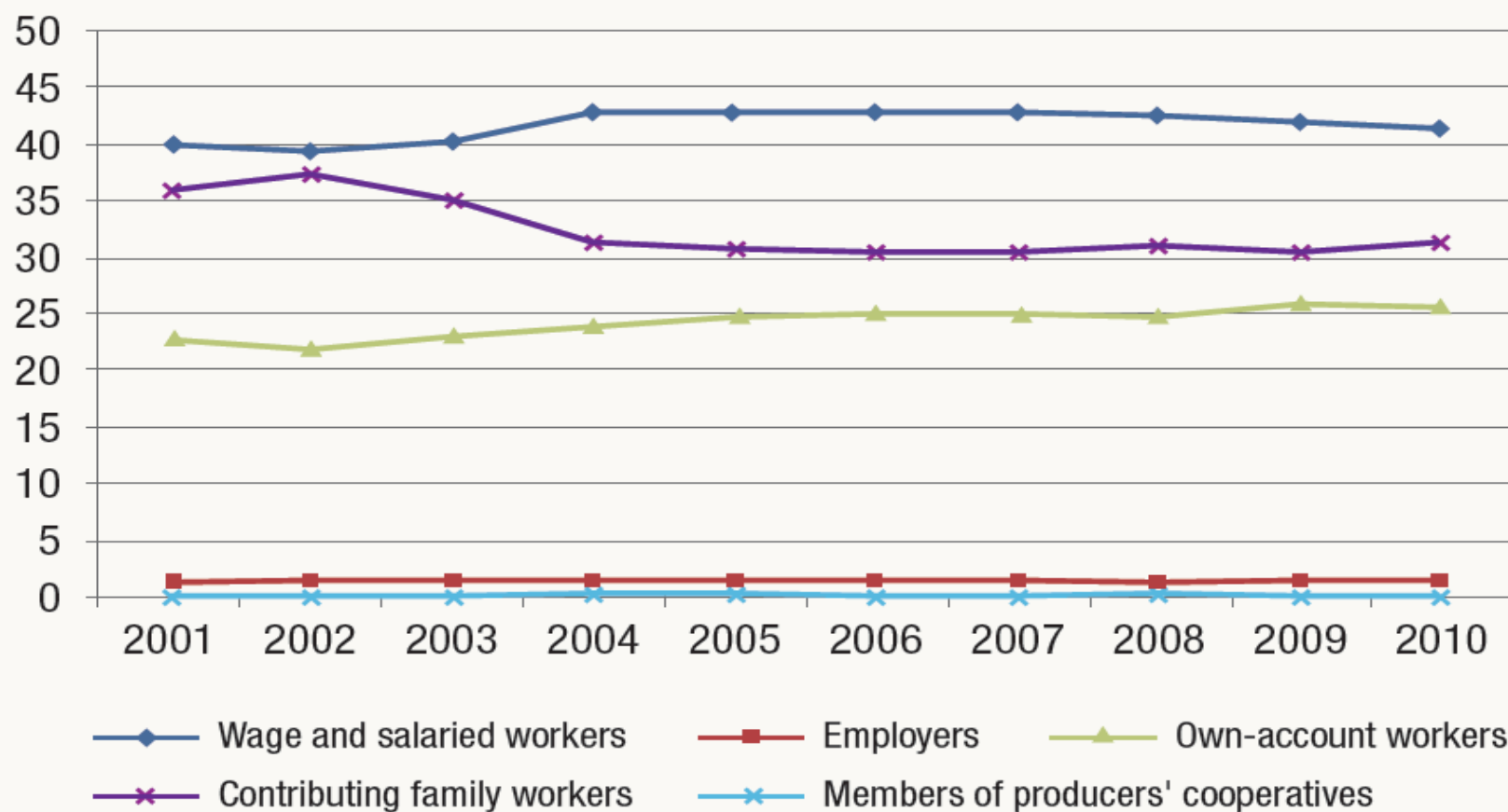
Figure 26a. Share of male employment, by status in employment, 2001–10



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

5. Employment by status (cont'd)

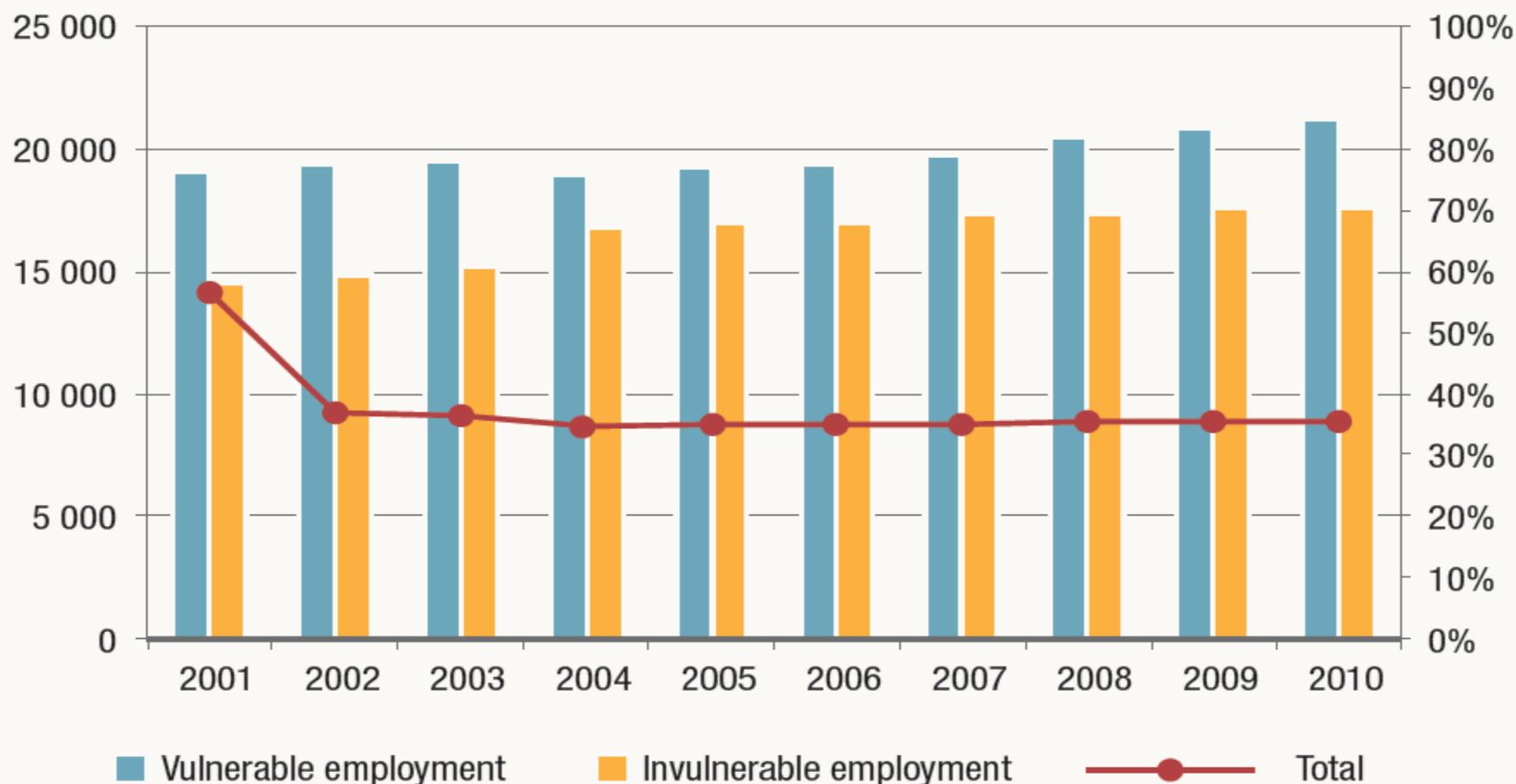
Figure 26b. Share of female employment, by status in employment, 2001–10



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

5. Employment by status (cont'd)

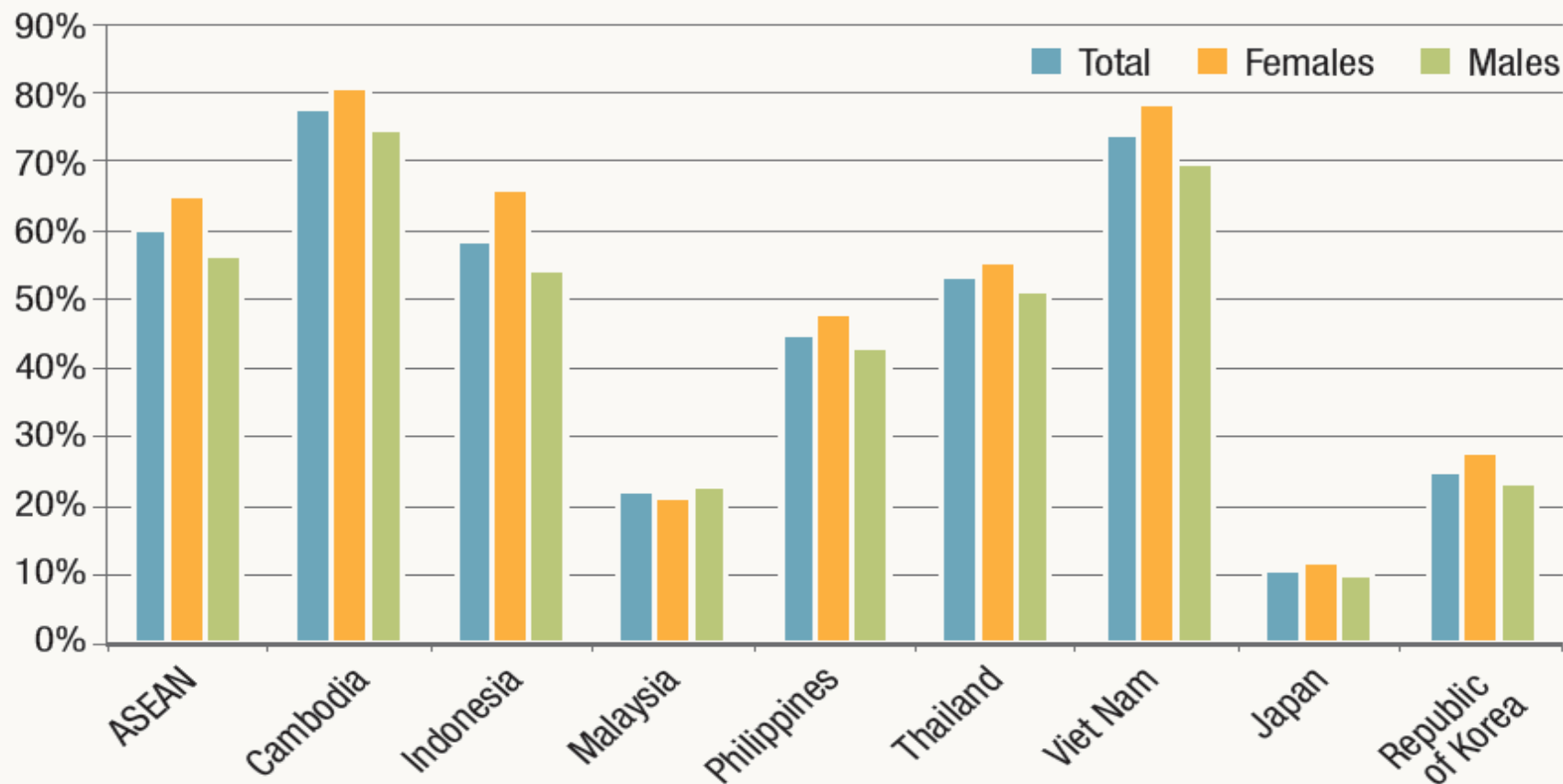
Figure 27. Vulnerable employment, 2001–10



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

5. Employment by status (cont'd)

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



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

6. Employment by occupation

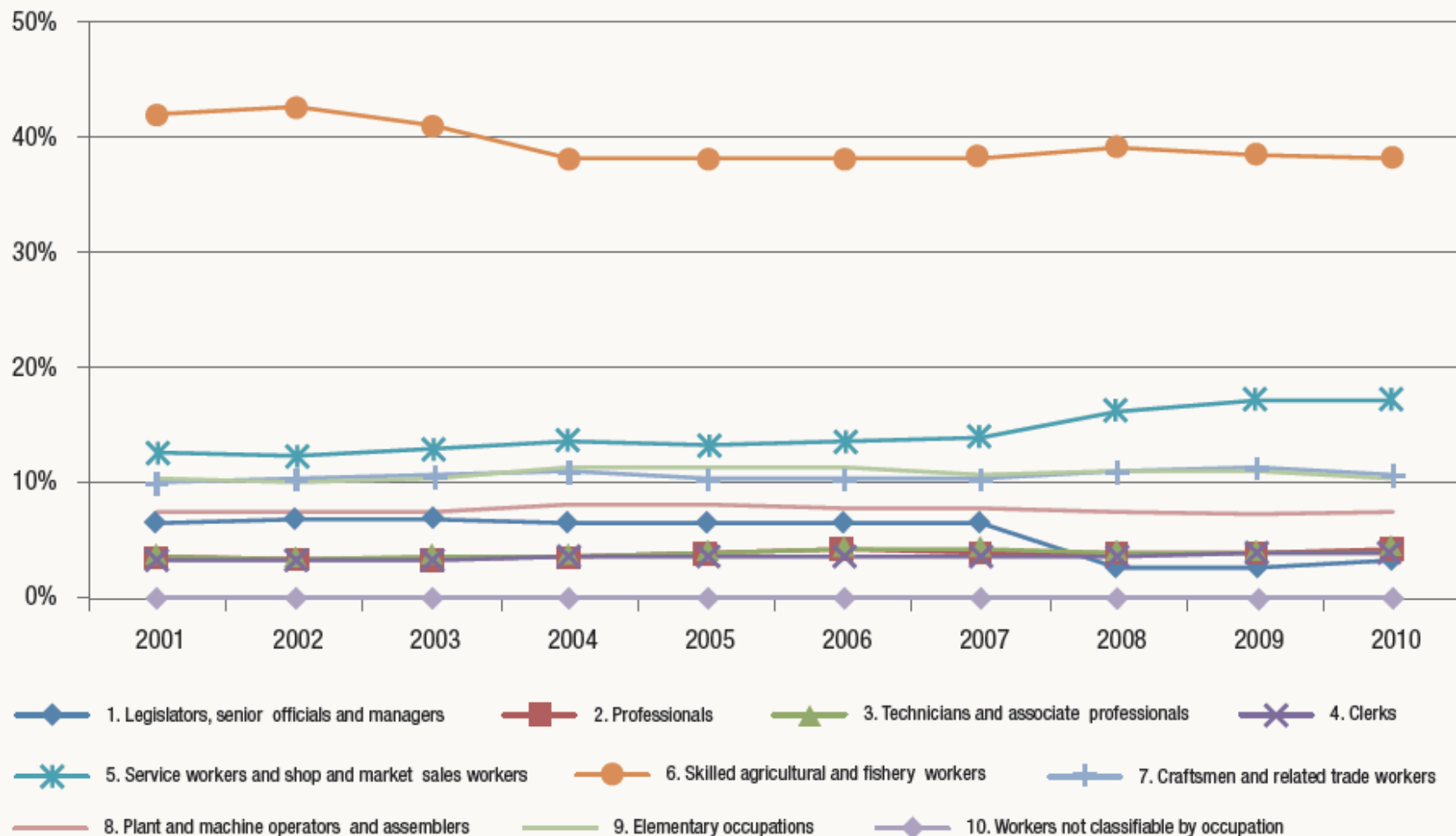
- Skilled agricultural and fishery workers accounted for the largest share of employment by occupation in 2010, at about 38 per cent (figure 29).
- Next in line but relatively far behind in terms of share was sales and service workers, at 23 per cent (which was an increase from 18 percent in 2001).
- 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).

