

**A. Gender, Employment, and Cultural Values**

Thai women have played a major role in the economic life of the country throughout history, with the exception of women in the royal court and noble families. In the Ayudhaya and early Bangkok periods, Thai women made the corvee labor system<sup>1</sup> possible because they were capable of managing farms without their husbands or adult sons. Working wives and daughters are a source of pride to their families and their contribution is respected. There are no fears that a woman's virtue is threatened by contact with men in the workplace.

Honoring one's elders and returning the favor of upbringing is foremost among the duties of children to their parents, but the kind of support parents expect from daughters and sons is different. Daughters are expected to take care of the family welfare, while sons are expected to bring honor and power to the family. The most widely available way for sons to discharge their duty is to be ordained as Buddhist monks, even if only for a short period. By doing so, they earn the highest favor in the eyes of their parents, as it is believed to bring them to heaven in the next life, and the parents along with them. Buddhism does not allow ordination for women, so to earn a similar favor, women may choose to improve their parents' welfare in their earthly life by working hard to provide them with material comfort.<sup>2</sup> In regions such as Northeastern Thailand, the source of most labor migrants, there is an economic dimension as well. Women's service to their parents is linked to their status as potential heirs, because portions of land, houses, and other property are usually inherited by daughters. As a result, the connection between women migrants and their home villages remain close, both in the social and economic sense. Most young women labor migrants visit home several times each year to take part in religious festivals, and sometimes to help during planting and harvesting.

**B. Economic Change**

Decades of economic growth have given rise to substantial general improvements in the economic status of Thai women. Living standards have risen and social indicators have improved, such as the increase in life expectancy which, at 68 years for males and 72 years for females, is among the highest in Asia (Table 14).

However, young women from the poorest regions have borne a disproportionate share of the costs of development. In the highest foreign exchange-earning sectors, export manufacturing and tourism, young women constitute 80-90 percent of the labor force, with the majority in the industry working for less than the minimum wage. Labor among the 10-14-year age group is estimated to be 16 percent, which is proportionately higher than for India (14 percent) and PRC (12 percent). In addition, as many as one million foreign workers are estimated to be employed in Thailand at or below the minimum wage.

**Table 14: Economic and Social Indicators**

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<sup>1</sup> Under this system all male peasants of prime age were required to offer labor services to the King, princes, or noblemen for several months of the year, providing their own food and working tools.

<sup>2</sup> Mary Beth Mills. 1996. *Working for Wages in Bangkok: Reworking Gender and Family in the Countryside*. Paper presented at the Sixth International Conference on Thai Studies, Chiangmai.

|                                                                 | 1980 | 1990    | 1997 <sup>a</sup> |
|-----------------------------------------------------------------|------|---------|-------------------|
| <b>Economic Indicators</b>                                      |      |         |                   |
| Per Capita GDP (\$)                                             | 683  | 2,230   | 2,543             |
| GDP Growth (%)                                                  | 4.8  | 11.1    | -0.4              |
| Gross Saving % of GDP                                           | 22.0 | 31.0    | 32.9              |
| Gross Domestic Investment                                       | 28.0 | 36.8    | 35.0              |
| Fiscal Balance                                                  | -3.6 | 5.2     | -0.9              |
| Current Account Deficit                                         | -0.3 | 8.8     | -2.0              |
| <b>Social Indicators</b>                                        |      |         |                   |
| Population (millions)                                           | 46.7 | 55.8    | 60.6              |
| Population Growth Rate (%)                                      | 2.8  | 1.13    | 1.0               |
| Life Expectancy at birth (years)                                |      | 66      | 70                |
| Fertility Rate (births per woman)                               |      | 2.5     | 1.8               |
| Infant Mortality Rate <sup>a</sup> (<1yr, per 1,000 livebirths) |      | 27      | 29                |
| Adult Literacy Rate (%)                                         |      | 93      | 94                |
| Population below poverty line (%)                               |      | 18.6    | 13.0              |
| Human Development Index and Rank                                |      | 0.715/7 | 0.832/5           |
|                                                                 |      | 4       | 2                 |

<sup>a</sup> preliminary estimates

Source: Asian Development Bank, 1998

Industrialization and other macro-economic strategies adopted by the Thai Government since the 1960s have been biased towards urban areas, and the rural-agricultural sector has been a low priority.<sup>3</sup> Tax incentives and other privileges offered by the Board of Investment to encourage domestic and foreign investment in manufacturing have favored large-scale, capital-intensive activities, and have attracted more capital and investment to large cities with better developed infrastructure, especially Bangkok. Various measures have also been used to try to contain increases in urban wage rates. One of these was to keep food prices low, which may have had the effect of subsidizing costs of living in urban areas, with negative impacts on rural incomes. The effects of the crisis and the necessary structural adjustment measures that will be adopted are likely to carry high social costs.

## C. Labor Force Participation

### 1. Women's share of employment

Official labor force statistics classify employment status according to five categories: employer, government employee, private employee, unpaid family worker, and self-employed worker. Women exceed men only in the category of unpaid family worker, which disguises the economic contribution of women to household enterprises such as farming, fishing, trading, and handicrafts.

