

CHAPTER II

GENERAL CONDITION OF LABOR IN THAILAND

This chapter describes about general condition of labor in Thailand, including geography, general profile of labor, background of labor, Structure of the labor force, Thai labor movement, labor and Thailand's political, and Thailand a labor market profile. This chapter ends with the summaries of general condition of labor in Thailand and including geography.

Labor relations are consider the study of the relationships existing in the workplace between employers and workers or between workers, and the organizations that represent employers and workers, the government, and other types of institutions in society as a whole. In addition, the field of labor relations includes the study of personnel management, collective bargaining, labor laws, and social insurance systems. Hence, understanding all of the sub-fields of labor relations as mentioned above would provide us with insights. The real world of work and how to solve the problems existing within such a world such as workplace disputes between employers and labor unions, strikes, and lockouts, to promote fairness, efficiency, and a satisfying relationship between the two parties as well as to foster win-win solutions for the labor-management problems in the workplace.¹

¹ The Thai Labour TDRI. Somkeit.October. Page 4-6. (Accessed 10-01-2017)

A. The History of Labor

1. Background of Labor

Labor force statistics have been compiled by the National Statistical Office since 1963, when the survey was initiated. The year 1984-1997, three rounds of the survey for the whole kingdom had been conducted each year. The first round enumeration was held in February coinciding with the non-agricultural season, the second round was normally held in May in with new labor force come from students who just finish their schooling and the third round was held in August, during the agricultural season. Commencing from the year 1998, another round of the survey in November was conducted.

Due to the increasing demand of data for formulating plans and policy at provincial level, the National Statistical Office expanded sample size to propose statistical data at provincial level commencing from survey in February and August, 1994. For the fourth round in November 1998, the data was presented at the first time and at provincial level. After the economic crisis in the mid of 1997, the need of labor force data for planning and policy making were more in demand. In the year of 2001, the survey was conducted monthly.

The survey data of three months were combined to present the quarterly. Data of February, May and August were presented in order to compare with the previous labor force survey. From September 2001, data

were presented monthly. Beginning from the survey in January 2001, 5 items had been revised; age of persons in labor force was adopted from 13 years of age and over to 15 years of age and over in order to agree with the child labor law. The standard classification of occupation, industry and employment status were adopted, and area of local administration which the former sanitary which were included in non-municipal area were presently included in municipal area. The main objective of this survey is to estimate the number and characteristics of the labor force in the country and indifferent regions periodically.²

2. Structure of the labor force

The labor force structure is classified by employment status, industry and occupation. Employment Status Over 1990-2008, there was the labor movement from the unpaid family worker status to the private employee status. In 1990, the share of private employee was 22.9 percent and increased to 34.6 percent in 2008 at the growth rate of 3.6 percent, while the share of unpaid family worker was reduced from 39.6 percent to 22.1 percent, the only work status that having a negative growth rate of 2.0 percent. Employer increased the most at 5.4 percent with share of 2.6 percent in 2008, while government employee raised 3.8 percent with share of 7.9 percent. Own Account worker, primarily agriculturists increased 1.5 percent with share of 31.7 percent. Public enterprise employee with share of 1 person had the lowest positive growth rate of 1.1 percent. The migration

² National Statistical Office. Thai Labour. From: http://web.nso.go.th/en/survey/lfs/lfs12_q1.htm (Accessed 10-01-2017)

among employment statuses over 1990-2008 was in line with the migration between the formal sector and the informal sector as Thailand industrializes. Over 1990-2008, the formal sector consisting of the public sector and large private firms had become more dominant sector increasing from 29percent to 44 percent while the informal sector such as unpaid family member and own account workers reduced from 71 percent to 56 percent.

Over the past two decades, total population each year had increased continuously at an increasing rate of 1.0 percent over 1990-2000 and of 0.8 percent over 2000-2008. Nevertheless, there had been changes in population structure, especially of the young and the old. The children population aged less than 15 had been declined from a third of the population to a one-fourth of the population. The elderly population aged 60 and over had been increased from 6.1 percent in 1990 to 11.2 percent of the population in 2008. Although the elderly population had increased to more than 11 percent in 2008, working population aged between 15 years old to 60 years old had increased continuously from 58 percent in 1990 to 67 percent in 2008, resulting in a reduction of age dependency ratio from 0.65 to 0.48.