6. Employment by occupation (cont'd)

- 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).

6. Employment by occupation (cont'd)

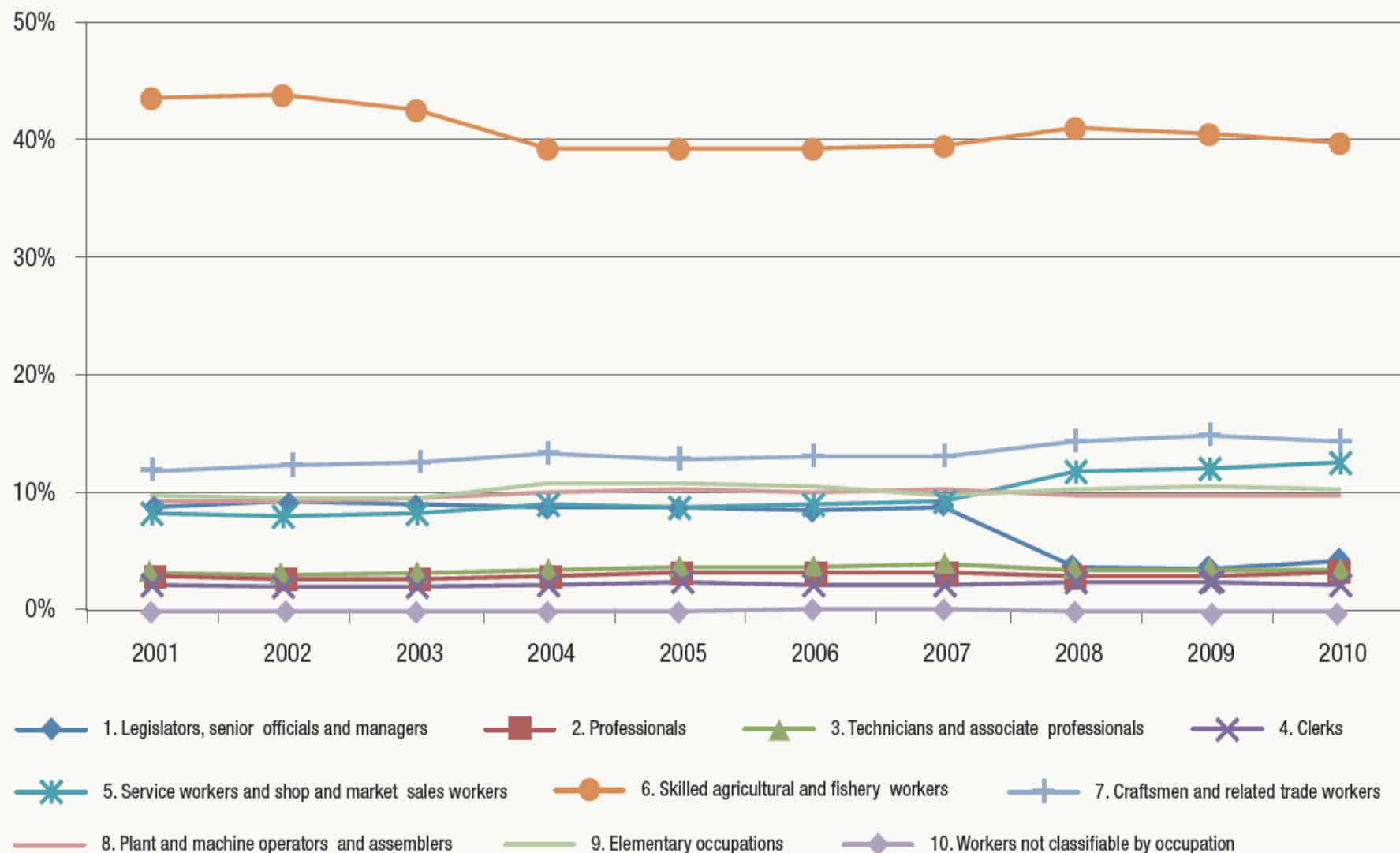
Figure 29. Share of total employed persons, by occupation, 2001–10



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

6. Employment by occupation (cont'd)

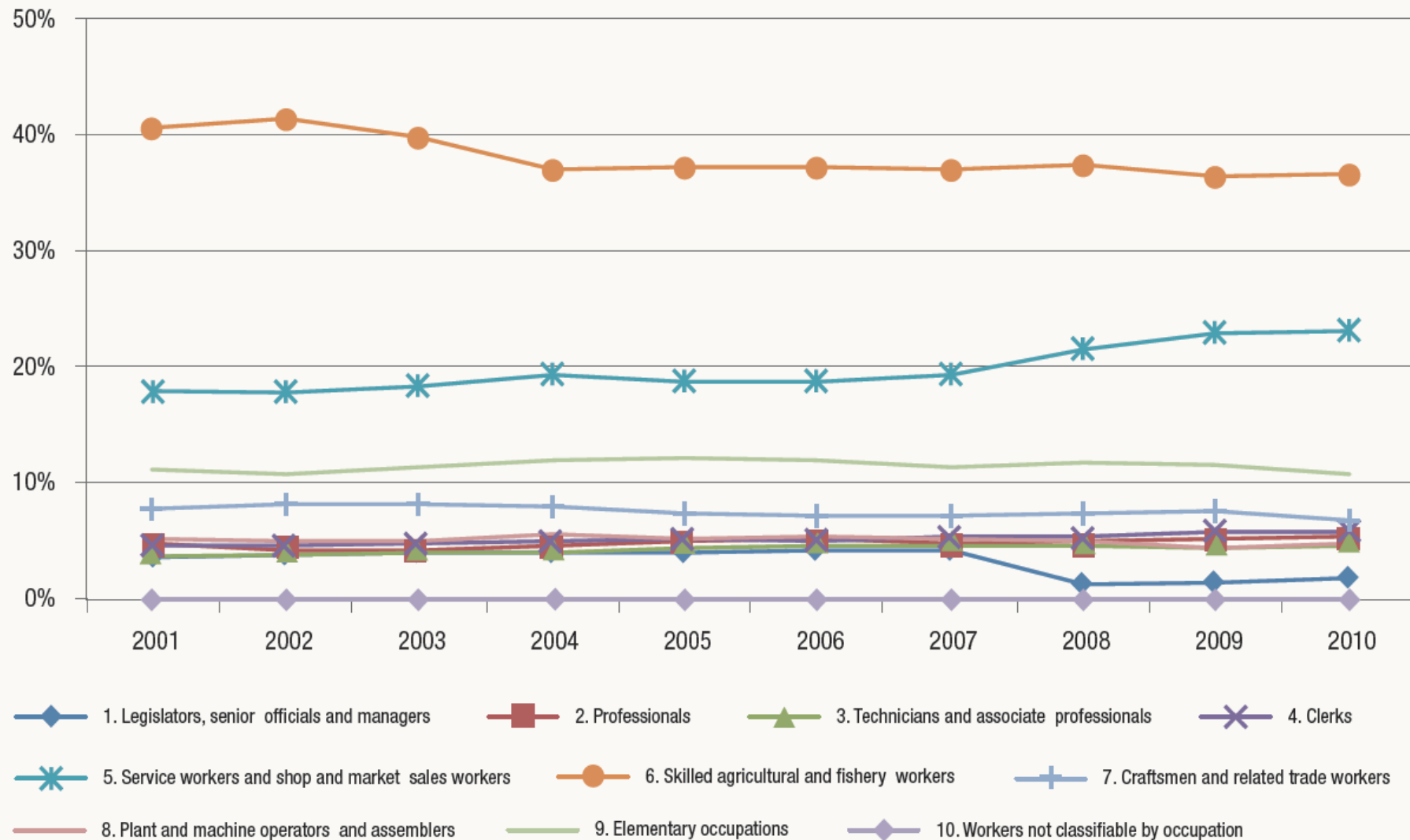
Figure 29a. Share of male employed persons, by occupation, 2001–10



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

6. Employment by occupation (cont'd)

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



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

7. Employment by educational attainment

- 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).

7. Employment by educational attainment (cont'd)

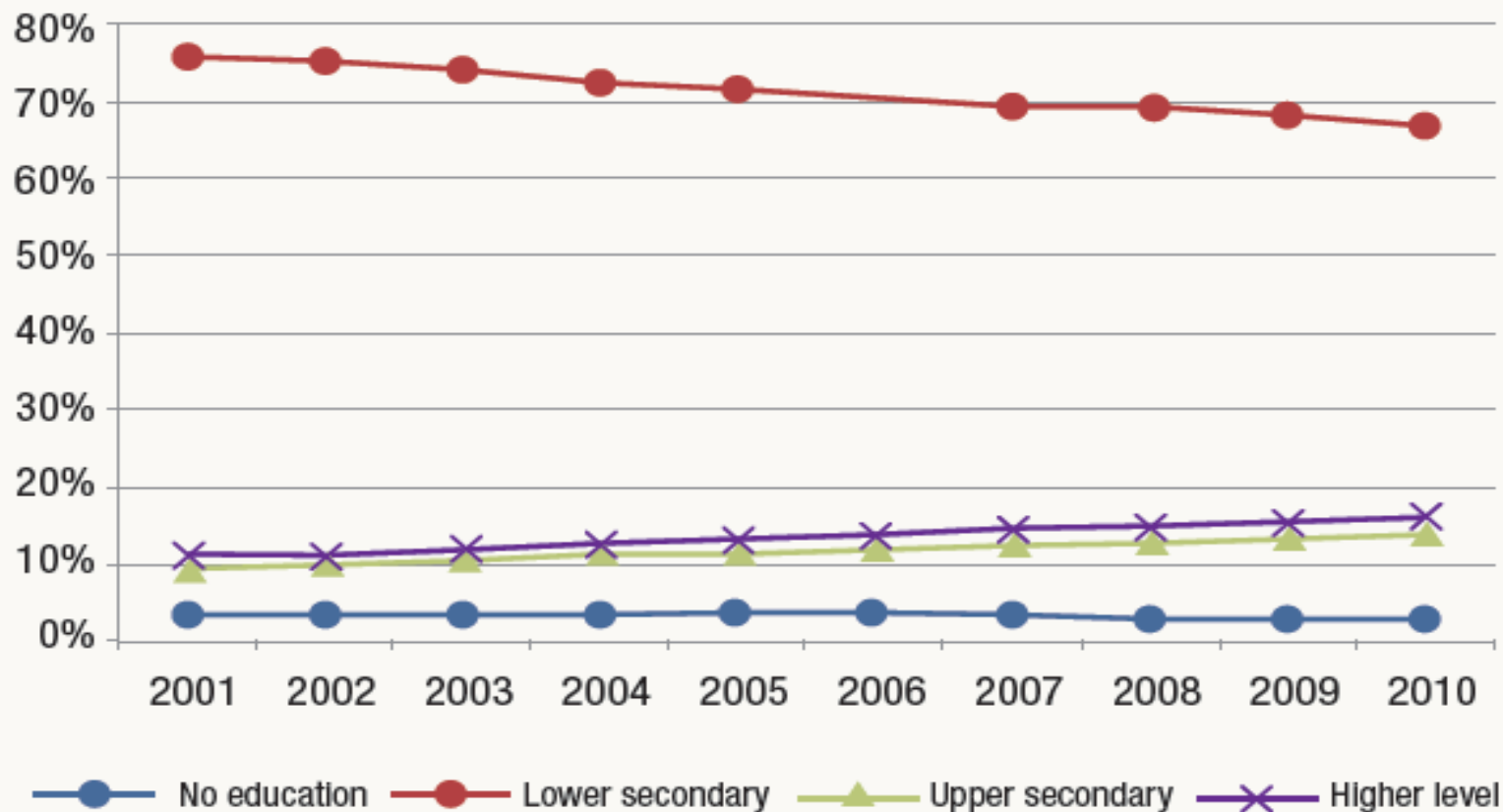
- There is **still room for improvement**. From 2001 to 2010, 67–76 per cent of those employed had completed the lower secondary level of school, while only 9–14 per cent had completed the upper secondary level and 11–16 per cent had a tertiary education (figures 30a and 30b).
- The data reflect **no 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).

7. Employment by educational attainment (cont'd)

- 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).

