

# Lecture Note

## Gender Economics (EE364)

### Chapter 2: The role of Thai women in the current economic system



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## Chapter 2

### The role of Thai women in the current economic system

#### 2.1 Women in the labor market

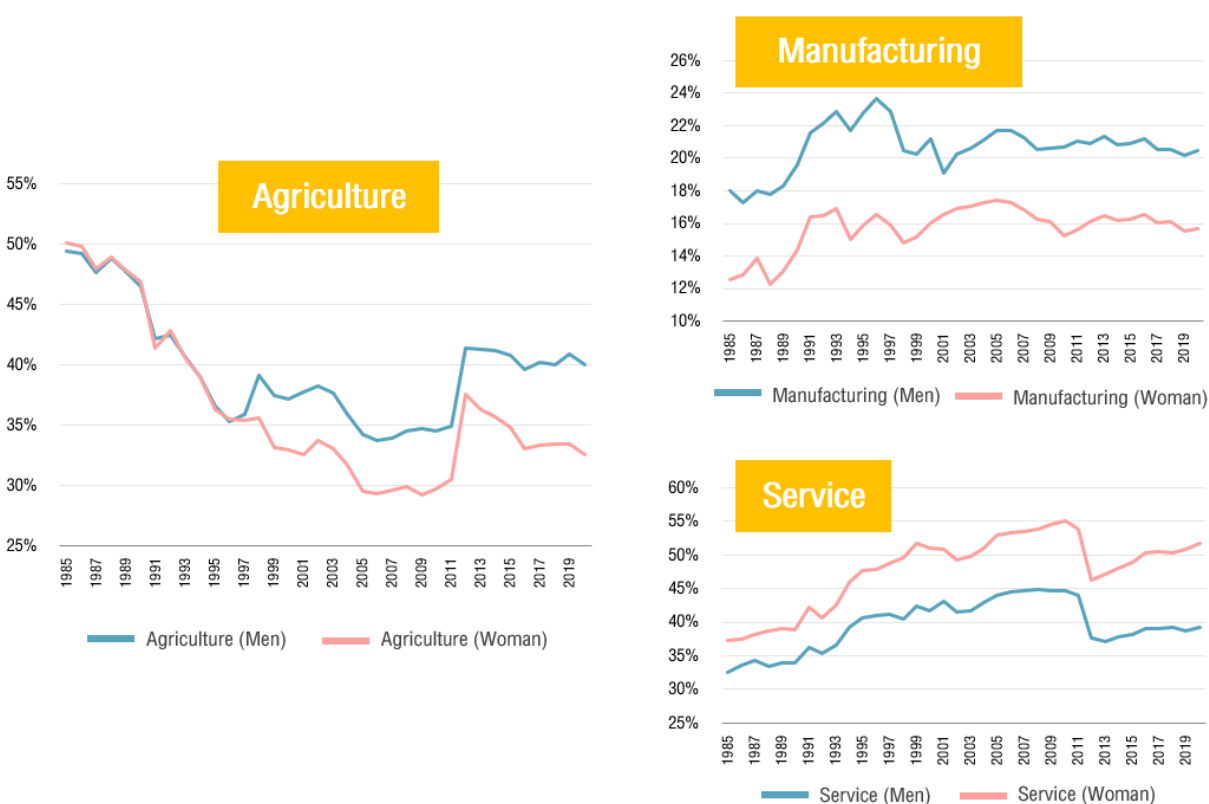
This chapter will focus on four main aspects including: (1) Women in the labor market - Role of women in participating in the labor market in Thailand; (2) Women at Work - Gender diversity and the glass ceiling in the workplace in Thailand; (3) Limitations of women in the labor market - Factors that determine the limitations of women in the labor market; (4) Policy to encourage women to participate in the labor market - Policy implementation in Thailand.