Women have made a substantial contribution to Thailand's economic development. Out of the 31.3 million persons in the labor force in 1995, 13.8 million or 44 percent were women, with 80 percent (11.1 million) working in rural areas and 20 percent (2.7 million) in urban areas. Agriculture absorbed 40 percent, manufacturing 19 percent, commerce 18 percent, and service 16 percent. The female labor force participation rate has been consistently high at more than 60 percent for the past two decades, which is only about 20 percent lower than the male rate. Labor force participation rates in the 13-14, 15-19 and

<sup>3</sup> Pawadee Tonguthai. 1993. Thailand. In *Urbanization and Socio-Economic Development in Asia and the Pacific*, Asian Population Studies Series, No. 122. UN-ESCAP.

20-24 age groups are significantly higher for women. Female production workers comprise between 70 and 90 percent of the labor force in Thailand's export industries.

The difference in labor force participation between men and women is highest among older groups in urban areas, where women 50-59 years of age are less than half as likely to be employed as men. This may reflect the lower age of retirement imposed on women. Most manufacturing firms require women to retire at 55 years, and many industries, such as those producing electronic components, have recently reduced the female retirement age to 45. They also tend to lay off older workers in favor of younger ones with perfect eyesight and better education.

The percentage of women engaged in white-collar occupations has increased with improvement in educational attainment, but women still account for a very small part of total employment in these occupations. The number of female professional and technical workers more than doubled during 1971-1995, to six percent of the total number of workers in this category. The trend partly reflects the concentration of well-educated women in professions such as teaching and nursing. The proportion of women in clerical jobs rose from less than one percent in 1971 to over five percent in 1995.

The rising participation rate of women in the formal economy is related to a decline in fertility and the number of children in the household. As domestic labor for women decreases, they are able to spend more time in economic pursuits. Fertility rates have declined and are now approaching replacement level. Although the decline has occurred in all groups, the most noticeable change is among women aged 30 years and over. Use of contraceptives has made the greatest contribution to the decline in fertility rate, another contributing factor is the decline in the proportion of married people in the population.

Age structure and living arrangements also influence women's labor force participation.<sup>4</sup> Fertility (and mortality) decline has shifted the age structure of the Thai population. The dependency ratio increased from 8.8 percent to 11.4 percent between 1960 and 1990, and is expected to rise to 14.1 percent by the year 2000. The proportion of Thai people living in extended families is expected to drop. In the past, urban women's close ties with parents and grandparents or the availability of domestic help enabled them to combine their domestic and economic roles. But this is changing, as extended family arrangements give way to nuclear family households. Young married couples now have to look for their own housing, and property prices in cities mean that they must live in outer suburbs. Traffic jams prevent parents from taking their children to relatives to be cared for during the day. At the same time, the opportunity cost of domestic help is greater if young families cannot offer them accommodation due to lack of space. This combination of circumstances has encouraged many qualified women to defer entering the workforce until their children begin school.

Female-headed households currently comprise one-quarter of the population. However, in financial institutions and many government agencies, the perception that heads of households are male prevails. This bias places many constraints on female-headed households which, due to women's structural position in the economy, are the most susceptible to poverty. A continued rise in female single-headed households is anticipated as a result of Thailand's economic crisis.

## 2. Women in the Civil Service

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<sup>4</sup> Mattana Phananimai. 1997. *Population and Economic Development in Thailand: Their Implications on Women's Status*. Thailand Development Research Institute.

Since 1932, political change and the modernization of the bureaucratic system have increasingly enabled educated women to enter public service. The gendered structure of the service is illustrated in Table 15, which shows that, while women slightly outnumber men in the service in total, there are large differences in the numbers of men and women employed at different levels. There is approximate parity in the numbers of men and women at levels 4 and 5, a very small proportion of women hold appointments above level 7, and women comprise the majority of the lowest level positions, reflecting their concentration in clerical positions which offer little opportunity for promotion.

**Table 15: Civil Servants by Level and Sex, 1990**

| Level | Female  |          | Male    |          | Total   |
|-------|---------|----------|---------|----------|---------|
|       | Number  | Per Cent | Number  | Per Cent |         |
| 11    | 0       | 0        | 25      | 100.0    | 25      |
| 10    | 18      | 6.16     | 274     | 93.84    | 292     |
| 9     | 45      | 10.92    | 367     | 89.08    | 412     |
| 8     | 496     | 20.33    | 1,938   | 79.67    | 2,420   |
| 7     | 2,484   | 27.86    | 6,433   | 72.14    | 8,917   |
| 6     | 8,488   | 36.81    | 14,573  | 63.19    | 23,061  |
| 5     | 24,781  | 44.51    | 30,889  | 55.49    | 55,670  |
| 4     | 30,024  | 49.42    | 30,729  | 50.58    | 60,753  |
| 3     | 56,098  | 59.75    | 37,784  | 40.25    | 93,882  |
| 2     | 22,441  | 59.17    | 15,486  | 40.83    | 37,927  |
| 1     | 12,797  | 62.20    | 7,776   | 37.40    | 20,573  |
| Total | 157,668 | 51.88    | 146,264 | 48.12    | 303,932 |

*Source:* Office of the Civil Service Commission, Prime Minister's Office, Bangkok, 1991.

In 1994, women constituted 60 percent of the bottom three levels (C1-C3), and their representation dropped sharply in the top three levels (C9-C11), down to only 19.2, 8.2, and 3.4 percent, respectively. Women were also concentrated in ministries responsible for social affairs and under-represented in economic ministries, reflecting the gender patterns of educational and career choice and opportunity discussed earlier. In the Ministries of Health, University Affairs and Education, women account for 74.5, 73.6, and 68.4 percent of all staff, respectively; but in the Ministries of Interior and Transportation, women comprise only 32.9 and 39.3 percent of the staff. Among the 900 division heads, about one in five are women, and they are mostly responsible for finance, accounting, research, and information, rather than policy planning and implementation.