Amidst increasing working population over the two decades, there have been changes in the age structure of the population. In 1990, the biggest age group was population aged between 10-14 comprising 12.4percent of the population. In 2000, the largest age group was

population between 20-24 age groups comprising 9.3 percent of the population. In 2008, the top group was population aged between 10-14 comprising 8.8 percent of the population. Although age groups of children population were largest in 1990 and 2000, these groups were less dominant in 2008. Over 1990-2008, the growth rates of young population aged 0-24 were negative, but the growth rates of age groups of the old population aged 65-75 were more than 4 percent; population aged 76 and over were higher than 5 percent. Population in Thailand has been getting old over this period. The median age was projected to increase from 29.4 in 1990 to 36.3 in 2010.

The total estimated population of about 38.7 million was in the labor force. Of these, about 65.9 percent were residing in non-municipal areas and about 54.7 percent were males. The “current labor force”, that is the currently active; either employed or was available for employment during January - March 2012, was about 38.3 million. Since the survey period was in the agricultural season, the number of the seasonally inactive labor force was about 441,800 persons. This number will increase when the survey is conducted in non-agricultural season.³

B. General Condition of Labor in Thailand

Thailand’s labor force stood at 38.5 million. Unemployment rates remained very low at 0.88 percent. Unemployment among youth (15-24 years old) stands at 2.5 percent, which is higher than for adults (> 25 years

³ Chairat Aemkulwat & Chulalongkorn University. 2015. Labor Force Structure Change and Thai Labor Market, 1990-2008. Page 8-12. (Accessed 10-01-2017)

old) at 0.4 percent. Despite being a middle-income country, 55.9 percent of the labor force worked in the informal sector with limited protection under labor laws and the social security system. The number of workers in the informal sector has however, gradually declined from 62.3 percent during 2010-2013 to 55.9 percent in 2015.

This was partly due to the Thai government's policy to promote formal sector employment, an increase in the daily minimum wage, and a reduction in the numbers of workers with lower levels of education. The majority of those in the informal sector worked in agriculture (56.0 percent), trade and services (32.9 percent), and manufacturing (11.1 percent). Thailand's fertility rate has been very low, averaging 1.4 in the years 2010 - 2015, which ranks as second lowest among ASEAN countries after Singapore. Thailand could experience negative population growth by 2025 and it has faced labor shortages in many sectors, especially those requiring low-skilled labor. The National Economic and Social Development Board (NESDB) reported that the country suffers from a skill mismatch between market demands and educational preparation. The share of newly graduated unemployed persons has continued to increase in the past few years, as they are unable to find jobs to match their education background.

Undocumented migrant workers in Thailand remain vulnerable to intimidation, threats, and being cheated by employers, brokers, labor traffickers, and corrupt officials. The Thai government continues to work

with origin countries to legalize undocumented migrant workers and bring in more workers through formal channels. Some origin country governments, however, did not promptly issue identity documents for migrant workers who registered with Thai government in one-stop-service-centers during 2014-2015. Approximately 2.5 million registered workers hold work permits, visas and/or temporary stay permits, which allow them to live and work legally in Thailand. Out of these 2.5 million, however, some 1 million registered workers are awaiting passports/national identification documents issued by Burma and other origin countries.

The 2008 Alien Employment Act requires all foreigners to obtain a work permit from the Ministry of Labor prior to starting work in Thailand. The term “work” is defined very broadly as “working by exerting one’s physical energy or employing one’s knowledge, whether or not for wages or other benefits.” Therefore, volunteer or charity work also requires a work permit. A Royal Decree under the Act also restricted some occupations and professions which are closed to foreigners, such as laborer, goldsmith, farmer, accountant, auditor, engineer, architect, etc.

