

Labor Market Transformation in Thailand after Two Decades

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1. Background

After two decades, labor force in Thailand has increased at a faster pace than the population. The population has increased 27 percent from 51.8 million in 1984 to 65.7 million in 2007, while the working population has increased 41.5 percent from 26.1 million to 36.9 million in 2007 in despite of the change in the way that defines persons in labor force from persons eleven years and older to persons fifteen years and older.

Over two decades from 1984 to 2007, there has been labor market transformation in Thailand in various aspects. Between sectors, there is a migration from the agricultural sector to the non-agricultural sector. In the non-agricultural sector, employment has increased by more than twofold from 9.2 million in 1984 to 20.0 million persons in 2007. In contrast, there is a slight decline in agricultural employment from 18.7 million to 14.9 million persons.

To understand labor market transformation in Thailand over two decades, there are major labor market variables that changes over the period, namely, gender difference, age profile, education level, working hours, and wages. These labor market variables can be classified by industry and occupation. Industry may be divided as follows.

- 1) Agriculture
- 2) Mining and Quarrying
- 3) Construction
- 4) Electricity and water supply
- 5) Wholesale and retail trade
- 6) Transportation and communication
- 7) Service
- 8) Manufacturing
- 9) Others

Using International Labor Organization (ILO) standard, occupation can be divided into the following.

- 1) Legislators, senior officials and managers
- 2) Professionals
- 3) Technicians and associate professionals
- 4) Clerks
- 5) Service workers and shop and market sales workers
- 6) Skilled agricultural and fishery workers
- 7) Craft and related trades workers
- 8) Plant and machine operators and assemblers
- 9) Elementary occupations
- 10) Others

Industry can broadly be defined as agriculture, manufacturing, and service. Over 1984-2004, manufacturing and service shares of employment have increased whereas the agricultural share has declined. In Table 1, the manufacturing sector has

increased from 11 percent of employment in 1984 to 21 percent in 2004, and the service sector has increased from 21 percent in 1984 to 37 percent in 2004. The agriculture share had decreased from 68 percent in 1984 to 42 percent in 2004. In the manufacturing sector, construction has increased the most by 197 percent over two decades; in the service sector, services other than wholesale and retail trade and transportation and communication has increased the most by 163 percent

Table 1 Employment classified by industry

	1984	1994	2004
Agriculture	68%	52%	42%
Manufacturing	11%	20%	21%
Service	21%	28%	37%
	100%	100%	100%

Source: Labor Force Suveys, National Statistical Office

What follows are objectives of the study, scope of the study, research methodology, and expected outcomes of the project of labor market transformation in Thailand. Figure 1 provides the conceptual framework of the project.

2. Objectives of the Study

2.1 To investigate and analyze changes in age profile, gender differences, and education classified by occupation and industry over two decades.

2.2 To investigate and analyze change in working hours and wage rates classified by gender, occupation and industry over two decades.

2.3 To analyze and identify changes in working hours and wages classified by workers in exporting and importing industries over two decades.

2.4 To study the impact of social and economic factors, particularly wages, on the change in working hours classified by occupation and industry over two decades.

3. Scope of the Study

3.1 Study age profile, gender differences, education levels, working hours and wage rates of workers classified by occupation and industry in 1984, 1994 and 2004.

3.2 Use Labor Force Survey in 1984, 1994, and 2004 undertaken by the National Statistic Office to obtain values of labor market variables.