7. Employment by educational attainment (cont'd)

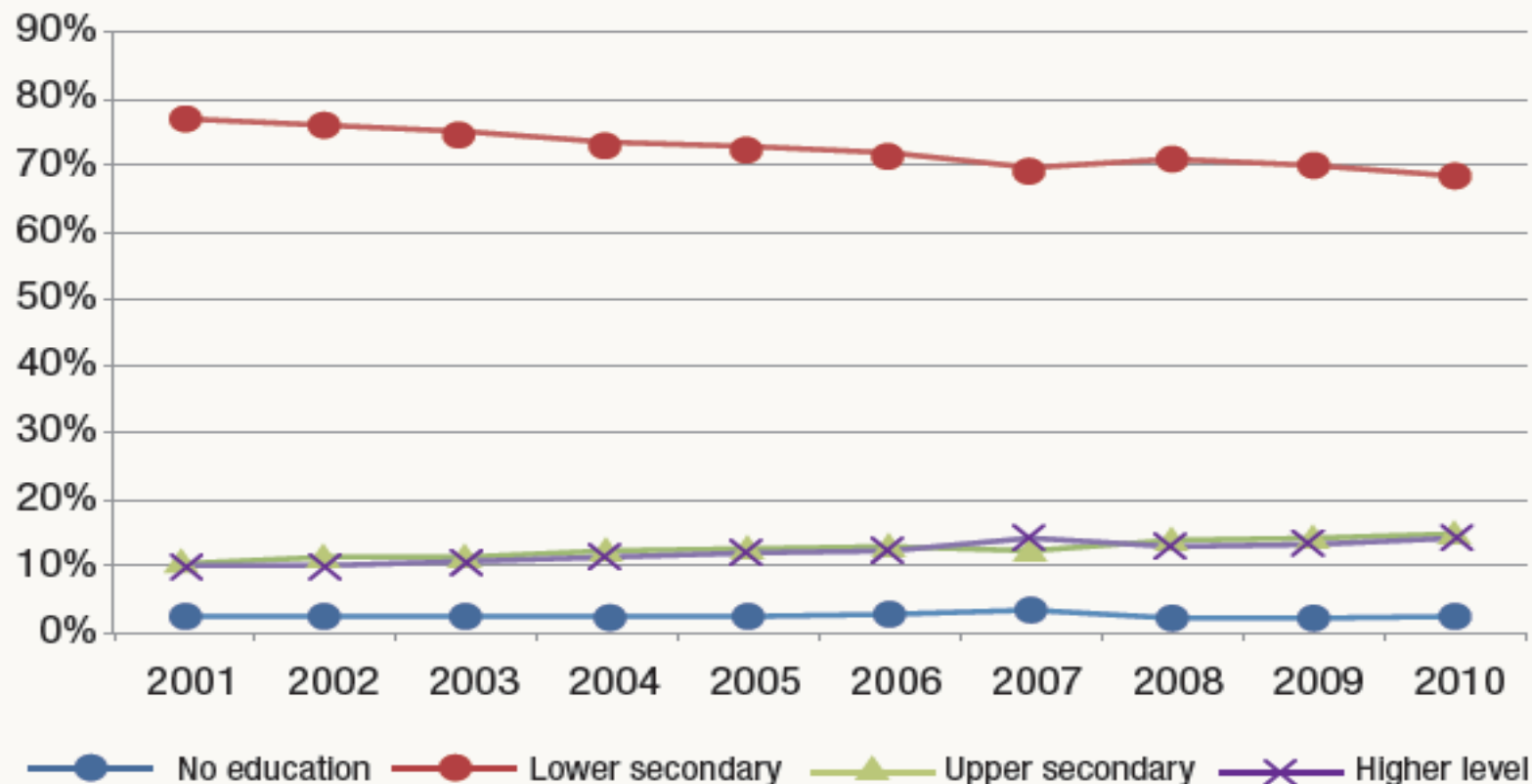
Figure 30. Total employment, by education level, 2001–10



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

7. Employment by educational attainment (cont'd)

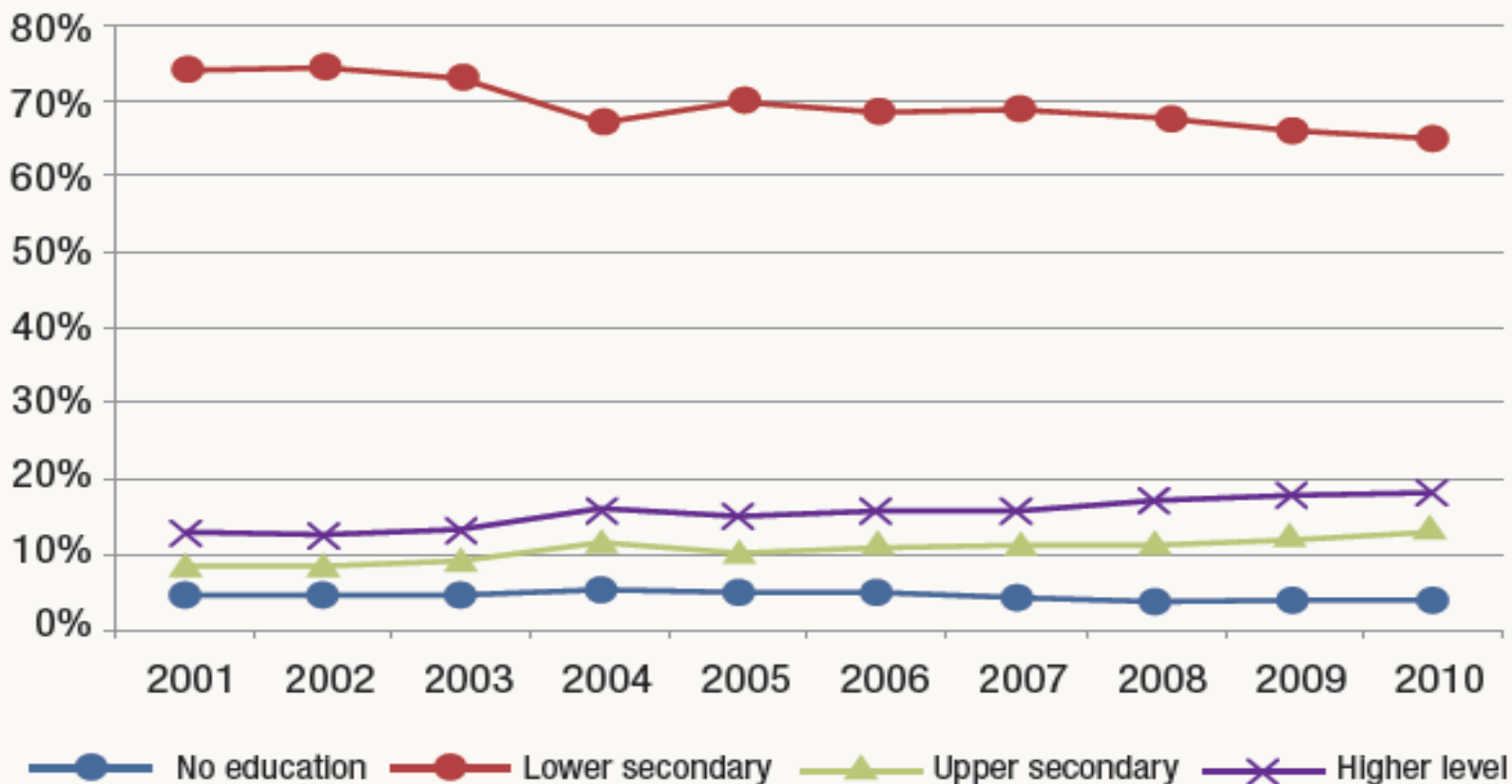
Figure 30a. Male employment, by education level, 2001–10



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

7. Employment by educational attainment (cont'd)

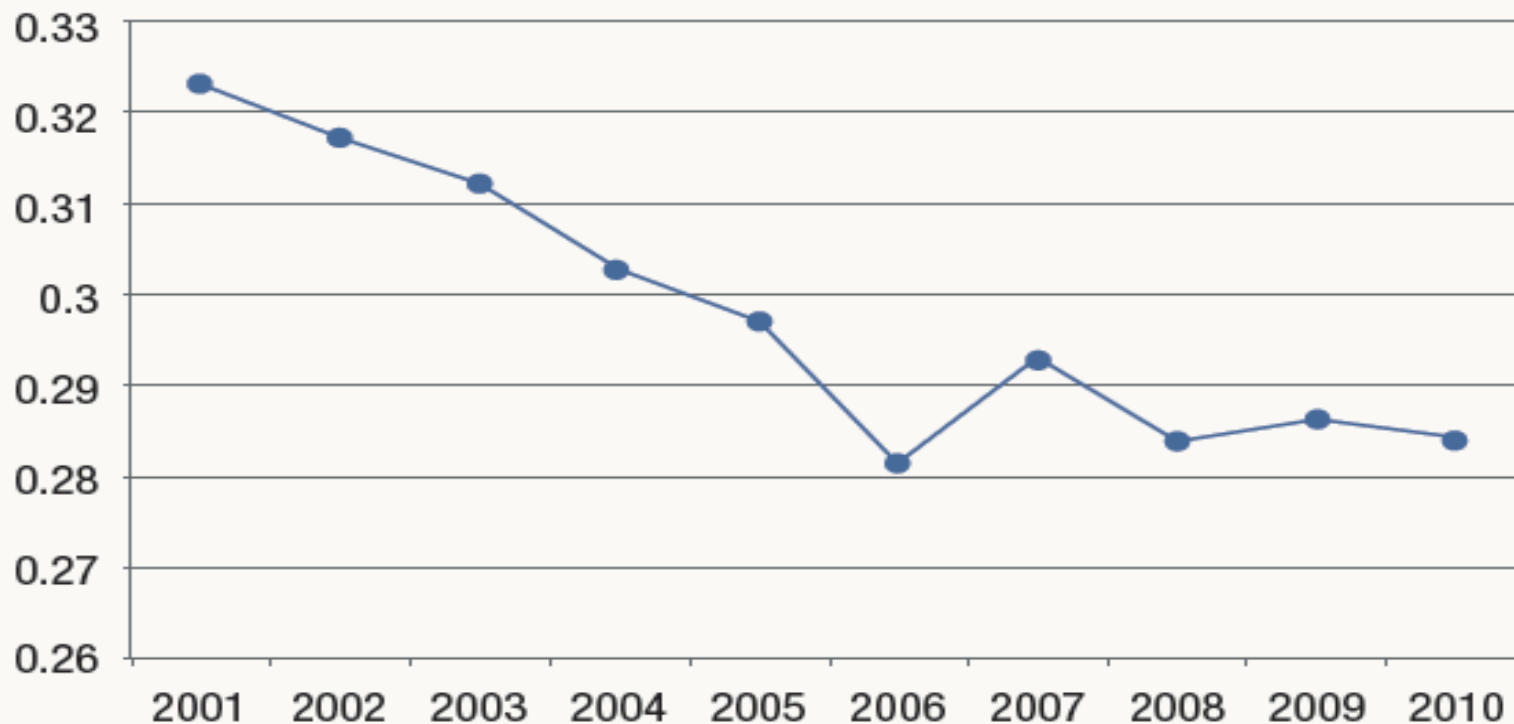
Figure 30b. Female employment, by education level, 2001–10



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

7. Employment by educational attainment (cont'd)

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

8. Working poverty

- 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**.

8. Working poverty (cont'd)

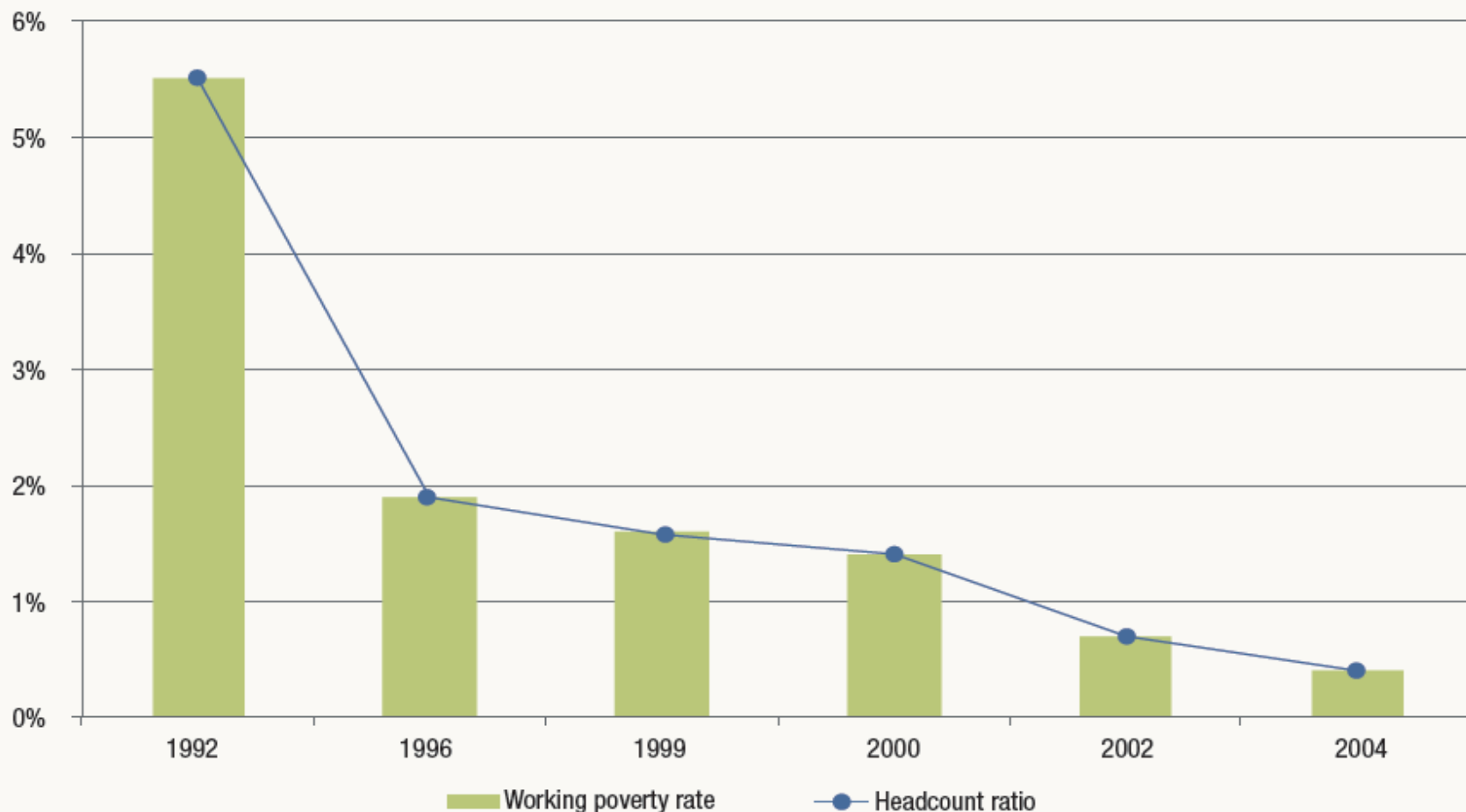
- The incidence of poverty in Thailand **has declined substantially – fourteen-fold** – over the past two decades, illustrated by the huge reduction in the headcount ratio (figure 32), from 5.5 percent in 1992 to 0.4 per cent in 2004 (*Key Indicators of the Labour Market, 2012*).
- According to ILO (*Key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

8. Working poverty (cont'd)

- 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 socioeconomic 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*).