**Women's participation in the labor market in Thailand** - Thailand has a consistently high female workforce participation rate, averaging 65% from 1990 to 2017. The rate in other countries in Southeast Asia is: Malaysia (46%) and the Philippines (48%). Thai women continue to work after marriage and raise children at the same time. The female participation rate of married women is 80%. The development of women's roles parallels economic changes. In the past, taking care of children/unpaid family workers have become the main workers in the labor market. Education is an important factor driving Thai women in the labor market. Currently, there are more advances in education for women than for men. Women's income tends to increase in the same way as men's income. Women's income increased from 1985–1996, and then decreased during the Asian financial crisis (1997), but later recovered after the crisis. Therefore, the gender wage gap has continued to decrease dramatically.

Women's participation in the labor market and economic system. Thailand has evolved from an economy based on agriculture to one based on the manufacturing and service sectors over the past few decades. The Thai workforce has transitioned from a low-income agricultural sector to the high-income manufacturing and service sectors. The proportion of employment in the manufacturing and trade sectors continues to decline. However, the proportion of employment in the service sector continues to increase. The demand for Thai workers in the manufacturing sector is high. Women have become the source of labor supply expansion in the Thai labor market. Government has implemented education policies to support the country's development. Women are highly educated, have started working in manufacturing/service sectors, and receive higher wages. Income inequality has decreased over time.

**Women's Participation in the labor market and industry (Figure 2.1)** - The average share of the agricultural workforce has dropped sharply from 50% in 1985 to 33% in 2020. The proportion of workers in the manufacturing sector has increased since 1985 and remained stable after 1995. The proportion of workers in the service sector has increased since 1985 and remained stable after 2000. The number of women working in the service sector is higher than men. The proportion of labor in this sector has continued to increase dramatically.

**Figure 2.1** - Proportion of workers by industry and gender (1985-2020)

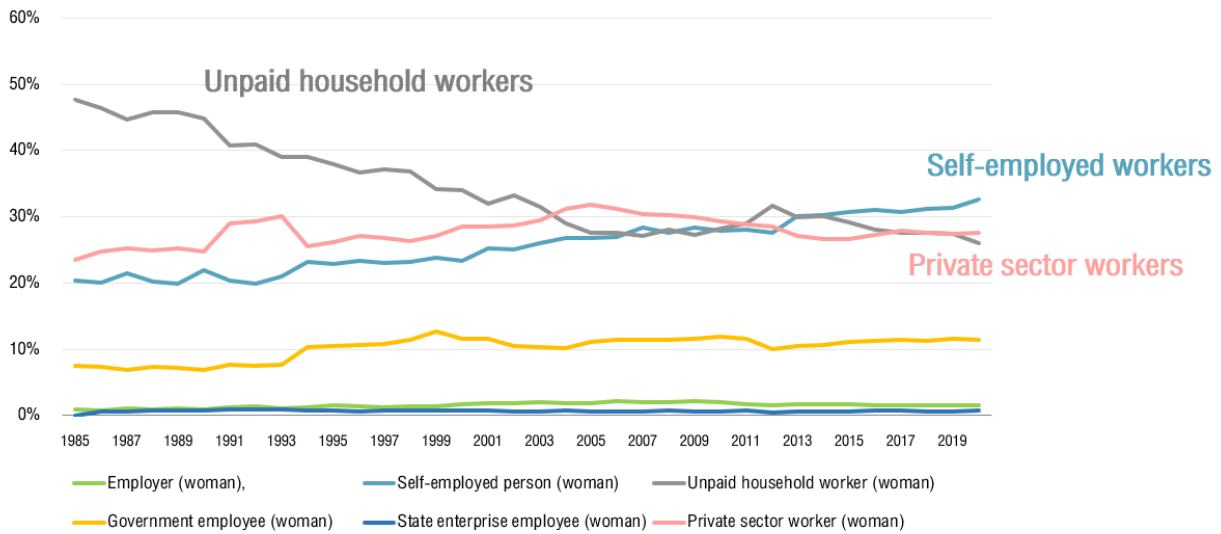


Source: Author's calculation from LFS (1985-2020).