### 3. Wages and Salaries

In 1993, there were 12 million workers in manufacturing, commerce, and service industries, of whom slightly more than half were women (6.14 million).

Fewer than 10 percent of workers belong to unions, and women are less likely to be unionized than men, although a cross-industry Women's Unity Group has been formed to represent women's labor issues. The overall pattern is for large enterprises to pay women the minimum wage or higher, but medium and small enterprises, which employ about two-thirds of women workers, typically pay women about 60 percent of the minimum wage. Women predominate in the lowest income group (less than B750) in the manufacturing and service sectors. Women are a minority in the upper income group (over B5,000), particularly in manufacturing and agricultural industries.

Although women have equality in law, legislation is not enforced. One common way to hire women at below the minimum wage is to classify them as “probationary workers” on the grounds that they are being trained for their jobs. However, most remain on probationary wages indefinitely. Few complain for fear of dismissal, but many young female workers change jobs frequently, hoping for a better deal from a new employer. The income gap is commonly explained in terms of different skill levels between men and women. However, this cannot be empirically demonstrated, except in a few jobs that require superior physical strength. The cause is undoubtedly one of supply and demand. Unskilled young women seek work with low personal expectations and the short-term goal of earning money to remit to their parents, so tend to accept what they are offered, and many smaller manufacturing industries are only able to remain profitable and competitive by exploiting low-wage female labor.

Wages are higher in the public sector than in the private sector, and wages are determined by level rather than by gender. Average wages for males are mainly higher than for females, although the gender differential is explained by the concentration of women in the lower levels of the service. Lower wages in the private sector may be explained by a lower requirement for formal educational qualifications.

#### 4. Women in Agriculture

In 1971, the rural labor force participation rate for women was about 32 percent above that of urban women. The changing nature of rural women’s work, however, had reduced this differential to 16 percent by 1995. Women’s employment in agriculture has declined relative to that of men since 1971, reflecting industrialization over the past three decades and the impact of female rural-to-urban migration (Table 16). Eighty-two percent of women were engaged in agriculture in 1971, but the rate had dropped to only 40 percent by 1995. Among rural women, labor force participation rates are highest (approximately 80 percent) in the older age groups of 30-34, 35-39, and 40-49.

**Table 16: Agricultural Workers by Sex**

| Year | Males     | Females   |
|------|-----------|-----------|
| 1971 | 6,745,820 | 6,302,710 |
| 1983 | 9,055,200 | 8,352,800 |
| 1993 | 8,196,700 | 6,097,600 |
| 1998 | 6,982,700 | 4,657,200 |

*Source:* Labor Force Survey 1971, 1983, 1993, 1998, National Statistics Office.

Land policy in Thailand has involved the redistribution of land from large to small farmers. Most farm households hold small plots of land, although many farmers in the North and Northeast lack legal title to their smallholdings. Farms are usually under five hectares. They are mainly cultivated using labor-intensive methods with low levels of mechanization. In the period 1988-1990, the incidence of poverty was greatest among farm households with land holdings of less than 5 rai (0.8 hectares), and continues to be lowest among farmers with land holdings of 20 rai (3.2 hectares). Farm size is probably less significant than the quality of land. Even farmers with 20 rai may be poor in the Northeast, where soils are bad and periodic droughts occur. In poorer regions, the modernization of agriculture on small farms has led to higher input costs, which offset any gains in income.

Overall, farm incomes contribute less than half of total farm household income. Off-farm activities typically include local wage labor, petty trading, handicraft production, and—increasingly in poorer regions—both seasonal and longer-term labor migration. Women play a major role in rural systems of production and income generation. Among agricultural smallholders, every member of the

family, regardless of age and sex, contributes to production, and women play important roles in all farming systems in Thailand. As opportunities for wage or self-employment outside rural households increase along with modernization of the economy, employment participation rates among rural women are becoming similar to those in urban areas.

Agricultural industries are the basis of some 25 percent of manufacturing activities. Thailand is the world's largest producer of rice, tapioca, and rubber, and a leading producer of sugar, shrimp, and canned fish—all female labor-intensive industries.

## 5. Women in Small Businesses

The high proportion of women classified as unpaid family workers disguises the nature of their role in the economy. In rural areas, non-farm income contributes more than 50 percent of the total income of poor families.<sup>5</sup> Off-farm income has become a major component of the informal economy. Large numbers of women commute or migrate to provincial towns and cities to work as hawkers, food vendors, and domestic workers. A 1989 survey of hawkers and vendors conducted in Chonburi province found that 81 percent were women, among whom 65 percent were married, 13 percent single parents, and 21 percent unmarried.<sup>6</sup>

In the informal service sector, domestic workers are estimated to number over two million in the greater Bangkok area, and are estimated to remit B1,000 million to rural households each year.<sup>7</sup> Home-based subcontracting and small industries are another major source of informal economic activity, producing silk, textiles, garments, artificial flowers, wood carvings, umbrellas, and basketry, processing seafood, and cutting gems. Women workers predominate in these industries.