Employers may dismiss workers for any reason, provided the employer pays severance. In the case of a temporary shutdown of production due to fluctuating market demand or raw materials, the Labor Protection Act requires that employers must pay at least 75 percent of worker’s daily wages on non-working days. The Labor Protection Act provides equal protection to all Thai and foreign workers in Thailand. The

Labor Protection Act also requires that sub-contract employees who perform the same work as direct-hire employees are given fair benefits and welfare, without discrimination. The Labor Relations Act allows private sector workers to form and join trade unions of their choosing without prior authorization, bargain collectively, and conduct legal strikes with a number of restrictions. In addition, the law allows employees in private enterprises with more than 50 workers to establish “employee committees” to represent workers’ collective requests and to negotiate with employers and “welfare committees” to represent workers’ collective requests on welfare problems. Noncitizen migrant workers, whether registered or undocumented, do not have the right to form unions or serve as union officials. Registered migrants may be members of unions organized and led by citizens. In a small number of cases, documented migrants joined unions run by citizens; however, language barriers, lack of understanding of their rights under the law, frequent changes in employment, restrictive labor union regulations, and the segregation of citizen workers from migrant workers by industry and by zones (particularly in border areas such as Mae Sot District) limited the impact of these unions on the migrant labor force.

During 2014, the latest year for which such data was available, the Department of Labor Protection and Welfare reported 149 informal conflicts between employers and employees involving 122,474 employees, a decline from 2013 (146 informal conflicts involving 68,715 employees).

Of these, 125 conflicts were resolved without walkouts, eight were referred to a labor court, and ten continued under departmental processing. Most cases referred to a labor court fell under the categories of unfair dismissal, violations of labor protection laws, breaches of working condition agreements, and wrongful acts by employers and employees. There were reports that employers used various techniques to stop workers' strikes and weaken labor union collective bargaining efforts, including: replacing striking workers with subcontractors; threatening union leaders and striking workers; pressuring union leaders and striking workers to resign; prohibiting workers from demonstrating in workplace compounds or in industrial estate zones; and inciting violence in order to get a court warrant to prohibit protests. Some employers also transferred union leaders and striking workers to different, less desirable positions or inactive management positions (with no management authority) to prevent them from leading union activities. There were reports that some employers supported setting up competing unions to circumvent established unions that refused to accept the terms of agreement proposed by employers.

Some formal sector workers nationwide received less than the minimum wage, particularly in rural provinces. The minimum wage and social security system does not apply to workers in the informal sector and seasonal types of work, such as agriculture. There remained a large income gap between formal and informal employment, with workers in the informal sector receiving lower wages compared to those in the formal

sectors. Most noncompliant employers were small enterprises with fewer than 50 workers. Labor protections also apply to undocumented workers, but many employers did not provide minimum wage to unskilled and semiskilled undocumented migrant workers.⁴

1. Labor and Employment

The National Statistical Office reports that the working population in Thailand consists of 36.54 million people. But statistics from the Social Security Office show that there are only 8, 89 employees who are contributing to and are members of Thailand's social security system. Each group of the Thai labor faces different conditions of work in terms of employment, wages, welfare, security of work and quality of life. For example, as a group, the 3.23 million civil servants (both civilian and military) have more job security and better welfare than that of those working in the private sectors, in spite of their lower salaries. Although civil servants are not supported legally to have rights of assembly and collective bargaining, they are very well taken care of by the state due to the fact that the civil services a long-established institution subject to continuous and sustained development. Public enterprise sector workers are a group of workers who can be said to receive high wages and good welfare services. These workers have developed the capability to organise and negotiate to improve their working conditions. As public enterprises have strong labor organisations, their methods of struggle to demand

⁴ Helping U.S. Companies Export. Thai Labour. From: <https://www.export.gov/article?id=Thailand-labor> (Accessed 10-01-2017)

higher wages and better welfare have become a model for private sector workers to emulate.⁵

2. The Thai Labor Movement

In Thailand, workers' rights to organise and bargain with employers is not yet completely accepted. There is a lack of efficient, effective, and serious measures to promote, protect, and build legal guarantees for these essential rights. In the past, there have been numerous attempts to divide up and dissolve unions and workers, to create division among workers and their representative organisations, and to destroy the general organisation of labor in the country. In many cases, laws have been passed with the clear and undeniable intention of limiting the right of some groups of workers to organise into unions. The Thai government still refuses to ratify International Labor Organisation Conventions 87 and 98 on the right to association, the right to organise and the right to engage in collective bargaining. Although the current constitution of 2007 does contain a provision guaranteeing the rights to organise by all groups of labor, no organic laws have been passed to ensure the serious simple mentation of this right. An important law that has been used as a framework to manage labor relations in Thailand, and to support the right to organise and collectively bargain, is the 1975 Labor Relations Act.