**Working status of women in Thailand (Figure 2.2/2.3)** – There are three main types including: (1) Employee (Government; Government enterprises; Private sectors); (2) Employer/Own account workers (operated enterprise with/without employee); (3) Unpaid family (works without pay on a farm or in a business enterprise owned or operated by the head/other members of family). A number of women work as unpaid family workers more than men in Thailand. However, trend has declined over time and the gap between men and women has

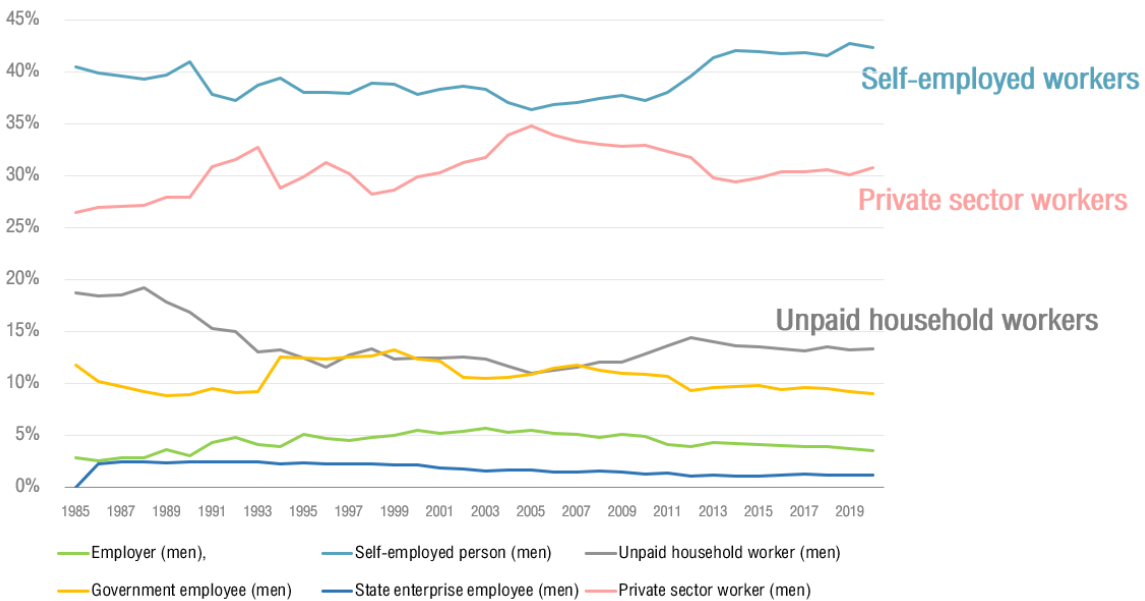
decreased steadily. However, men join to work more than women in other sectors, especially in own account worker (men have higher proportion than women)

**Figure 2.2 - Gender proportion of workers by working status (1985-2020) - Women**



Source: Author’s calculation from LFS (1985-2020).