The capacity of both rural and urban businesswomen to enter the formal business sector is hindered by obstacles to obtaining credit, as well as lack of commercial skills and knowledge. Many female small business operators find it more difficult than their male counterparts to expand their businesses because they lack collateral,<sup>8</sup> or other requirements make it harder for them to obtain financing from formal lending agencies.<sup>9</sup>

Informal credit institutions proliferate throughout Thailand, ranging from high interest, short-term money lending to small savings and loans associations and tontines. Patron-client relations are a common feature of the rural economy in a system by which merchants, as patrons, advance money to rural producers or producer groups, the clients, to produce a specified crop or product. In return, the clients are required to sell to the patron at a price he or she determines. This system impedes the development of a free market economy in many regions, but poor farmers and small producers accept it because it provides them with seed capital for farming and other enterprises. The system flourishes in the absence of other means of obtaining affordable credit.

Women usually manage family finances in Thailand. Their access to credit differs in the informal and formal financial sectors. Informal credit is accessible to women. Money-lenders in rural areas often

<sup>5</sup> Thompson, Suteera and Bhongsvej, Maytinee. 1995. *Profile of Women in Thailand*. Gender and Development Research Institute.

<sup>6</sup> Gender and Development Research Institute, 1989.

<sup>7</sup> Ibid, 1991

<sup>8</sup> While this statement may be contradicted by the fact that women are as likely as men to own farms and houses in most rural areas of Thailand, factors such as lack of legal title to land, or the perception of custodianship over land and houses prevent most rural women from using such property as collateral.

<sup>9</sup> Napat Sirisambhand. 1996. *Social Security for Women in the Informal Sector in Thailand*. Friedrich-Ebert-Stiftung, Bangkok.

demand evidence of a wife's knowledge before approving a loan requested by her husband. This is because women are known to control family expenditure, and women are considered more credit-worthy for the disbursement and repayment of loans.

Subsidized finance provided by international development agencies usually flows through formal financial channels and tends to be inaccessible to the poor. In the formal financial sector, commercial bank officers are commonly reluctant to grant the small loans that women most often seek, due to the cost of administrative overheads. Women who seek loans in their own name are also impeded by bank regulations that require that loan agreements be entered into with the head of the household, which is assumed to be the husband.<sup>10</sup> The occupational classification of women as unpaid family workers works against their eligibility for credit as it implies, incorrectly, that women are not joint heads of households. Thus only women who are widowed, single, separated, or divorced, and who are also in possession of assets, qualify as heads of households and are able to enter into loan contracts in their own right.

The Bank of Agriculture and Agricultural Cooperatives (BAAC) has 2.5 million agricultural households among its clients. For small-scale lending, it encourages the formation of farmer groups of five to ten members, and accepts guarantors in lieu of collateral (thus reinforcing the patron-client linkages referred to above). Women are only a small minority of BAAC clients, because borrowers must be farmers and women are less readily considered eligible to borrow than men according to this criterion.

Government agencies assisting women include the Department of Industrial Promotion, Ministry of Industry, which has a revolving fund accessed mainly by women. Loans range from a minimum of B50,000 to a maximum of B200,000 at an interest rate of eight percent, and are confined to handicraft enterprises. Other agencies providing small loans to women are the Department of Public Welfare, Ministry of Labor and Social Welfare, which assists women's groups, and the Government Savings Bank, which provides loans for rural development, including agricultural processing activities by women.

The rise in interest rates from 1997 will probably affect women's capacity to borrow for business development, suggesting the need for expanded microcredit facilities targeting women, particularly in the poorer rural regions and low-income urban areas.

## **6. Female-headed Households**

In 1992, 16.8 percent of Thailand's population lived in households headed by women. In 1988, 33.4 percent of male-headed households were poor compared to only 28.7 percent of female-headed households. This figure contradicts the common pattern of greater poverty among female-headed households, however, it may be explained by the fact that female-headed households are disproportionately located in Bangkok and its vicinity, where incomes per capita are considerably higher. During 1992-94, the percentage of poor male-headed households declined in relation to female-headed households; and in 1994, the percentage of poor in the two types of households was similar. The percentage of poor households is greatest among those in which the household head is aged 70 or older, in both rural and urban areas. Since women have greater life expectancy, this may indicate that households headed by elderly women are the most disadvantaged.

## **7. Social Security**

Population estimates show that the proportion of the population in the older age groups will increase from 5 percent in 1980 to 9 percent in 2010 and 13 percent in 2020. The proportion of women in

<sup>10</sup> Napat Sirisambhand. 1995. *Hidden producers in Bangkok Metropolis: Women in the Urban Informal Sector*. Friedrich-Ebert-Stiftung, Bangkok.

the 60-64 age group who were divorced, widowed, or separated in 1980 was almost four times higher than men in the same age group (37.7 compared to 10). Women are more likely to live alone in their later years due both to their longer life expectancy, and because they are less likely to remarry than men following either the divorce or the death of their spouse. These figures indicate that the problems of an aging population are greater for women.

Currently, Thailand has a partial social insurance scheme on a wage and salary deduction basis. It covers only eight percent of the total workforce and is only available to government officials, public enterprise employees, and large private establishments. Some 20 million people in Thailand have little or no health coverage under current schemes. The Free Care Scheme for low-income families provides a very limited level of assistance, in contrast to the subsidy to civil servants, which is four times higher. Civil servants also have a recently strengthened pension scheme, while the general public have little in the way of social security. With the decline in the solidarity of the extended, traditional social safety net, older people will have to rely on their own savings, their children, or prolonged participation in the labor market.<sup>11</sup> Because of women's longer life expectancy and more marginal economic situation in the formal economy, women will bear most of the undesirable consequences of these trends.