8. Working poverty (cont'd)

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.

9. Informal employment

- “**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*).

9. Informal employment (cont'd)

- 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).

9. Informal employment (cont'd)

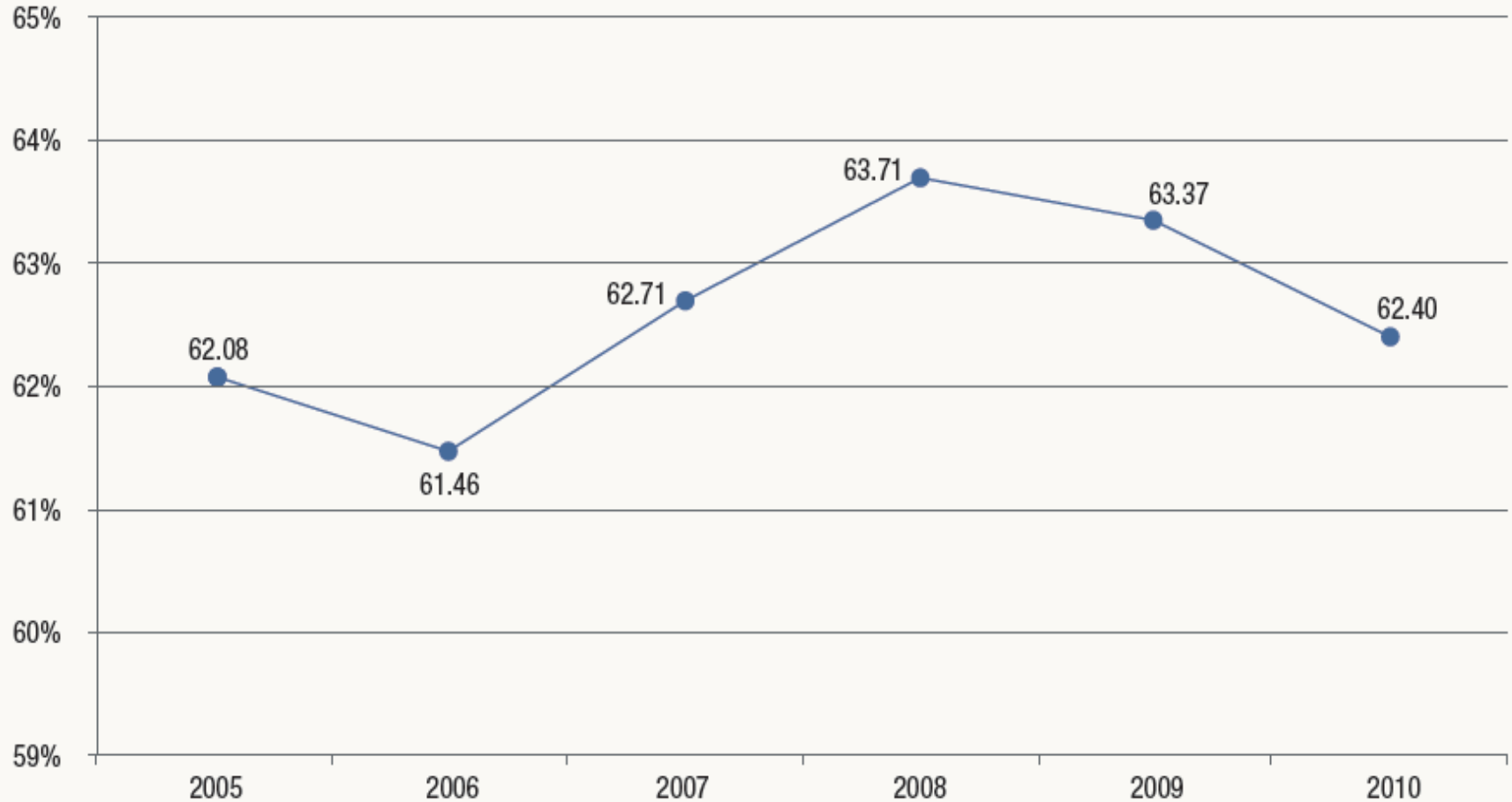
- **Agriculture** (including fishing) as well as some service industries (**wholesale and retail trade, hotel and restaurant and other community works**) embodied the **largest proportion of the informal–formal** employment ratio (figure 34).
- Informal employment in the **agriculture and fishing** sector 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).

9. Informal employment (cont'd)

- 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 percent.
- **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).

9. Informal employment (cont'd)

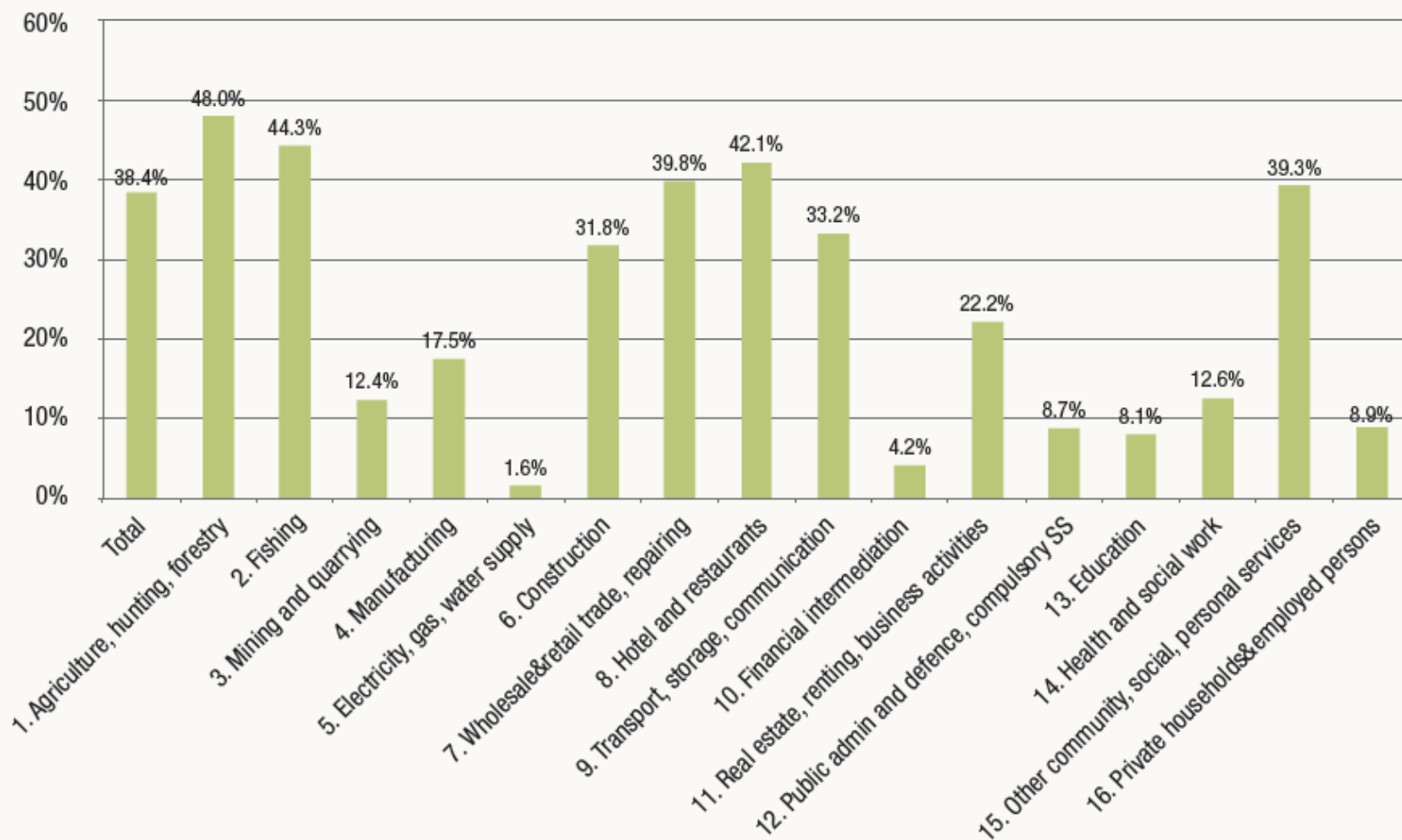
Figure 33. Share of informal employment to total employment, 2005–10



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

9. Informal employment (cont'd)

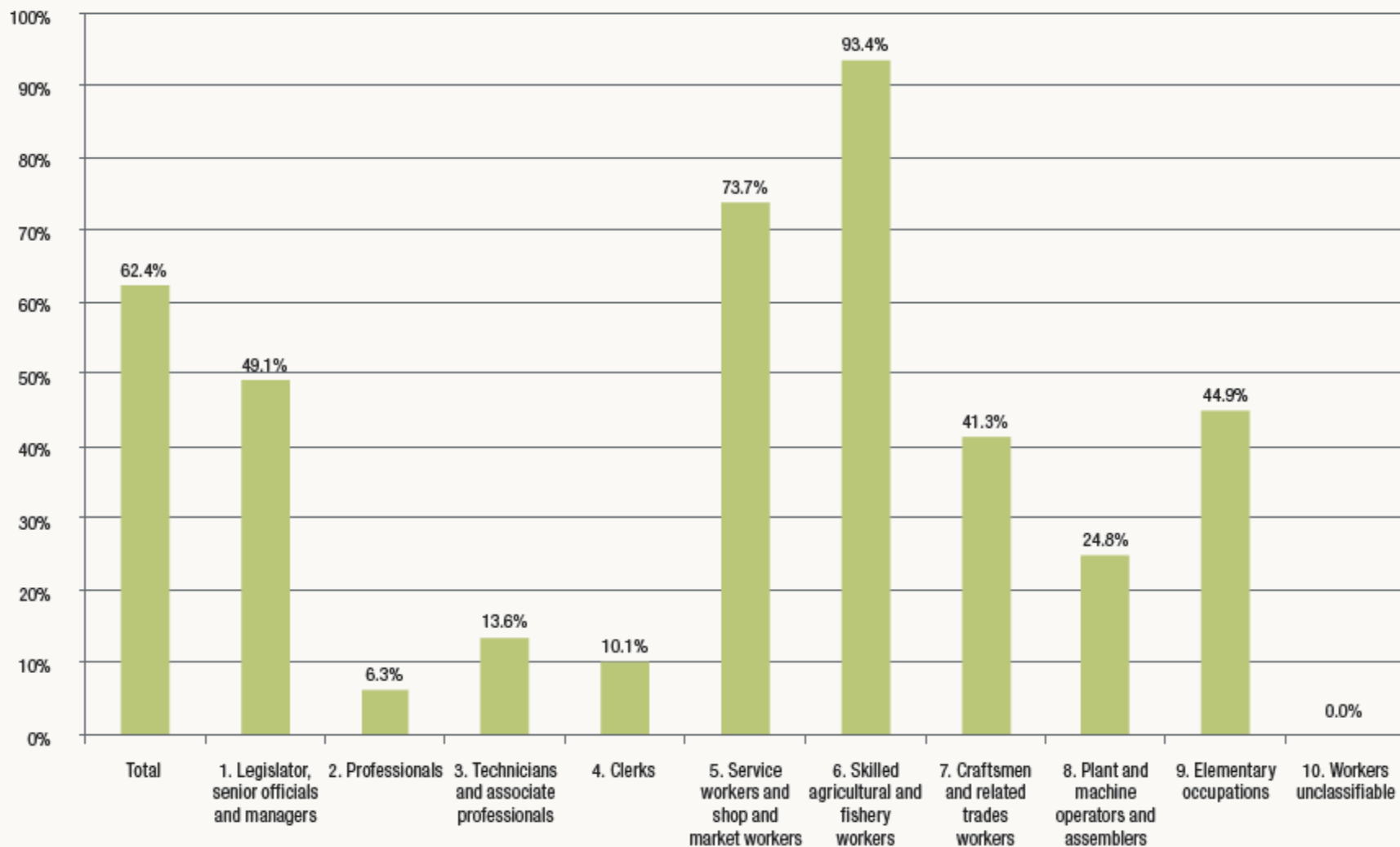
Figure 34. Informal employment, by industry, 2010



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

9. Informal employment (cont'd)

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



10. Unemployment rate

- 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).

10. Unemployment rate (cont'd)

- 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).

10. Unemployment rate (cont'd)

- 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).

10. Unemployment rate (cont'd)

- 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).