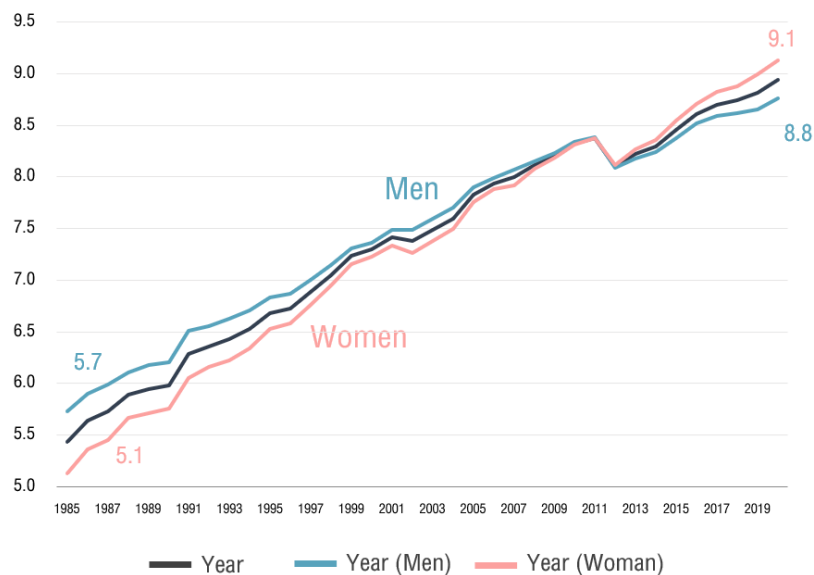
**Figure 2.3 - Gender proportion of workers by working status (1985-2020) - Men**



Source: Author’s calculation from LFS (1985-2020).

**Women's participation in the labor market and education** - Education is the main factor driving Thai women into the labor market. Compared to other Asian countries such as Korea, Indonesia, Thailand, there is a strong correlation between education & participation in the female labor market (Dowling and Worswick, 2001). Regarding Thailand's education system, in the Past, the boy learned from the monks in the temple, while the girls are studying to do housework in the house. The First School in Thailand has been invented by the King Rama V (1871), which is the school for boys and girls. The development of Compulsory Year of Education Policy starting from 4 years (1936), 7 years (1951), 6 years (1977), 9 years (1999), and 12 years (2002). Therefore, the average year of education of Thai workers has continued to increase (Ministry of Education, 2018) (Figure 2.4).

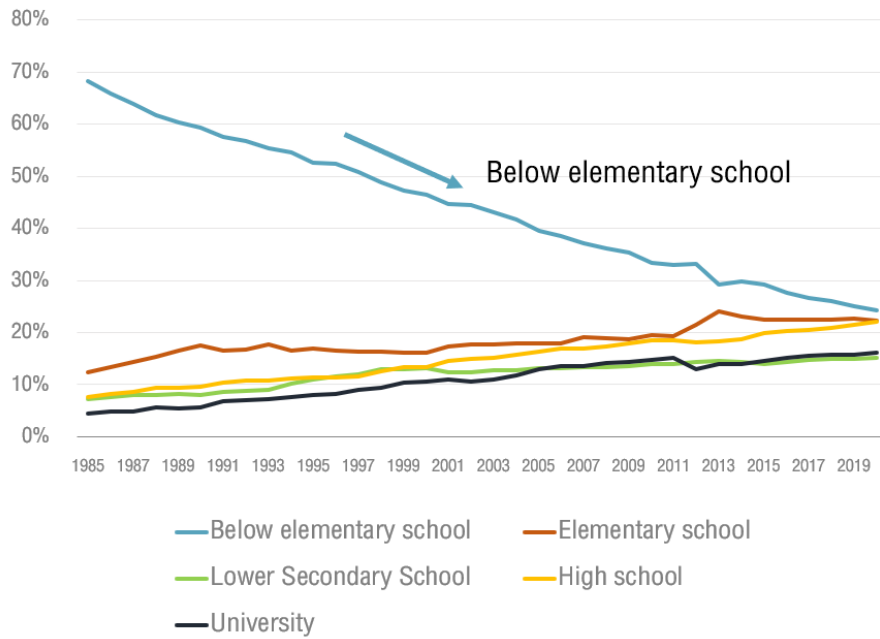
**Figure 2.4 - Average year of education for Thai workers (1985-2020)**



Source: Author's calculation from LFS from LFS (1985-2020).