3.3 Use top exports and imports to identify exporting and importing industries.

4. Research Methodology

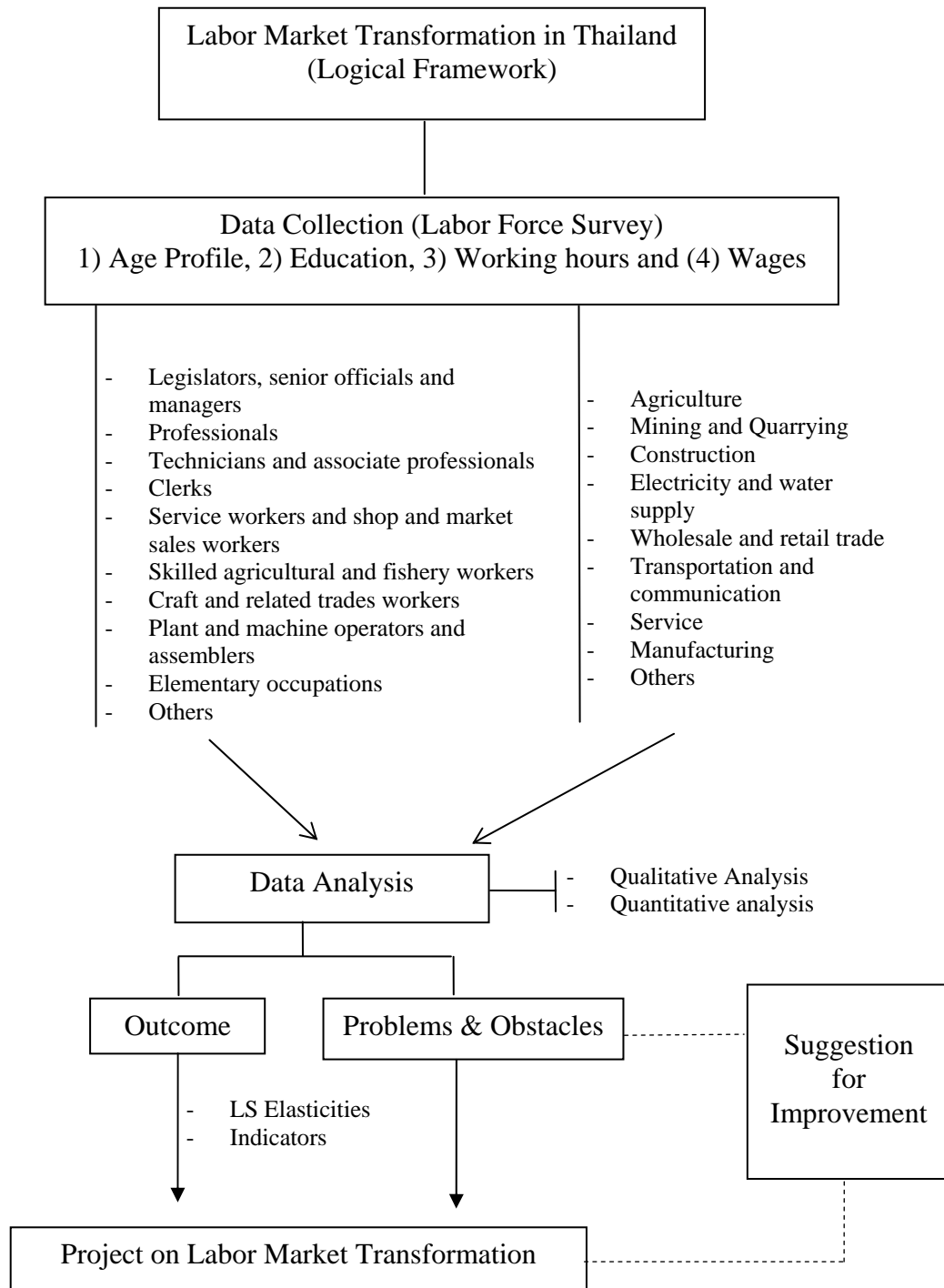
4.1 Review literature on labor markets transformation that pertains to changes in age profile, gender discrimination, education, working hours and wages over two decades

4.2 Collect secondary data from Labor Force Survey (LFS) in 1984, 1994, and 2004 for qualitative and quantitative analysis.

4.3 Use pooled cross Section regression analysis to analyze the impact of wages on hours worked classified by occupation and industry.

4.4 Analyze the impact of wages on hours worked classified by workers in exporting and importing industries over two decades.

Figure 1 Conceptual Framework of Labor Market Transformation



5. Expected Outcomes

5.1 Understand the impact of globalization on wages and hours worked of workers in different occupation and industry

5.2 Obtain various elasticities of hours worked with respect to wages of workers in different occupation and industry.

6. Project Period and Plan of Operations

The project period is about 27 months and is expected to complete by March 2011. Table 2 outlines the tentative plan of operations. The research starts with the review literature on labor market transformation pertaining to working hours and wages over two decades; subsequently, data are collected from Labor Force Survey in 1984, 1994, and 2004. Finally, the quantitative analysis will be conducted in order to obtain expected outcome.

Table 2 Tentative Plan of Operations

Activities	2009				2010				2011
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3
1. Review Literature	←→								
2. Collect and Analyze data from LFS		←→							
3. Prepare Progress Report			←→						
4. Presentation in Cambodia					↔				
5. Collect data for Regression					←→				
6. Analyze and Regress Data						←→			
7. Prepare Preliminary Report							←→		
8. Presentation in Japan									↔
9. Prepare Final Report									↔

7. Research Team

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