10. Unemployment rate (cont'd)

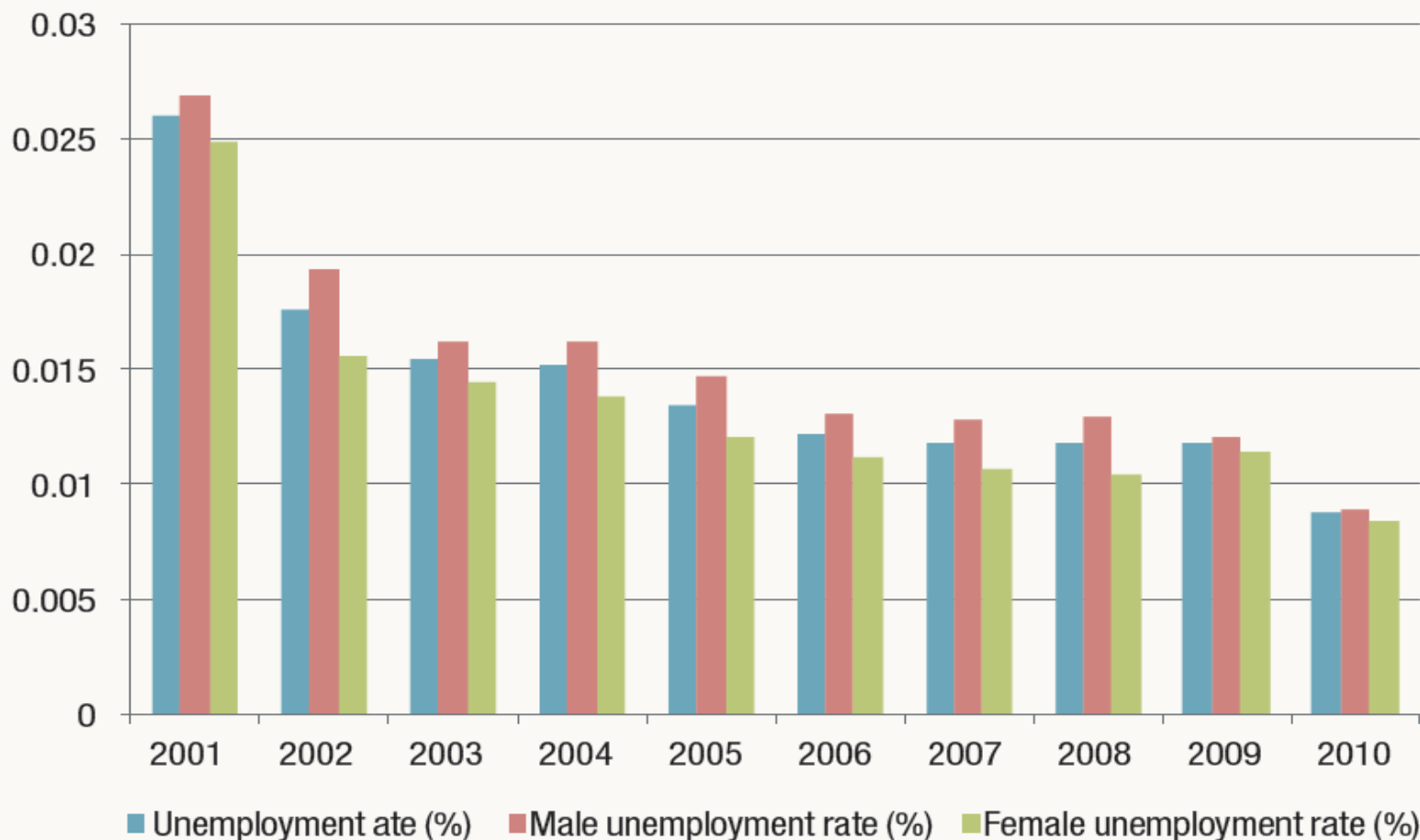
- As in many other developing countries in Asia, **unemployment** of Thai people with a **secondary school** education was largest, accounting for approximately **40 per cent of total unemployed** persons in 2007 (figure 39).
- The unemployment share of people with only a **primary school education** 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*).

10. Unemployment rate (cont'd)

- **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*).

10. Unemployment rate (cont'd)

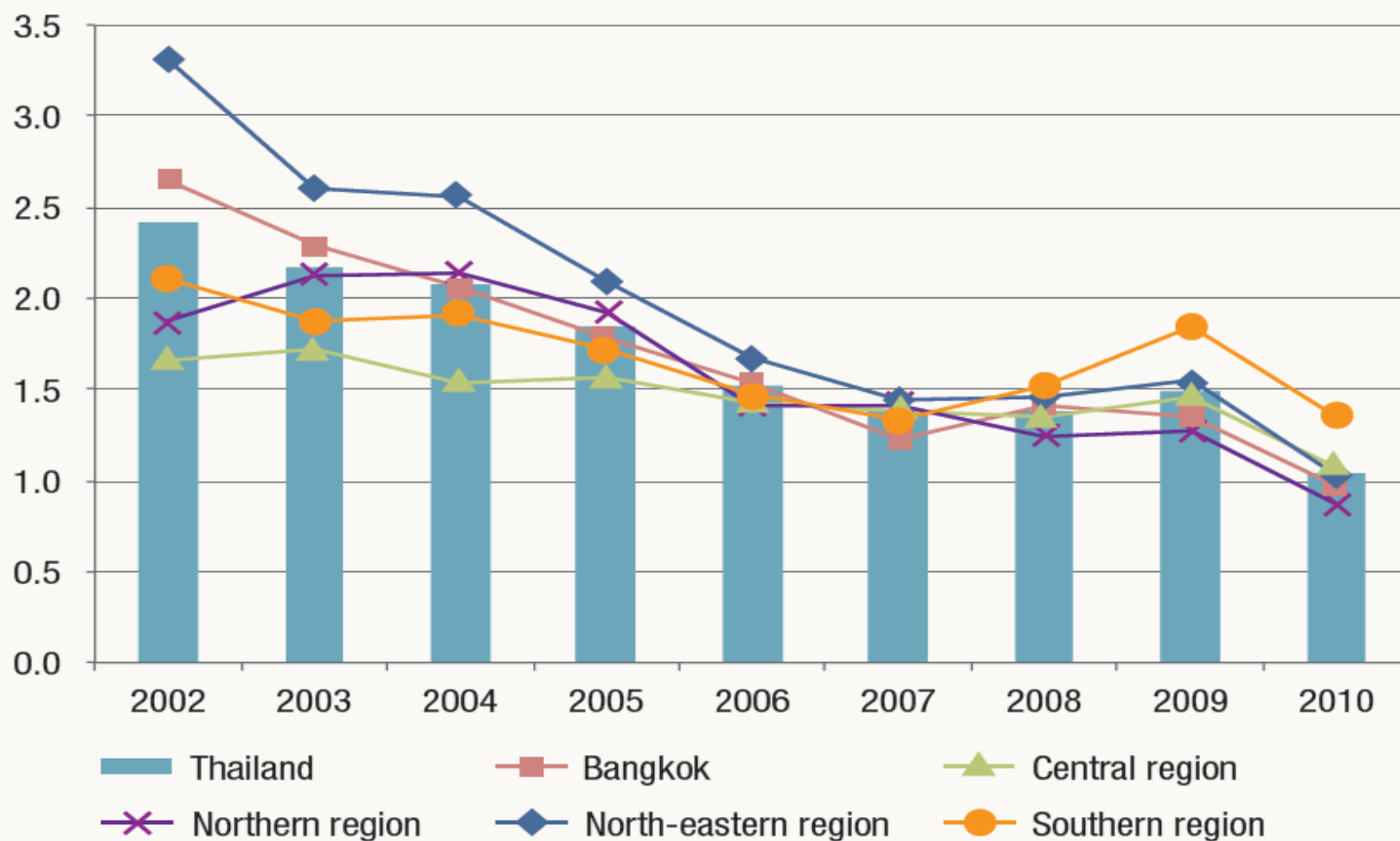
Figure 36. Unemployment rate, by sex, 2001–10



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

10. Unemployment rate (cont'd)

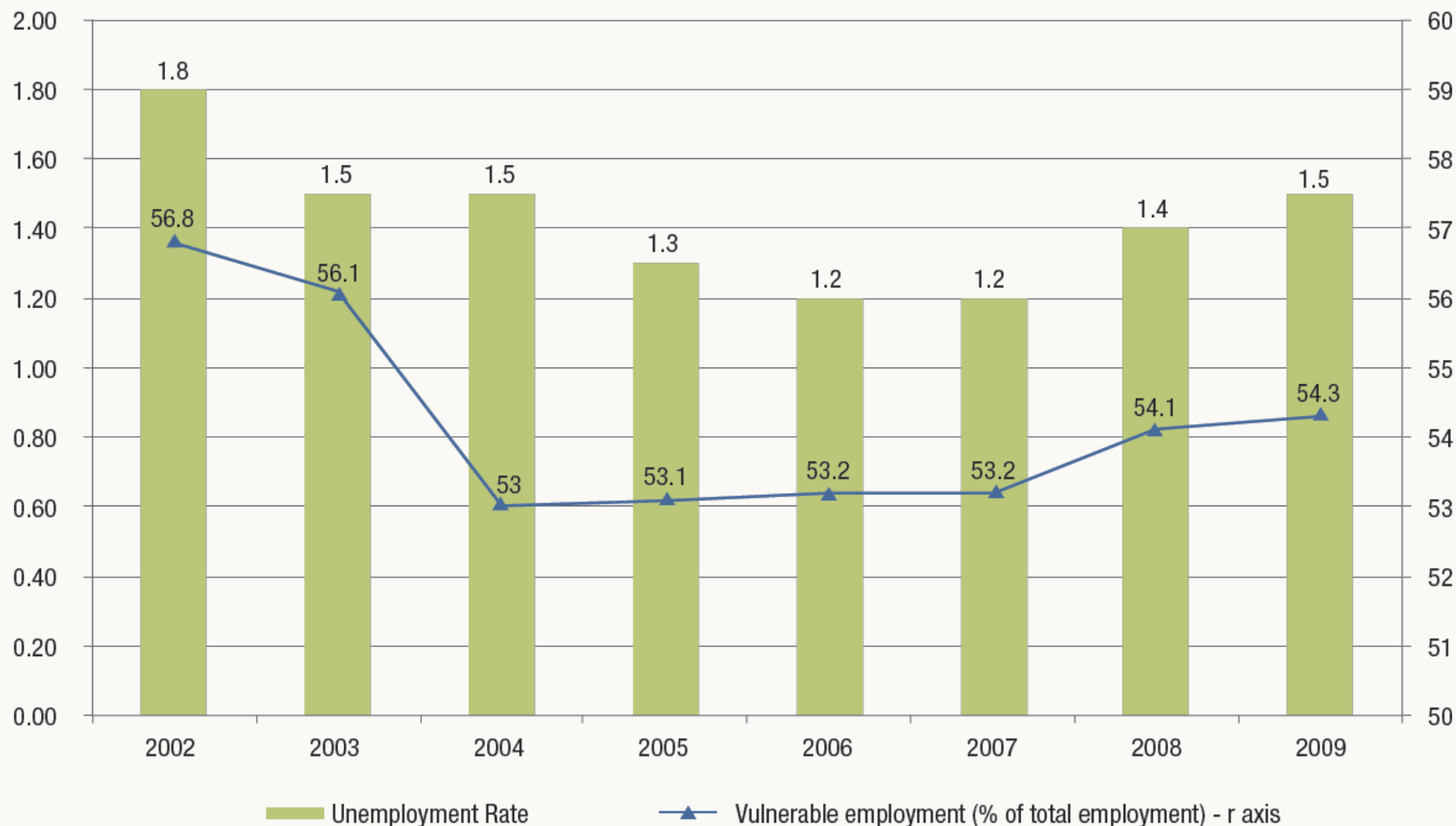
Figure 37. Unemployment rate, by region, 2001–09



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

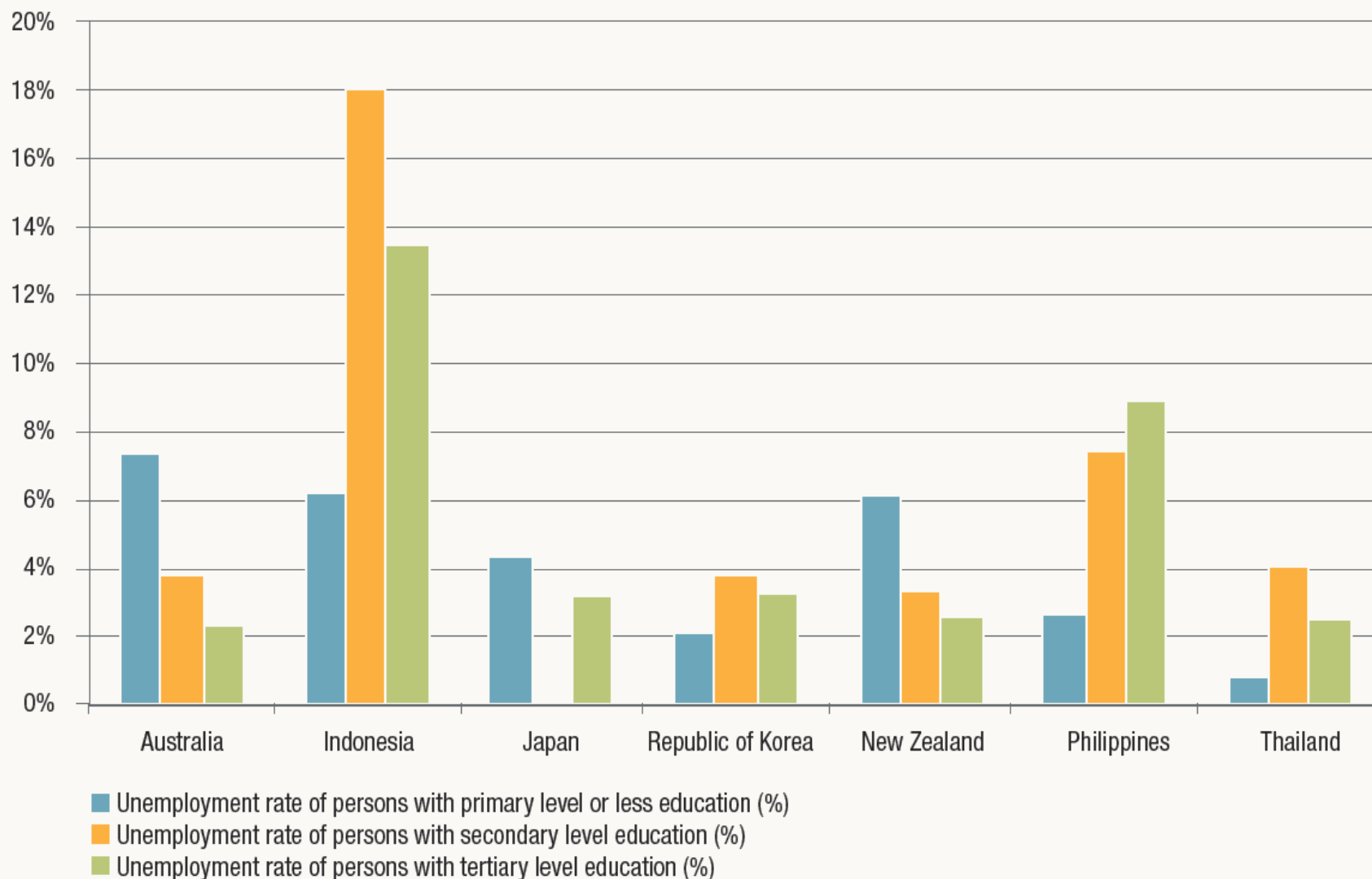
10. Unemployment rate (cont'd)

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



10. Unemployment rate (cont'd)

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



11. Youth unemployment

- 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.
- **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).