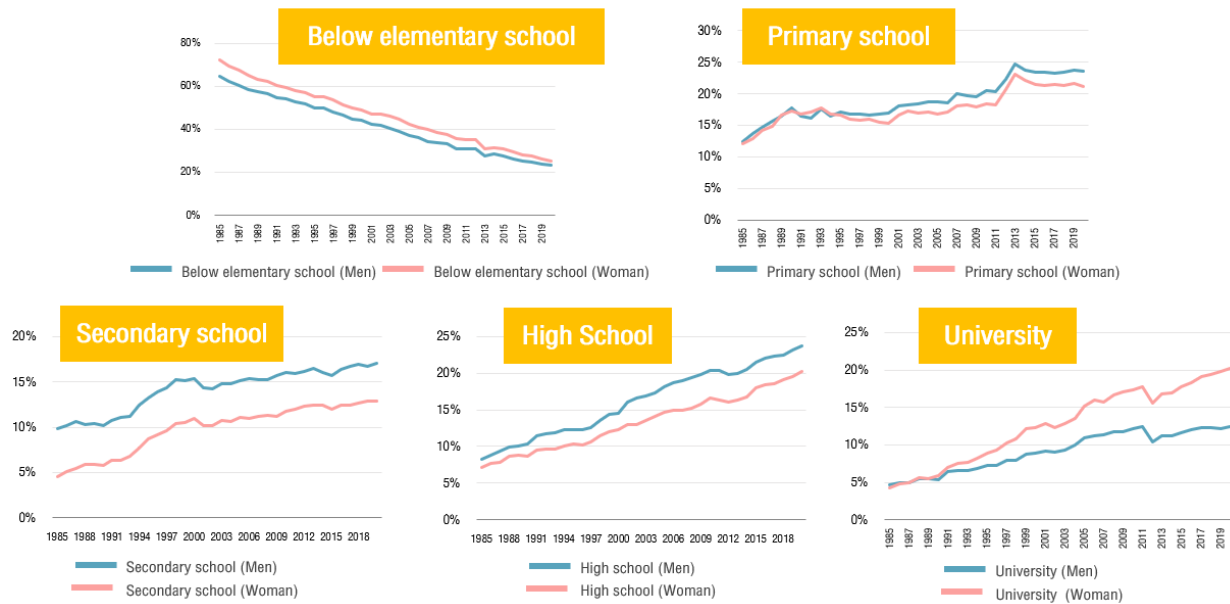
The implementation of Thailand's education policy, especially the number of compulsory years of education, has improved the education level of Thai workers (Figure 2.5). The proportion of people with less education has decreased, and the proportion of the workforce graduating from higher education has increased. The proportion of less-educated people decreased 35%, and there was a 10% increase in the proportion of the workforce graduating from higher education (male and female). However, women's education is lower than that of men at all levels, except at the tertiary level (Figure 2.6).

**Figure 2.5 - Proportion of workers classified by level of education (1985-2020)**



Source: Author’s calculation from LFS from LFS (1985-2020).