For those facing unemployment as a result of the economic crisis and industrial restructuring, interim social security assistance will be vital. In the longer term, Thailand must formulate a broadly-based pension system, substantially on a self-funding, provident basis.

#### **D. Economic Growth and Rural-to-Urban Migration**

Three systems characterize Thailand's agricultural sector: commercially-oriented rice production in the central plains; high value plantation crops in the south; and subsistence farming on uplands and infertile, deforested plains in the north, northeast, and some areas of the south. Subsistence farming is associated with poverty, outward migration and environmental degradation because of its low productivity. Typically, farmers are without legal title and produce low-value crops. The portion of the population engaged in this type of agriculture may be as much as 20 percent, and includes almost all of the 13 percent of the country's total population living below the poverty line.

Poverty, rising urban labor demands, and changes to traditional agricultural systems that mean increased input costs among smallholder farmers in the poorer regions have spurred labor migration to Bangkok and other urban centers. Young women are particularly affected. Their labor on the family farms has become less valuable than their capacity to earn income, but the opportunities to earn that income are far from home. The high level of female rural-to-urban migration may be explained not only in terms of the demand and preference for cheap female labor by certain industries, but also by cultural emphasis on the duty of a daughter to serve her parents.

Although the overall male to female sex ratio of migrants in 1993 was 123 males for every 100 females (Table 17), these figures are misleading in terms of actual gender patterns. Analysis of the age structure of migrants to Bangkok shows that, in the youngest age group (11-19 years), there are more than twice as many women than men. About three-quarters of women migrants to Bangkok are single, migrate alone, and come in search of employment.

**Table 17: Migrants by Sex and Area of Origin, 1993**

| Area of Origin | Female         | Male           | Total            |
|----------------|----------------|----------------|------------------|
| Urban          | 833,400 (11.6) | 833,900 (11.7) | 1,666,900 (23.3) |

<sup>11</sup> Ibid.

|                      |                         |                        |                          |
|----------------------|-------------------------|------------------------|--------------------------|
| Rural                | 2,365,400 (33.1)        | 3,115,100 (43.0)       | 5,480,500 (76.7)         |
| <u>Whole Country</u> | <u>3,198,400 (44.7)</u> | <u>3,949,00 (55.3)</u> | <u>7,147,400 (100.0)</u> |

*Source:* Derived from Labor Force Survey, February 1993, National Statistics Office.

The gender differences in the age of migration highlight the different incentives for male and female labor migration, which are not fully revealed by official statistical measures such as those presented in Table 18. For young women, the imperative is to earn money to send home to their family in the villages. Most see labor migration as temporary and expedient, and expect to return home and settle down eventually after discharging their obligation to their parents. In practice, however, many remain in minimum-wage industrial jobs for decades.

**Table 18: Migration by Sex and Purpose of Migration, 1990**

| Migrants            | Study             | Family Reasons     | Seeking work       | Returning home or changing residence | Ordination and other | Unknown            | Total                |
|---------------------|-------------------|--------------------|--------------------|--------------------------------------|----------------------|--------------------|----------------------|
| Female<br>(percent) | 85,838<br>(48.17) | 848,868<br>(58.01) | 503,951<br>(41.18) | 87,198<br>(37.08)                    | 16,209<br>(7.37)     | 218,118<br>(48.28) | 1,760,282<br>(46.67) |
| Male<br>(percent)   | 92,256<br>(51.83) | 616,434<br>(41.99) | 719,905<br>(58.82) | 147,967<br>(68.92)                   | 203,587<br>(92.63)   | 233,667<br>(51.72) | 2,011,916<br>(53.33) |
| Total               | 178, 194          | 1,463,402          | 1,223,856          | 235,165                              | 219,796              | 451,785            | 3,772,189            |

*Source:* 1990 National Census, National Statistics Office.

Young female labor migrants tend to spend little time searching for the best job opportunities, or in learning new skills, because their primary motivation is to start earning as soon as possible in order to remit to their parents. They tend to take whatever work is immediately available, change jobs frequently, and rarely unionize. The highest labor demand for young women is in the manufacturing and service sectors, the latter including the commercial sex industry.

In contrast, male labor migrants (other than those who migrate during the dry season to supplement their income) are more likely to migrate in quest of a new, long-term livelihood. They tend to change jobs for strategic reasons, aiming to profit from the move. Employers who invest in training their workers are therefore more likely to select men, rather than taking the risk of losing their investment in female migrant workers.<sup>12</sup>

### E. Gender Implications of Changes in Poverty Levels

The expanding economy lifted the majority of Thai people out of poverty. The proportion of the population whose income was below the poverty line fell from 57 percent in 1963 to 9.6 percent in 1994.<sup>13</sup> However, the benefits of economic growth have been uneven, and there are sharp differences between the city and the countryside, particularly between the poorest region and the capital city. In the Northeast, where one-third of the Thai population live, 45 percent of its population were in poverty in 1975, compared to eight percent among Bangkok's population. In 1992, the disparity remained, about one in five persons in the Northeast remained in poverty, in contrast to just one in 100 persons in Bangkok.

<sup>12</sup> Pawadee Tonguthai and Umaporn Pattravanich, op. cit.