However, this Act does not apply to all groups of labor but only to private sector labor who work under employers - about nine million

⁵ The Thai Labour Movement. SAKDINA CHATRAKUL NA AYUDHYA. October 2010. Page 4-5. (Accessed 10-01-2017)

workers. Public enterprise workers are excluded from the protection of this Act. Since the military coup in 1991 no provisions in any labor law have supported civil servants and state employees rights to organise and bargain, while for labor in the agricultural sector and in the informal economy, there is no law at all that supports their right to organise. As stated, the Labor Relations Act grants the right to organize into formal trade unions, labor federations or labor congresses only to workers with employers or those in the formal sector. From a total of 8.89 million workers who can exercise their right to organise in accordance with the Labor Relations Act, only 330,000 workers, or roughly 3.7% of total labor in the formal sector, are members of trade unions.

In the past, the Thai labor movement had been broadly based, extending its reach to represent both formal and informal economy workers. However, after the passing of the 1975 Labor Relations Act and then its respective enforcement, the trade union organisation became an organisation specifically catering only to those workers with employers. As a result, informal sector workers have been pushed out of the Thai labor movement, resulting in an increased weakness of the movement ever since.⁶

3. Labor and Thailand's Politic

Thailand has been a constitutional monarchy since 1932, but the political system has not undergone development in a continuous manner.

⁶ The Thai Labour Movement. SAKDINA CHATRAKUL NA AYUDHYA. October 2010. Page 5-6. (Accessed 10-01-2017)

Throughout nearly 80 years of democracy, numerous coups aimed at seizing state power by the military and other dictatorially inclined groups took place. As a result, a political culture of democracy has been unable to develop and take root in Thai society. The right of the people to participate in both political and economic decision making processes has not been accepted, even after the mass uprising by the people to overthrow a military dictatorship in 1992. This 1992 overthrow was followed by a form of the political system that led to the drafting in 1997 of a new Thai 'people's constitution' that was eventually overthrown by a military coup in 2006.

The ongoing political crisis that followed the 2006 coup has had a massive impact on Thai society and labor. Since 2005, Thai governments had to use most of their time in office to try to resolve political conflicts and issues important for labor were hardly looked into seriously or ignored entirely. The social split into two opposing sides with little tolerance for different points of view has also brought about a split within the Thai labor movement, with some of its members supporting either the so-called 'yellow-shirts' or 'red-shirts', and some wanting to remain above the conflict altogether. The consequence was that these labor groups became cautious and hesitant in working together.⁷

⁷ The Thai Labour Movement. SAKDINA CHATRAKUL NA AYUDHYA. October 2010. Page 3-4. (Accessed 10-01-2017)

C. Waging Problem in Thailand

Using the minimum wage of Thailand, reflecting the three basic problems, which resulted in the majority of countries are still in poor condition.

1. Inequality of income distribution since most people in the region agricultural income of farmers depends on the price of agricultural products is important. The minimum wage does not cover farmers. Including workers employed in the agricultural sector. The economic inequality is high. Reflect economic fundamentals of Thailand are still dark solids. The foundation also provides low-income individuals. And lack of opportunities to increase revenue. In an economy where inflation the low income groups who will be affected by the rising cost of living.

2. To enforce the minimum wage does not cover. In particular, workers who are employed by small and medium-sized enterprises (SMEs) have been paid less than minimum wage. These workers earn less. And cannot be promoted as an economic middle class. Will be the base for the production and consumption of goods and services as their own this division of labor is in poor condition to 10. Years ago still has workers who do not receive the minimum wage of more than 4 million people, which indicates that labor protection is not yet widely available. Workers received lower wages than the cost of living is a lot. And distributed in Thailand even Bangkok The government's policy to increase the minimum wage to 300 baht as Thailand Workers may not receive the minimum wage. There

are many more if this does not enhance the enforcement of laws protecting workers.

3. Through the extension of the minimum wage cannot keep living. In fact in the past that workers receive the wages grew slower than the growth of inflation. When consider a region Bangkok only to find that only the minimum wage increase over the cost of living.⁸

⁸ ผลกระทบทางเศรษฐกิจจากนโยบายค่าจ้างแรงงานขั้นต่ำ 300 บาทต่อวันและเงินเดือนปริญญาตรี 15,000 บาท. รายงาน TDRI. March 2014. Page 5 (Accessed 25-02-2016)