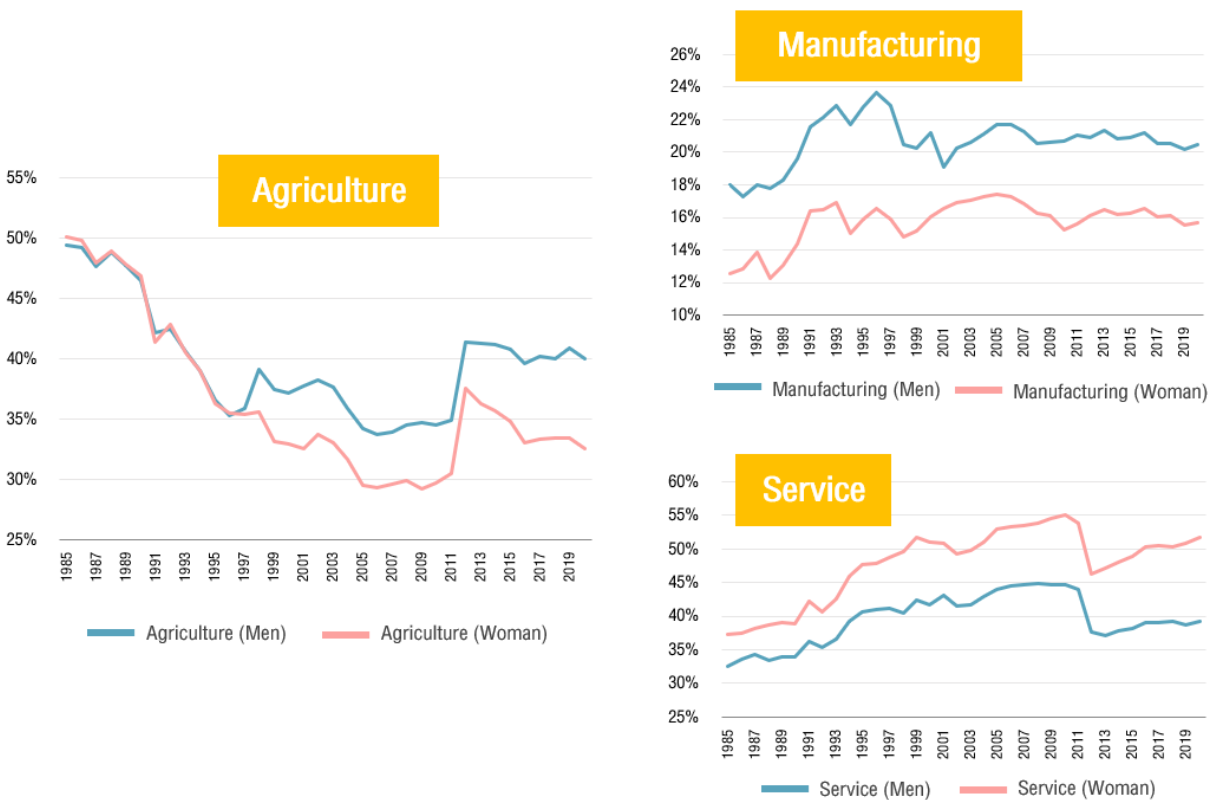
**Figure 2.6 - Proportion of workers Classified by educational level and gender (1985-2020)**



Source: Author’s calculation from LFS (1985-2020).

**Participation of women in the labor market and industry** - The average share of the agricultural workforce has dropped sharply from 50% in 1985 to 33% in 2016. The average share of the manufacturing workforce has been substantial since 1985 and stable in 1995. The average share of service workers increased from 1985 and remained stable in 2000. More women work in the service sector than men. The proportion of workers in this sector has continued to increase dramatically (Figure 2.7).

**Figure 2.7** - Proportion of workers by industry and gender (1985-2020)



Source: Author's calculation from LFS (1985-2020).

## 2.2 Women at work

### 2.2.1 Gender diversity in the workplace in Thailand

Only one-fifth of company's worldwide include women with senior management positions. Companies where women held senior management positions in small, medium, and large companies in 2016 (% of companies). Women-led companies. There is a tendency for the number of female employees to increase.

According to the Corporate Women Directors International Report (CWDI) Report (2020) on Female Directors in Asia Pacific, the number of women on board is very small in the Asia-Pacific region, accounting for 15.1% of all directors in 1,573 leading companies. At the regional level, Asia-Pacific still has fewer women on board than other regions. The percentage of women on board in Asia Pacific is 15.1%, behind Northern Europe (37.6%), USA/Canada (28.6%), Western Europe (26.5%), Central and Eastern Europe (19.3%), and Southern Africa of Sahara (19.1%). Only Latin America (8.3%) and the Middle East North Africa (MENA) region (3.7%) have a lower percentage of women on board than the Asia-Pacific region.