11. Youth unemployment (cont'd)

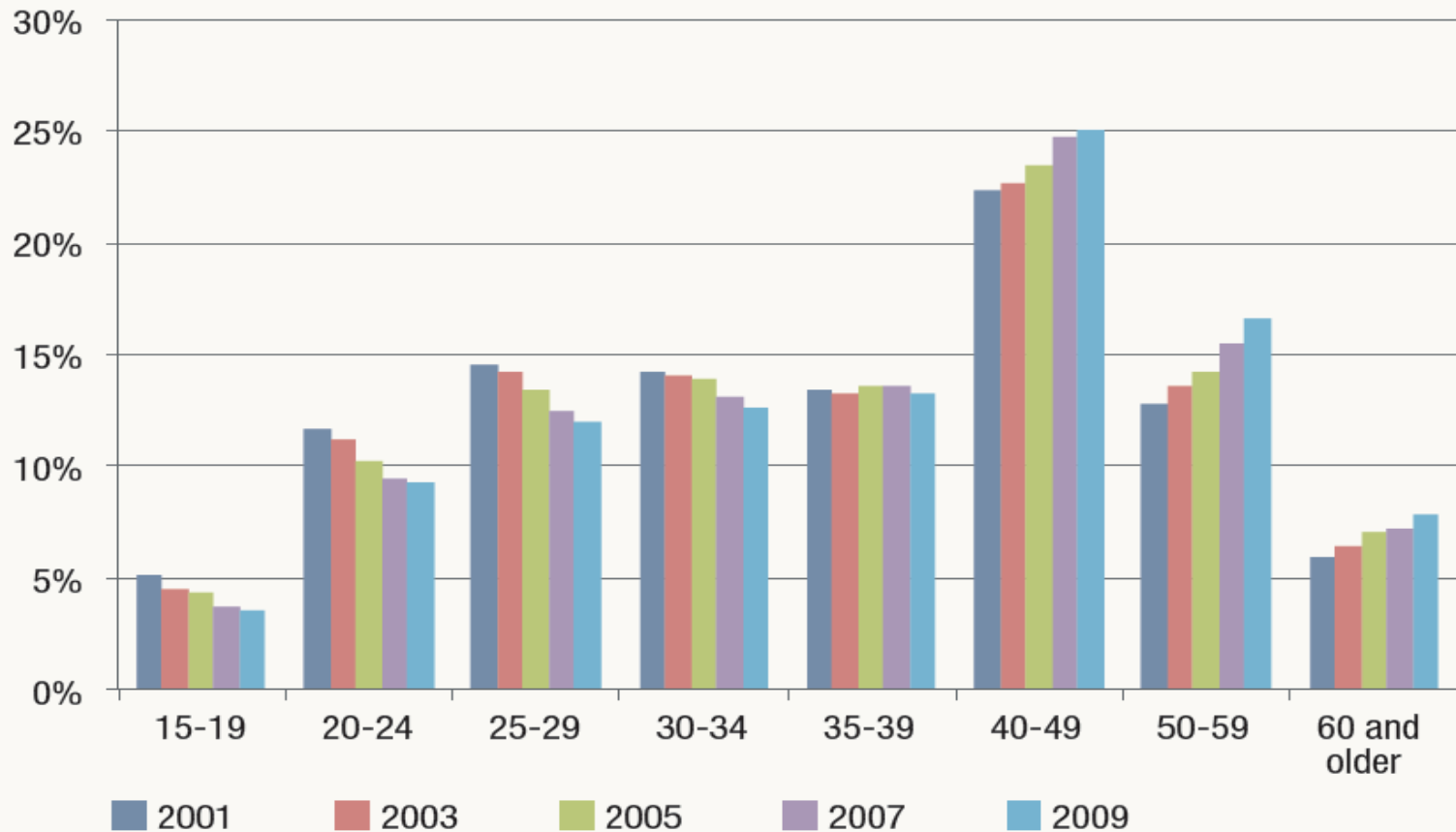
- In 2009 during the economic crisis, the **female youth** unemployment rate **increased to 5.1 percent** (figure 41), while the male unemployment rate decreased to 3.7 per cent (Labour Force Surveys, 2001–10).
- The ratio of youth to adult unemployment rate fluctuated over the 2001–2009 period.
- In 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).

11. Youth unemployment (cont'd)

- 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**.

11. Youth unemployment (cont'd)

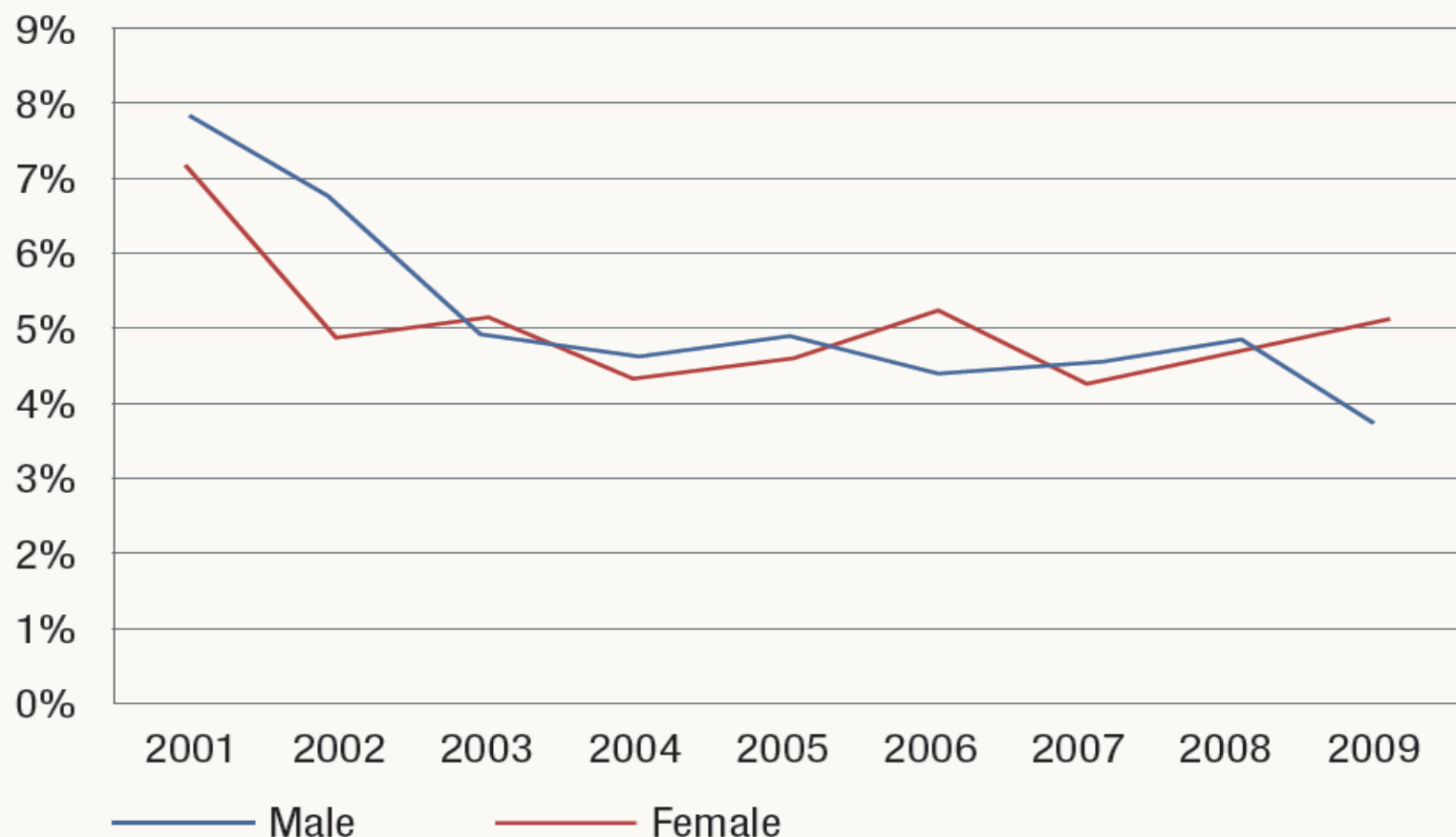
Figure 40. Unemployment rate, by age, 2002–09



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

11. Youth unemployment (cont'd)

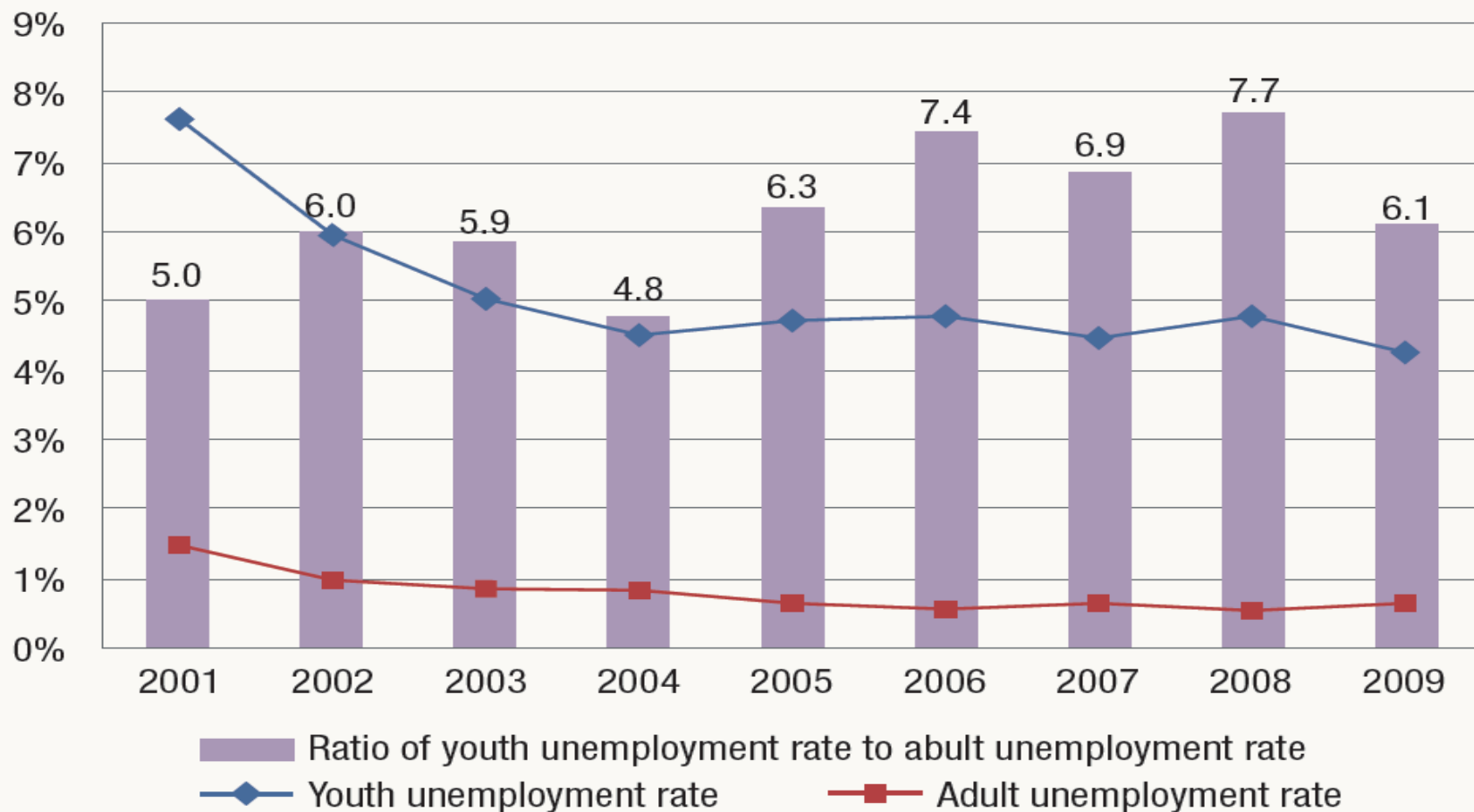
Figure 41. Youth unemployment rate, by sex, 2001– 09