<sup>13</sup> Nanak Kakwani and Medhi Krongkaew. 1996. *Some Good news on Poverty and Income Inequality*. The Bangkok Post Economic Review.

Using another poverty measure based on patterns of household food consumption,<sup>14</sup> poverty incidence was shown to have risen from 13 percent to 33 percent in 1992, with the incidence of poverty in the Northeast affecting more than half of its population, while in Bangkok the incidence of poverty was two percent.

The new set of figures revealed that the drop in poverty between 1992 and 1994 was larger than previously estimated—from 23.1 to 14.3 percent. In rural Thailand, it was down from 29.8 to 18.7 percent in those same two years, being most pronounced in the Northeast, where it dropped from 40.7 to 25.1 percent. The remittance income received from daughters is clearly a factor; further, the new poverty line is more receptive to price changes, particularly that of food. The measure suggests that if food prices stabilize and household incomes continue to increase, poverty incidence should continue to decline.<sup>15</sup>

The reduction in the incidence of poverty was not accompanied by a more equitable income distribution. In 1988, 54 percent of national income went to the richest 20 percent while the poorest 20 percent received only 5 percent. By 1992, the share of the richest groups jumped to 59 percent while the share of the poorest dropped further to just below 4 percent. Another measure of income inequality, the Gini coefficient, was calculated to be 0.485 in 1988, rose to 0.536 in 1992. A later socioeconomic survey indicated that the Gini coefficient has dropped to 0.525 in 1994, and was predicted to drop to 0.497 in 1996 (Table 19). These changes were partly attributed to policies to decentralize growth by providing improved infrastructure and through investment promotion that highlighted the lower cost conditions in the countryside.<sup>16</sup>

**Table 19: Income Share by Quintile Group and Gini Coefficient: 1988, 1992, 1994, and 1996**

|                  | 1988  | 1992  | 1994  | 1996  |
|------------------|-------|-------|-------|-------|
| Quintile 1       | 4.60  | 3.94  | 3.99  | 4.49  |
| Quintile 2       | 8.13  | 7.02  | 7.29  | 7.88  |
| Quintile 3       | 12.46 | 11.06 | 11.60 | 12.10 |
| Quintile 4       | 20.66 | 18.95 | 19.60 | 20.14 |
| Quintile 5       | 54.16 | 59.04 | 57.52 | 55.38 |
| Top/Bottom ratio | 11.80 | 15.00 | 14.40 | 12.30 |
| Gini coefficient | 0.485 | 0.536 | 0.525 | 0.497 |

*Source:* Nanak Kakwani and Medhi Krongkaew, *Some Good News on Poverty and Income Inequality*, Bangkok Post Economic Review 1996.

Labor migration has increased over time both in number and frequency, with much of the movement being seasonal or temporary but repeated.<sup>17</sup> Every year, hundreds of thousands of migrants leave their homes in the dry season, half of them heading for Bangkok. The building boom attracted young couples who left their children with relatives in their villages to work as construction laborers for varying periods of time. The number of rural-to-urban migrants estimated for 1997 was almost one million. Thailand's problems of poverty-linked labor migration, particularly the migration of young women, suggests the need for a two-fold approach. The first is the decentralization of industries and a targeted program of industrial development in poor regions. The second is for programs that address social development and improvement of rural services to improve quality of life, particularly for the poor.

<sup>14</sup> Medhi Krongkaew. 1995. *Thailand: Poverty Assessment Update*. Bangkok.

<sup>15</sup> Kakwani and Krongkaew, op. cit.

<sup>16</sup> Ibid.

<sup>17</sup> Chintana Pejaranonda, Sureerat Santipaporn and Philip Guest. 1995. Rural-Urban Migration in Thailand. In *Trend, Patterns and Implications of Rural-Urban Migration in India, Nepal and Thailand*, Asian Population Studies Series, No. 138. UN-ESCAP.

**Table 20: Poverty by Occupation of Household (%)**

| Occupation            | 1988 | 1990 | 1992 | 1994 |
|-----------------------|------|------|------|------|
| Professionals         | 2.4  | 1.0  | 1.1  | 0.7  |
| Executives            | 0.0  | 2.9  | 2.0  | 3.1  |
| Clerical workers      | 2.5  | 0.9  | 0.7  | 0.1  |
| Sales workers         | 8.3  | 6.9  | 5.4  | 3.1  |
| Service workers       | 6.0  | 6.6  | 3.4  | 2.3  |
| Agriculturalists      | 45.6 | 38.6 | 35.7 | 26.6 |
| Laborers              | 13.6 | 11.0 | 6.1  | 5.1  |
| Economically inactive | 32.9 | 27.2 | 22.3 | 14.6 |
| All households        | 32.6 | 27.2 | 23.2 | 16.3 |

Source: Nanak Kakwani and Medhi Krongkaew, Some Good News on Poverty and Income Inequality, Bangkok Post Economic Review 1996.

## F. The New Economic Environment

The key issue for Thai women is an economy that has become dependent on world trade and investment conditions. The globalization of manufacturing production and changes in technological and demand conditions have forced producers to make adjustments to remain competitive in the world market. Producers in labor-intensive industries who face rising labor costs and skill shortages in Thailand are looking for alternative sites. Before the 1997 economic crisis, there was already concern among investors over rising costs of production within Thailand in comparison with neighboring countries of the Mekong region, where workers will accept lower wages.