The main reason is that social and cultural contexts in Asian countries (a society in which men dominate as leaders) contributed to the fact that women remained underrepresented. There are fewer men on the board of directors (BOD) in Asia. Although women have higher education levels and a more active role in the labor market, they still have a disadvantage in making decisions and are considered "under-represented in decision making." Gender discrimination (in which women are considered inferior leaders to men) results in a small number of women serving on the BOD in this region. The issue of the percentage of women on the board is highly controversial, leading to some countries setting a gender quota for boards.

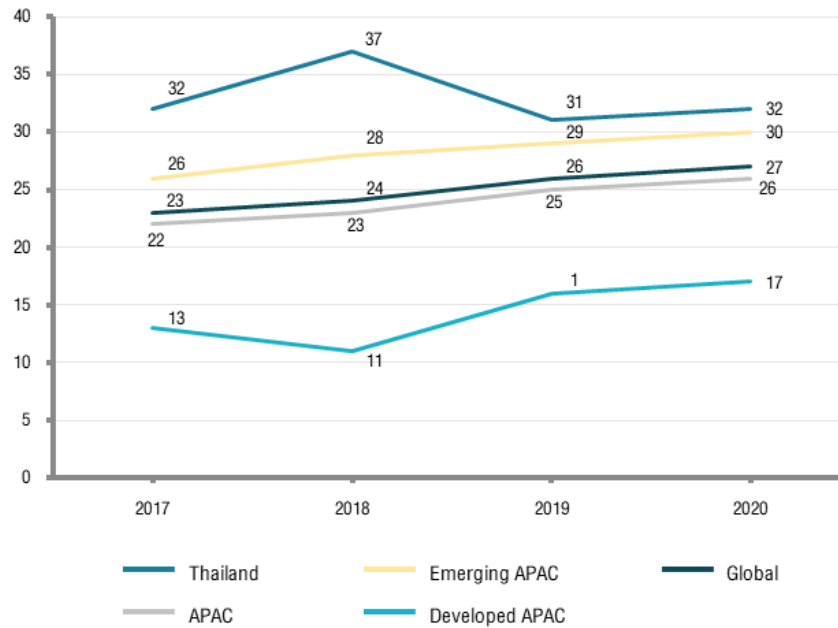
In private sector, the number of Thai women in senior management positions is 32%, higher than the global average of 27% and the Asia-Pacific average of 26% (Figure 2.8). However, only 20.4% of Thai women are on Board of Directors in listed companies. There is a very high percentage of men in the Board of Directors in Thailand. However, when compared to the percentage of women in business leadership positions across ASEAN<sup>1</sup>, on average Thailand is around 20.4%, which is higher than that of Indonesia, Malaysia, Philippines, Singapore, Thailand, ASEAN average (The International Finance Corporation (IFC), 2019) (Figure 2.9). In

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<sup>1</sup> Board Members, Role of the Board of Directors, Chairman of the Board, Executive Director, Non-Executive Director, Independent Director, Audit Committee, Other Leadership Roles, Senior Executives.

public sector, on average Only 25.1% of Thai women hold executive positions and 17.8% in senior positions. Based on the information from the Office of the civil service commission (OCSC), 2012-2019, the percentage of Thai women in the public sector (2012-2019) (classified by position level), especially those in management level, high level position is still low.

**Figure 2.8 - Proportion of workers by industry and gender (1985-2020)**



Source - The Grant Thornton (2020).

**Figure 2.9 - Proportion of women on board**

	Indonesia	Malaysia	Philippines	Singapore	Thailand	ASEAN average
Board Members	14.9	13.5	13.2	11.9	20.4	14.9
Role of the Board of Directors						
Chairman of the Board	11.7	6.1	3.9	5.2	7.6	7.1
Executive Director	-	14	12.4	11.8	19.7	13.8
Non-Executive Director	-	10.4	14.7	11.1	19.7	14.3
Independent Director	14.6	13.9	8.9	11.3	18.1	13.4
Audit Committee	19.0	11.2	13.1	9.9	19.8	14.6
Other Leadership Roles						
Senior Executives	18.4	26.2	32.8	27.2	29.7	25.2

Source - The International Finance Corporation (IFC), 2019

**Figure 2.10** - Percentage of Thai women in the public sector (2012-2019) (classified by position level)



Source: Office of the civil service commission (OCSC), 2012-2019.