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

11. Youth unemployment (cont'd)

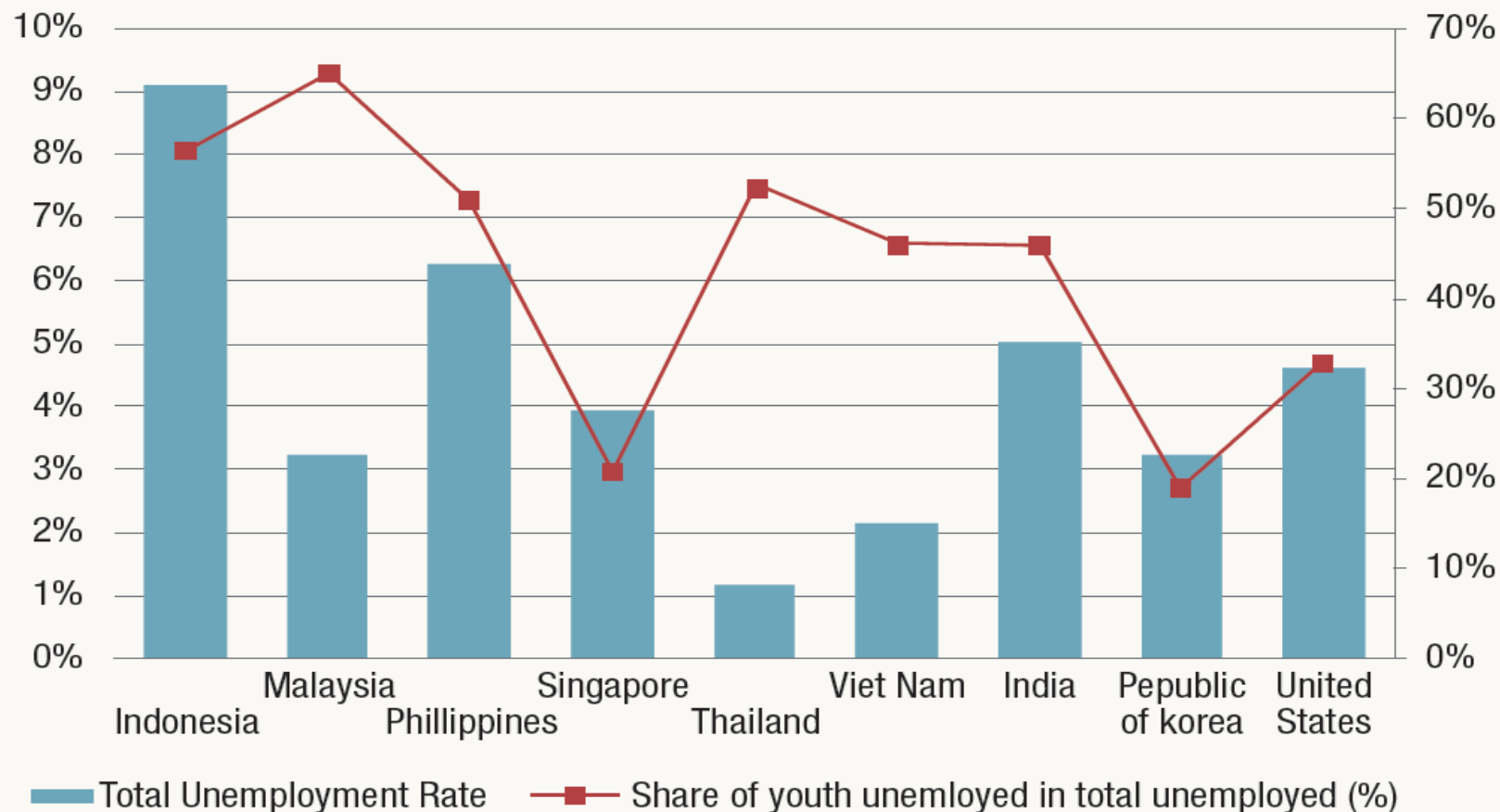
Figure 42. Youth–adult unemployment ratio, 2001–09



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

11. Youth unemployment (cont'd)

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



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

12. Nominal average wage rates and indices (cont'd)

- 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).

12. Nominal average wage rates and indices (cont'd)

- 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**, transportation, storage and communications sector.
- The **highest wage gap** of **women over men** was in the **transportation, storage and communications sector**, at 2,621 baht (Bank of Thailand, 2010).

12. Nominal average wage rates and indices (cont'd)

- 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).

12. Nominal average wage rates and indices (cont'd)

- 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).

12. Nominal average wage rates and indices (cont'd)

- 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).

12. Nominal average wage rates and indices (cont'd)

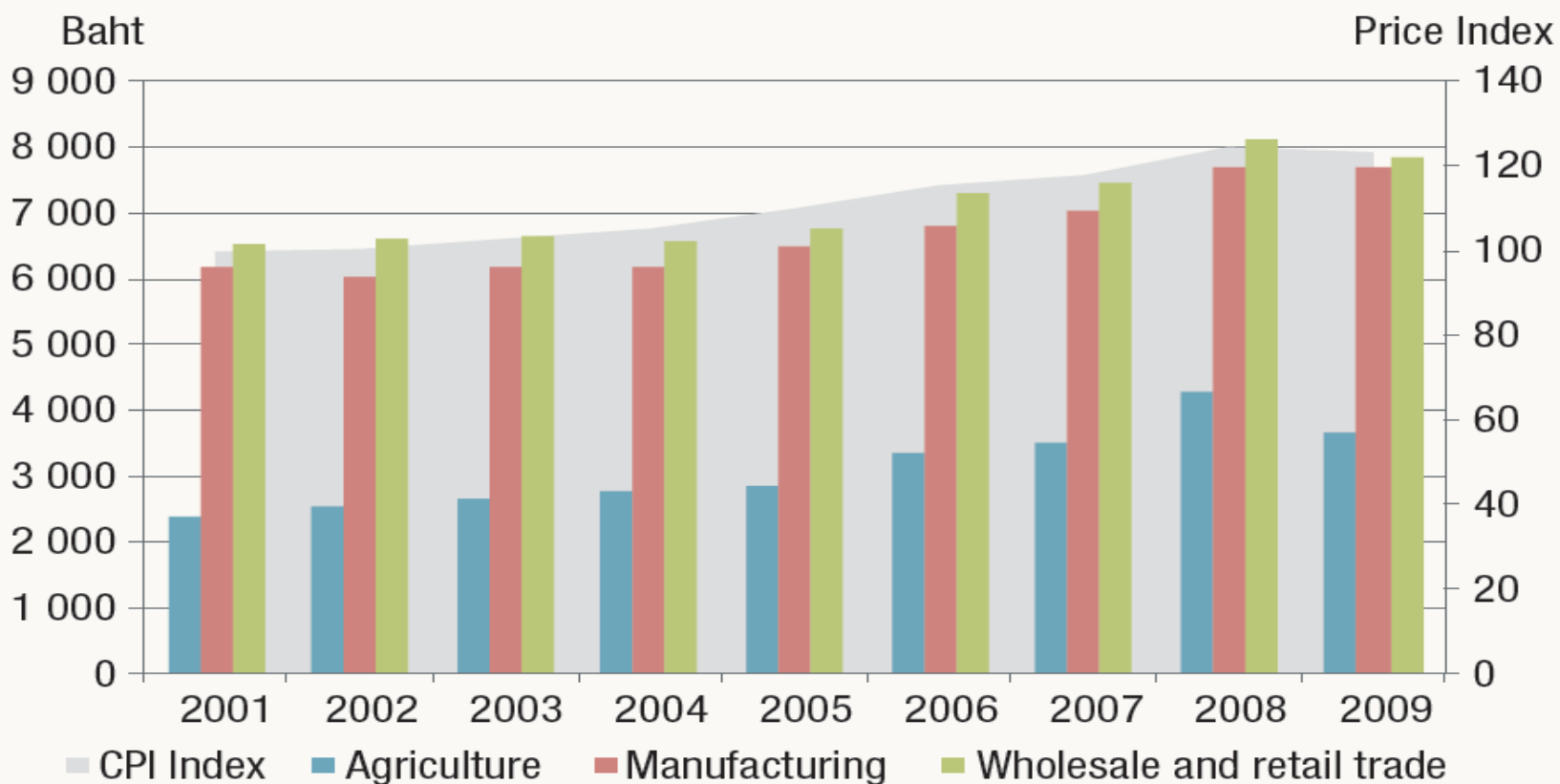
- That average monthly **wage rates** in **all sectors have fluctuated** (Labour Force Survey/Informal Employed Survey, 2010) **in response to the business cycle** – rising during the boom and declining on the bust – implies a **high sensitivity** of the Thai labour market **to the world economy**.
-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

12. Nominal average wage rates and indices (cont'd)

- 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).

12. Nominal average wage rates and indices (cont'd)

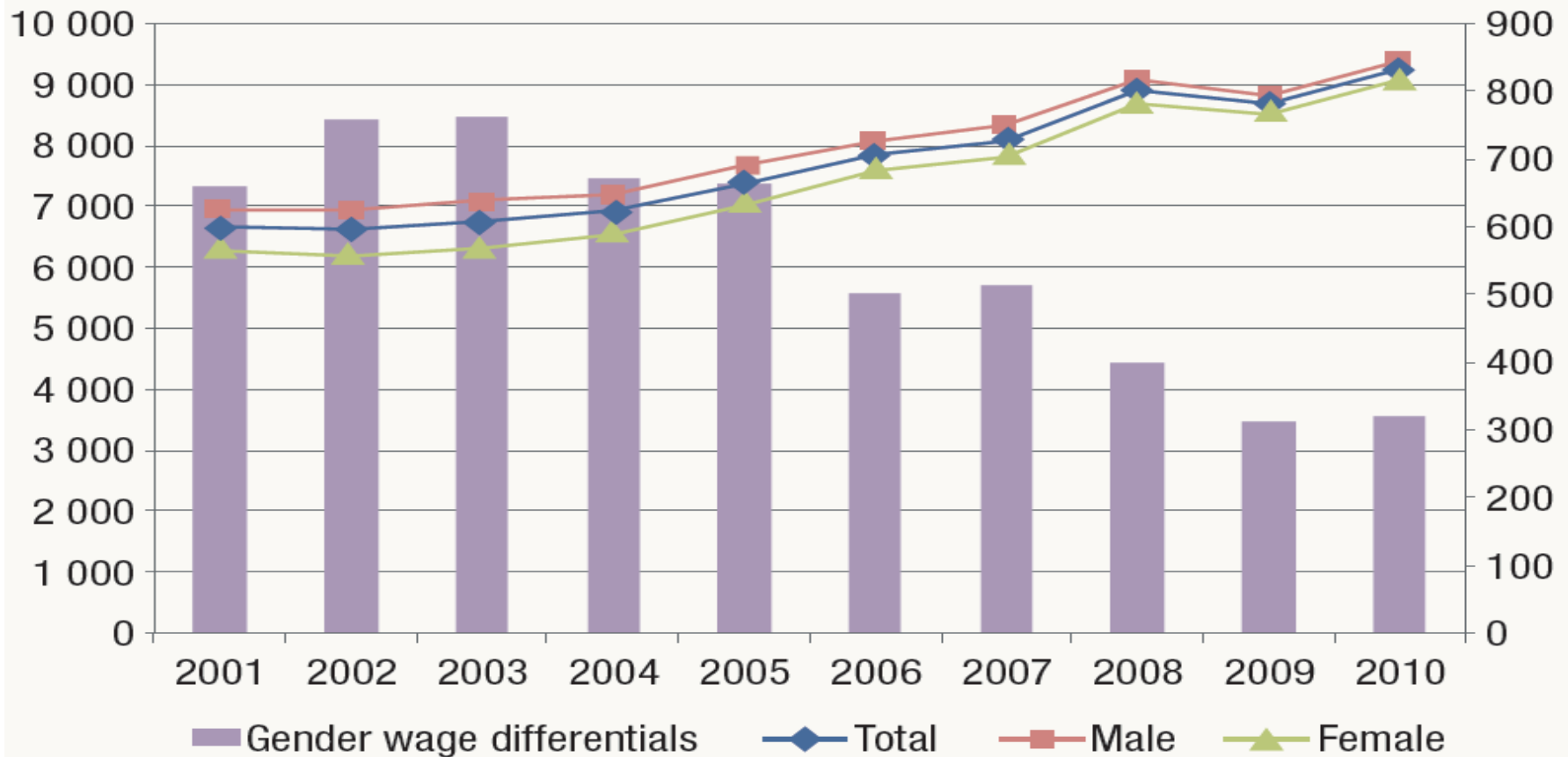
Figure 44. Nominal wage rate, by industry and the consumer price index, 2001–09



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

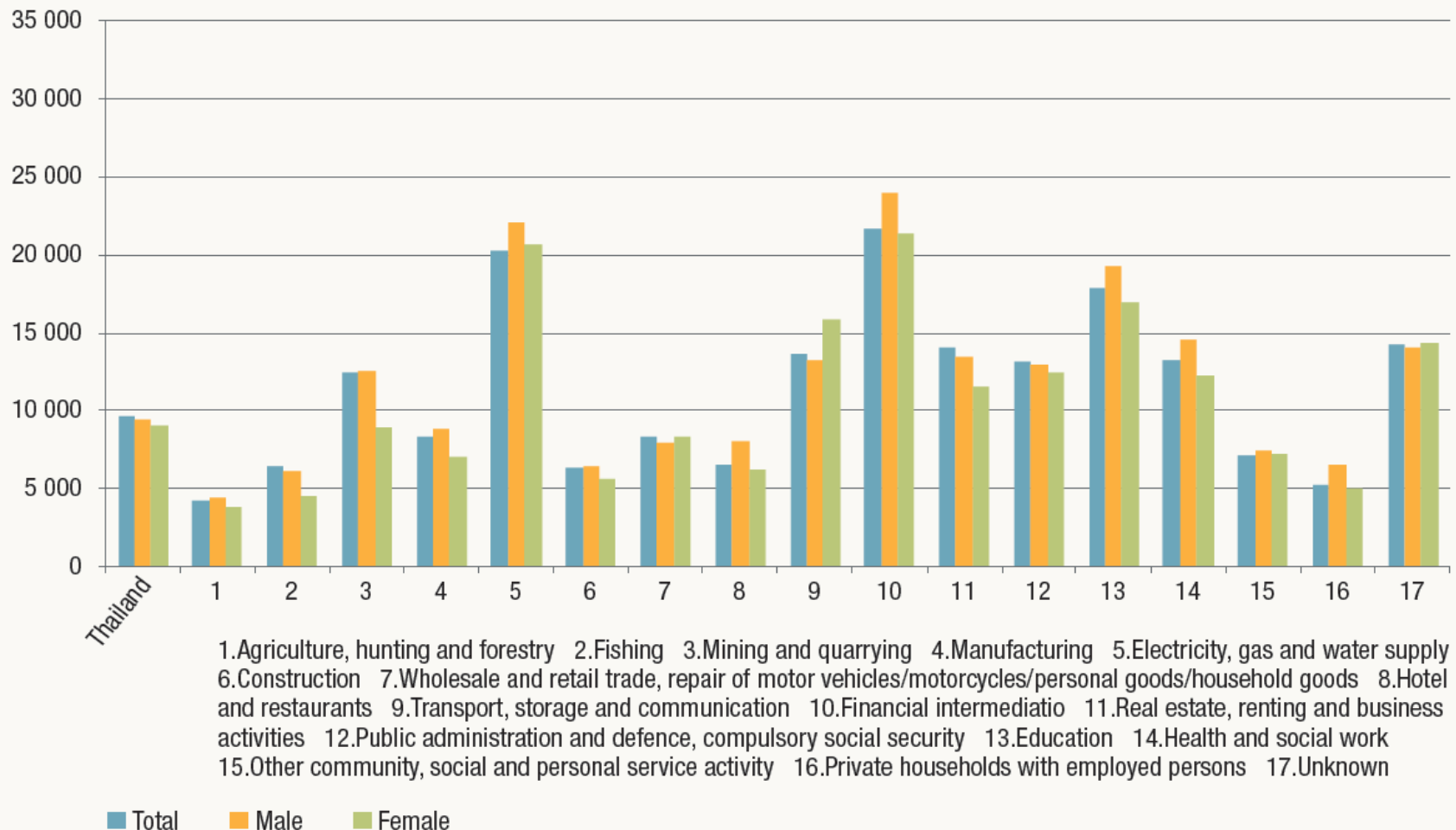
12. Nominal average wage rates and indices (cont'd)