To compensate for the greater cost of production in Thailand, the trend is now toward upgrading production facilities and accelerating the introduction of new technology.<sup>18</sup> The Government created a B2.5 billion fund in early 1997 for three-year soft loans to assist approved producers to upgrade their facilities and production technology. A constraint for many industries in investing in new technology has been sluggish sales or lack of capital. The devaluation of the baht will effectively increase the profitability of those export manufacturers who do not rely on imported materials. Technological upgrading has been opposed by employee representatives, who fear the consequences of a reduced demand for unskilled labor, although studies have so far found little relation between the introduction of new technology and labor lay-off. The technological upgrading of Thailand's industries aims to improve quality, add value, and access new markets, rather than just cut costs and increase productivity.<sup>19</sup> However, it will reduce demand for low-skilled young women migrant workers from poor provinces. As families in such provinces have become dependent on remittances, those already at the greatest disadvantage in Thailand's economy will suffer severe hardship as a result of these inevitable economic trends.

### Box 1: Defining Poverty in Rural Areas<sup>20</sup>

<sup>18</sup> Joint Public-Private Committee for Solving economic problems. 1995. *A White Paper on Increasing International Competitive Capability*.

<sup>19</sup> Nipon Paopongsakorn, et.al. 1996. *Final report on Impact on Labour of the Introduction of New Production Technology; a case study of the textile industry*. Thailand Development Research Institute.

<sup>20</sup> Robert Chambers, 1995. *Poverty and Livelihoods: Whose Reality Counts?* Discussion Paper 347. Institute of Development Studies, Sussex.

The word “poverty” is used in two ways. In development it refers to a wide range of situations of relative deprivation and disadvantage. It also has a more narrow “economic” meaning, attached to measurable income and consumption. Even non-monetary income and consumption can be measured in this definition, by attaching a monetary value to them. This permits comparisons to be made within countries and between countries on a worldwide scale. In the narrow meaning, poverty means low comparative levels of income and consumption.

The economic meaning of “poverty” is useful in urban industrialized economies, but it is not so useful for recognizing poverty in countries with large rural populations, as in Thailand. Another problem with such a definition is that it measures jobs in terms of productive employment and jobs rather than the wider idea of “livelihood”. Livelihood refers to the means of gaining a living, including capabilities, and assets. Most livelihoods of the poor are based on many different activities and sources of food, income and security. Livelihood is harder to measure than income and consumption. Methods of participatory rural appraisal use different tools to assess poverty in a community. It examines peoples’ own assessment of “wellbeing” (experience of good quality of life). Some of the commonly found international criteria that reduce wellbeing among rural people are:

- Being disabled (blind, crippled, mentally impaired, chronically sick);
- Being widowed or being a single parent
- Lacking land, livestock, farm and other productive equipment;
- Being unable to decently bury or commemorate their dead;
- Being unable to send their children to school;
- Having more mouths to feed and/or fewer hands to help;
- Lacking able-bodied members to look after families in times of crisis;
- Living in bad housing;
- Addictions such as alcoholism and drug dependence.
- Lacking social support from family;
- Having to put children into employment;
- Having to accept demeaning or low status work;
- Having food security for only a few months each year;
- Being dependent on common property resources.

Textile production, for example, has now become automated and capital-intensive. Technological innovations have penetrated all phases of production, leading to greater machine speeds and improved product quality and design. The labor market impact has been to reduce the proportion of unskilled workers while increasing that of technical and skilled personnel. The degree of automation in the garment subsector is still much lower than in textiles, but major changes are already occurring in organizational arrangements. Buyers and suppliers cooperate closely in both production and design to reduce the time lag between order and delivery and increase responsiveness to changes in demand. Some manufacturing subsectors, such as data control, programming, and supervisory activities demand a high degree of skills or entirely new types of skills, necessitating the retraining of existing workers.

Firms seeking to achieve greater flexibility and minimize the fixed cost portion of labor have reduced the number of permanent workers, especially those with low skill levels, retaining only well-trained, multi-skilled workers on a permanent basis.<sup>21</sup> Tasks that require a large proportion of low-skilled labor are subcontracted to smaller firms or to home-based workers. Women workers, particularly those

<sup>21</sup> Gijsbert van Liemt. 1992. Introduction. In Gijsbert van Liemt ed. *Industry on the Move: Causes and consequences of international relocation in the manufacturing industry*. Labour Office, Geneva.

who are married with young children or are in the older age groups, predominate among out-workers.<sup>22</sup> While subcontracting allows women who are married or household-heads the flexibility to combine paid work with household duties, it also has the effect of reducing their earnings and job security.

The likely reduction in demand for low-skilled workers in the future will have a significantly greater negative impact on women than on men, due to the niche women occupy in the manufacturing sector.<sup>23</sup> For example, since women comprise more than 90 percent of the sewing section, computerized processes in the garment industry will replace a large number of women workers. Although existing workers will be trained to familiarize them with new technology, employers prefer workers with some technical background or higher level of education, and women are less likely to meet that requirement than men.<sup>24</sup>

The devaluation of the baht will have negative effects on the electronics industry, which imports 90 percent of its components. This industry is a major employer of young female labor. On the other hand, it should encourage tourism, which increased from 81,340 visitors in 1960, with earnings of B196 million, to around 6 million visitors in 1993, with earnings of B145,211 million. The tourism industry is a major employer of women service workers. The negative side of tourism is its association with Thailand's flourishing sex industry, which recruits women mainly from the poorer regions of Thailand and, increasingly, young women from poor neighboring countries as the opportunity cost to Thai women increases. While prostitution is not necessarily a dishonorable profession in Thailand, the number of women in this occupation grew rapidly during the Indo-China war, and this growth has been sustained by tourism.