### 2.2.2 Glass Ceiling

The glass ceiling is an invisible barrier or limitation that prevents working women from rising to the position of senior executives/company directors or from progressing in their duties and work. The concept of the glass ceiling in Asia is different from that in developed countries. Numerous studies indicate a shortage of women in management positions in general, not just in senior management positions, which can be used as an indicator of the glass ceiling. The main reason for the existence of glass ceilings in Asia is tradition (both culture and religion). For example, in Bangladesh - Only 5.1% of women are in administrative and management positions and only 6% of women work in government agencies (Zafarullah, 2000). In South Korea - 94% of women believe they have more difficulty finding full-time jobs than men (Kang and Rowley, 2005). Furthermore, only 7% of managers in South Korea are women, compared to 21% in Hong Kong and 19% in China.

Finally, regarding the glass ceiling in Thailand - The proportion of men in administrative and management jobs is over 70%, while women are only 20%. The proportion of women in management has increased by approximately 8% over 30 years. Women working as farmers.

There is still a large proportion in Thailand (Figure 2.10). Furthermore, currently, there are no female students admitted to the Police Cadet Academy. The Police Cadet Academy is accepting applications for female police cadets from 2009 until 2018.

**Figure 2.10** - Glass ceiling in Thailand

Year	Men	Women	Difference
<b>Managerial jobs and related</b>			
1985	79.72%	20.28%	59.44%
1995	78.73%	21.27%	57.46%
2005	72.17%	27.83%	44.34%
2015	71.19%	28.81%	42.37%
<b>Agricultural jobs and related</b>			
1985	53.96%	46.04%	7.92%
1995	54.48%	45.52%	8.96%
2005	56.45%	43.55%	12.89%
2015	57.74%	42.26%	15.49%

Source: Author's calculation from LFS (1985-2020).

### 2.2.3 Effects of Gender Diversity on Company Performance

The presence of women as directors (Women on Board) or the increase in the proportion of women as directors affects the company's operations (Terjesen et al. (2009)). For example, it affects the company's performance or good governance. Adams and Ferreira (2009) provides empirical evidence in the United States. The proportion of women on the Board of Directors (BOD) and their impact on corporate governance and efficiency. They applied the information of 1939 companies (1996-2003) regarding Board meeting information Director's Remuneration and financial information. Their main finding shows the gender diversity in directors has a significant effect on company outcomes (firm's input).

For example, women behave differently than men in meeting attendance. Women tend to have less attendance problems than men. Furthermore, when there is an equal gender proportion on BOD, the behavior of the male judges was even better. More diversified boards tend to hold CEOs accountable for falling share prices. GBT committees are paid more equal. Boards with more gender diversity have more rigorous scrutiny.

### **Exercises**

- 1) Provide examples of the development of women's roles in a country anywhere in the world and explain the main reasons for the development of these roles. What are the barriers to the development of women's roles?
  
- 2) Provide a definition of the glass ceiling and a real-life example. What factors cause the glass ceiling in Thailand and other countries worldwide?
  
- 3) What is the reason for the increasing number of women in the BOD? On average, women comprise a smaller proportion than men in most countries. Give an example of a country that has a policy to encourage a high number of women on the BOD and provide examples of the policies used. Were these policies successful? If not, why not?
  
- 4) Discuss the limitations on women's participation in the labor market in Thailand compared to other countries with less or more restrictions.
  
- 5) The government promotes gender equality and the role of Thai women. Women will play a greater and an important role in the country's development through policies and measures. Please provide examples of measures that governments should improve to support the role of women even more.

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