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



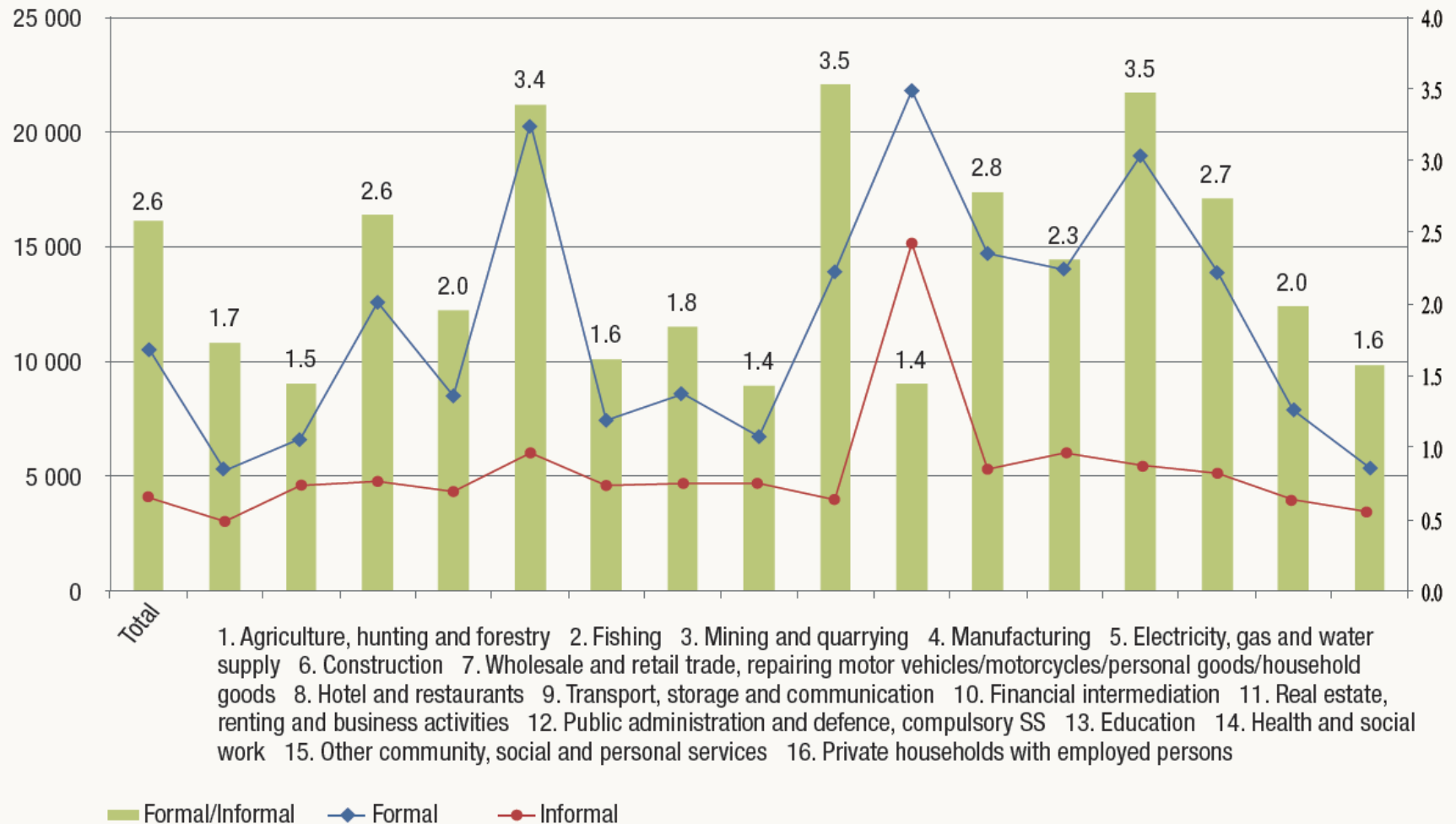
12. Nominal average wage rates and indices (cont'd)

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



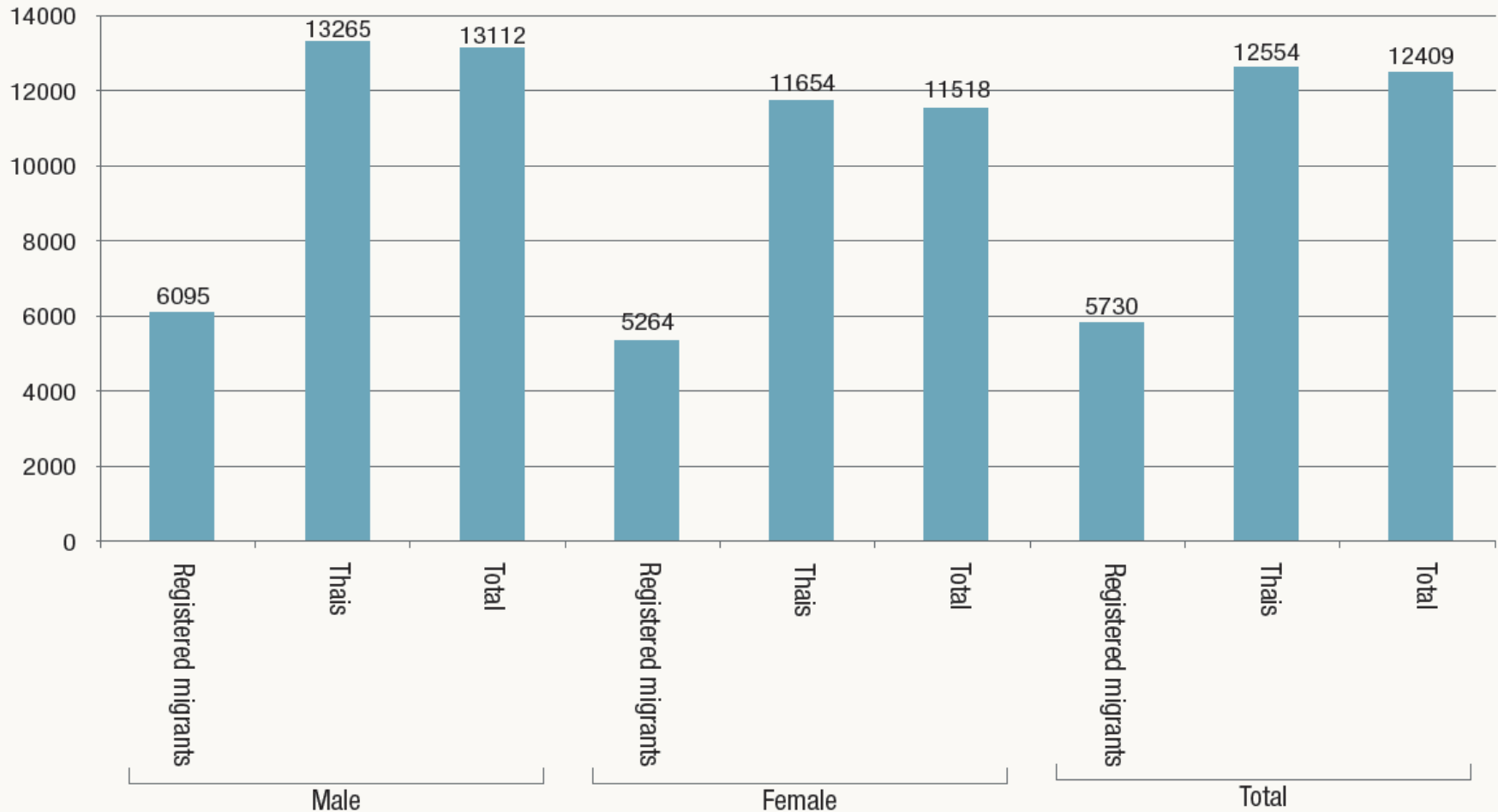
12. Nominal average wage rates and indices (cont'd)

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



12. Nominal average wage rates and indices (cont'd)

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



13. Minimum wage rate

- 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.

13. Minimum wage rate (cont'd)

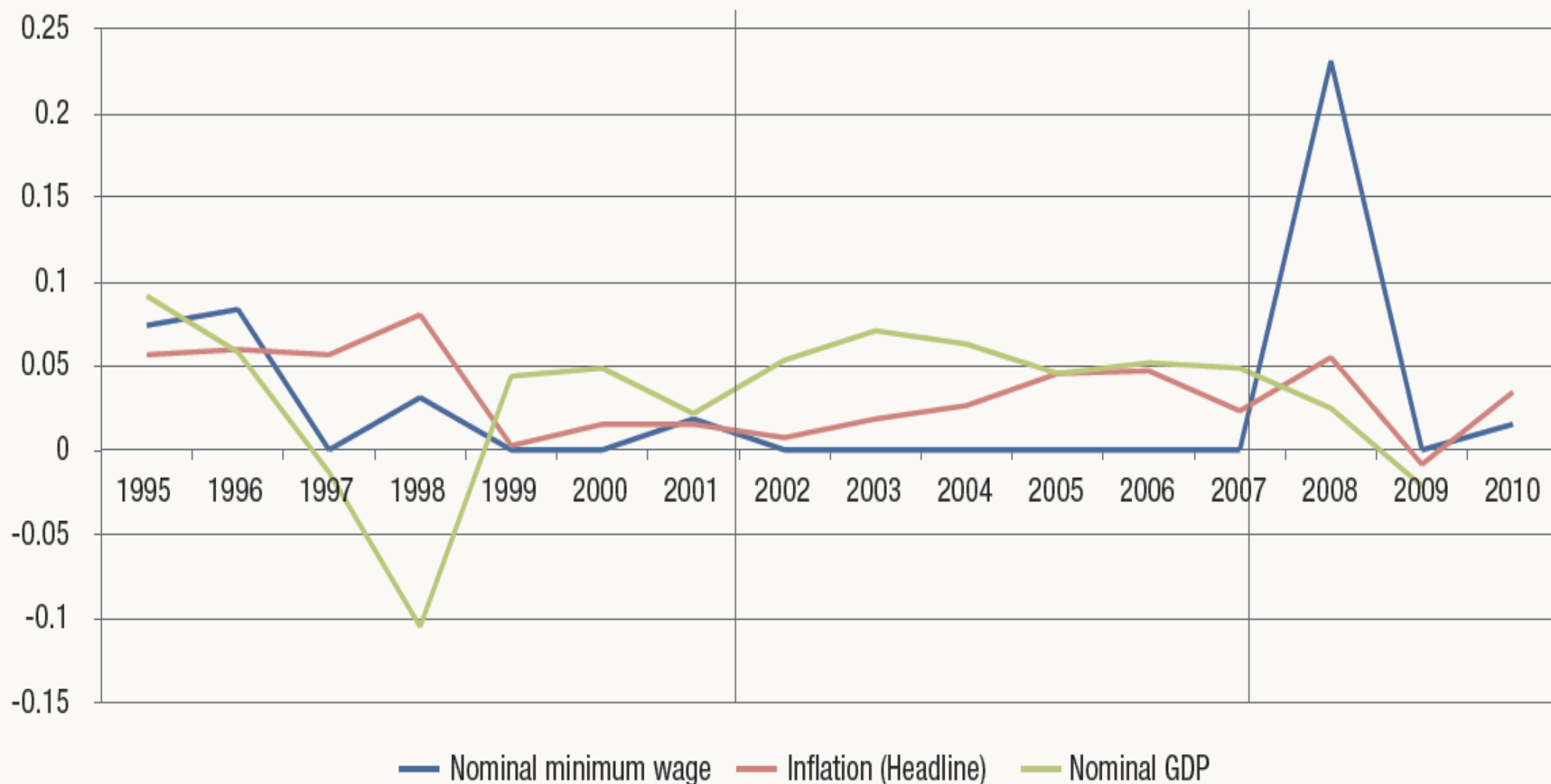
- From 2003 to 2006, Thailand's economy entered an expansionary phase, demonstrated by the consistent increase in the GDP growth rate, at around 4.5–7 per cent (figure 49), the highest range after the 1997 financial crisis (Bank of Thailand, 2010).
- However, **minimum wages have not been adjusted to 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.

13. Minimum wage rate (cont'd)

- 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).

13. Minimum wage rate (cont'd)

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



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

13. Minimum wage rate (cont'd)

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	
Province	Minimum wage	Minimum wage	Change (%)
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

Announcement date	1 Jan. 2011	1 Apr. 2012	
Province	Minimum wage	Minimum wage	Change (%)
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

13. Minimum wage rate (cont'd)

Kanchanaburi	177	252	42.4	Sakonnakhon	164	232	41.5
Suphan Buri	163	233	42.9	Nakhonphanom	162	229	41.4
Samutsongkhram	169	240	42.0	Mukdahan	163	230	41.1
Petchburi	175	250	42.9	Southern region			
Prachuapkhirikhan	168	240	42.9	Nakhonsithammarat	170	243	42.9
Northern region				Krabi	179	257	43.6
Chiangmai	177	251	41.8	Phangnga	181	259	43.1
Lampoon	165	236	43.0	Phuket	214	300	40.2
Lampang	163	230	41.1	Suratthani	168	240	42.9
Uttaradit	162	227	40.1	Ranong	169	258	52.7
Phrae	162	227	40.1	Chumporn	171	241	40.9
Nan	160	225	40.6	Songkhla	171	246	43.9
Phayao	158	222	40.5	Satun	169	241	42.6
Chiang Rai	166	232	39.8	Trang	170	244	43.5
Mae Hong Son	163	227	39.3	Phatthalung	169	241	42.6
Nakhonsawan	163	232	42.3	Pattani	166	237	42.8
Uthaithani	168	234	39.3	Yala	167	240	43.7
Kamphaengphet	166	234	41.0	Narathiwat	164	239	45.7

Source: Ministry of Labour, 2012.