The most problematic aspects of the trade are the trafficking in young girls for the purpose of prostitution and the associated HIV/AIDS epidemic. There is a close connection between rural poverty, low education, and prostitution. Improvements in education and employment opportunities for women are therefore essential strategies to reduce the spread of HIV/AIDS.

The decline in labor demand in some subsectors of the manufacturing sector arising from both the forces of globalization and the economic crisis of 1997 will have a major impact on marginal farming areas such as the Northeast, where 36.6 percent of the population live, and where livelihood prospects are lowest. These areas have become heavily dependent on the wage remittances of young female industrial workers and the savings of seasonal labor migrants. A decline in the labor market will increase the already disproportionate poverty levels in these areas.

The poorer areas also have less equitable access to state services for health and education. Six percent of school children remain outside the educational system in remote rural areas. Public expenditure cuts may increase the existing problems of unequal coverage between urban and rural areas, unless express efforts are made to ensure improved public well-being in the poorer regions.

A further impact on the labor force will be a decrease in public sector employment. Thailand has a large public sector, which has traditionally been a preferred source of employment for men and women, as civil service positions carry higher wages, considerable prestige, and job security. The streamlining of the public sector and the corporatization of many of its functions will be a necessary element of

<sup>22</sup> Network of Women in the Informal sector. 1996. *The Informal Sector Workers and Thailand's Economic Development*. Bangkok, draft mimeo.

<sup>23</sup> Churairat Chandamrong (ed.). 1994. *Impact of Technological Changes on Employment Situation of Women Workers in the Thai Textile Industry*. Thammasat University, Bangkok.

<sup>24</sup> Pawadee Tonguthai and Umaporn Pattravanich. 1993. Employment and Mobility in the Bangkok Labour market with Special reference to Women in the Manufacturing Sector. In *Promoting Diversified Skill Development for Women in Industry*. UN-ESCAP. Bangkok.

Thailand's recovery program but will, in the short term, increase unemployment and poverty, and reduce standards of living. While the impact of state sector reform will be felt by men and women alike, women are more numerous in the civil service, mainly in lower level occupations, and are likely to experience disproportionate levels of retrenchment. The provision of voluntary retirement conditions carrying early retirement packages will assist women to adjust to these changes and will encourage local investment, which may increase women's involvement in the private sector.

Approximately 80 percent of the labor force have only primary education or less. Thailand has a shortage of skilled labor, particularly scientists, engineers and technicians.<sup>25</sup> Accordingly, skilled workers have gained bargaining power and their wages have been rising at approximately 7-8 percent annually, without associated rises in productivity. This is another factor which is encouraging producers to look outside Thailand to countries such as PRC and Vietnam, where the cost of skilled labor is lower. This reflects a lack of investment in the improvement of secondary education standards and the expansion of higher education, particularly in the fields of science and technology<sup>26</sup>.

Although women have achieved near parity with men in overall educational participation rates, they tend to specialize in different subjects to those chosen by men, to their disadvantage. Their achievements in education are not reflected by equal labor force participation as women tend to be concentrated in low-skill, low-wage occupations in the service and manufacturing sectors. Women generally have lower levels of marketable vocational skills than men. This is a major barrier to their benefiting from current and future opportunities in the labor force and in self-employment. Increasing women's access to technical and non-traditional skills training and re-training on-the-job must be given highest priority, including the use of affirmative action measures.<sup>27</sup>

To enable workers to make a quick and smooth transition from labor-intensive manufacturing to higher technology and service-oriented work, an educational background of at least high school is essential. This has already been proven in the case of the East Asian newly industrializing economies.<sup>28</sup> It is likely that education will be the major barrier keeping Thai women from taking advantage of new opportunities. Human capital formation, emphasizing secondary level education and increasing women's access to technical and non-traditional training, must be given highest priority.

Women workers not only have low levels of education and skills, but are also given less opportunity for training than men, making them disadvantaged in the manufacturing sector and ill-equipped to face the new challenges of globalization. A wide range of education, training, and retraining programs are urgently needed to facilitate their skills acquisition and their integration into the labor force for the next stage of industrialization.

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<sup>25</sup> Thailand Development Research Institute Foundation. 1997. *A Final Report on Demand for Skilled Labour During the Eighth Economic and Social Development Plan (1997-2001)*.

<sup>26</sup> Pawadee Tonguthai. 1995. Asian Women in Manufacturing: Old problems, New Challenges. In Mihaly Simai (ed.) *Global Employment: an analytical investigation into the future of work*. Zed Books and UN university press, Tokyo.

<sup>27</sup> Thailand's Combined Second and Third Report to the Committee on the Elimination of All Forms of Discrimination against Women, National Commission on Women's Affairs, Thailand, Bangkok, July 1996.

<sup>28</sup> Pawadee Tonguthai. 1995. Asian Women in Manufacturing: Old Problems, New Challenges. In Mihaly Simai (ed.) *Global Employment: An Analytical Investigation into the Future of Work*, Zed Books and UN University Press, Tokyo.