Gender parity in employment opportunity and wages benefits individuals as well as society. Parity opens up prospective careers and enables workers to achieve financial independence. It also improves overall productivity, increases workers’ incomes, and enhances their ability to save and to contribute to social welfare.

Findings

The raw gender wage gap\(^1\) in Thailand now favors women.

The gender wage gap in Thailand is much less significant than in most countries in the world. The average hourly wage among female workers, in fact, slightly surpasses that of males (see Figure 1). This highly equitable gender wage pattern is seen at all levels of the wage distribution. Female representation is also quite equal at all levels of wages; the likelihood of finding females in low-wage jobs is as high as in high-wage jobs (see Figure 2).

\(^1\)The raw, or unadjusted, pay gap is the average difference between men and women’s median earnings in a given year. It does not account for factors that may affect earnings (e.g., hours worked, age, etc.).
Yet given the same qualifications and characteristics, females’ wages still lag behind those of males.

Only comparing the difference in average wages, however, may not provide a complete picture of the gender wage gap problem. Workers may receive different wages because they have different qualifications and work in different jobs. To account for such differences, we estimate counterfactual wages of males and females with the same characteristics. This analysis of counterfactual wages (called conditional wages) suggests that the wages of female workers are about 6 percent less than that of males. Figure 3, however, shows that the conditional gender wage since 2013 has gradually been converging.²

² See Jithikuichal (2016) and Manachotphong (2019) for the estimation methodology.
Factors explaining the gender wage gap in Thailand

<table>
<thead>
<tr>
<th>Factor</th>
<th>Findings, supporting evidences</th>
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<tbody>
<tr>
<td>Sectoral segregation</td>
<td>According to conditional wage analysis using the Thai Labor Force survey 2017, women are more likely to concentrate in sectors that give low wage premiums or even wage penalties. For the sectors that give wage penalties, women are usually penalized more than men. Such sectors include education, health and social work, real estate, agriculture and public administration sectors. Men, on the other hands, are more likely to work in sectors with high wage premiums such as utilities, transportation, construction and mining.</td>
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<tr>
<td>Motherhood</td>
<td>Liao and Paweenawat (2019) found significant parenthood penalties among both male and male workers in Thailand. However, the motherhood penalty was larger than the fatherhood penalty.</td>
</tr>
<tr>
<td>Male-specific flexibilities</td>
<td>An additional Blinder and Oaxaca decomposition suggests that most of the wage premium earned by males are due to unquantifiable factors, for example, skills, experience, flexibilities in working hours, working places, and types of tasks.</td>
</tr>
<tr>
<td>Glass ceiling effects</td>
<td>Women are not found to be under-represented among high-ranking positions in their workplaces. In Thailand, the proportion of women in professional and managerial positions is comparatively high, 59 percent and 50 percent respectively. They also receive wage premiums from these positions equivalent to those of men.</td>
</tr>
</tbody>
</table>

The raw gender wage is likely to continue favoring females, and the conditional wage gap is likely to continue to narrow.

An additional cohort analysis suggests that the status of the gender wage gap differs by generations. Figure 4 reports conditional and raw wage gaps across three birth cohorts. For the oldest cohort (those born between 1963-1972), both the raw and conditional wage gaps favor males. For the middle and youngest cohorts (those born between 1973-1982 and 1983-1992, respectively) the raw wage gap favors men while the conditional wage gap favors women.

Over time, the gender wage gap has moved in favor of women. Beginning with those born between 1973-1982, the average female wage exceeds that of males. The male advantage in the conditional wage has decreased over time and with the age of workers. For the youngest generation of workers, the conditional wage gap decreased significantly, from 7.8 percent in 2013 to about 3.1 percent in 2017.

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3 The glass ceiling effect is the pervasive resistance of the efforts of women and minorities to reach the top ranks of management in major corporations.
4 A wage premium (penalty) is a gain (loss) compared to the average gender-specific wage.
5 See Jithikulchal (2016) and Manachotphong (2019) for the estimation methodology.
Policy Recommendations

- Make pay rates transparent. The United Kingdom, France and Germany, for example, have recently required large private companies to publicly report their gender pay differentials. Although it is still early to see this policy’s effects, gender pay gap reporting could provide a fast and positive solution to gender wage disparity.

- Promote sectoral wage equality. Women are more likely to work in sectors with low wage premiums or wage penalties. Promoting higher wages and gender wage parity in these sectors will help reduce the gender wage gap.

- Increase childcare options. One important reason why the gender wage gap in Thailand is small is that family and extended family play a major role in providing childcare and eldercare. However, as family size is getting smaller and private helpers are becoming more expensive, other resources will have to be mobilized in order to retain gender wage parity. Private, subsidized or company in-house provision of childcare could allow female workers to remain in their jobs. In addition, paternity leave would provide an option for families to allocate responsibility for childcare to the father. It may also reduce the likelihood of mothers leaving their jobs to care for their children.

- Reduce the eldercare burden. Policies could also reduce responsibility for the care of elders among women, including: (i) promoting health awareness and healthiness among the elderly population, (ii) increasing labor market participation after retirement, and (iii) increasing savings for the old age through existing mechanisms such as the national saving funds.

Box 1: Labor Market Participation
Thailand has a high labor market participation rate, where about half of the labor force is in the informal sector. Married individuals are more likely to work in the informal sector. Working part-time (less than 30-hour per week) is less common in Thailand.

In 2017, about 8.3 percent of workers worked part-time. The labor market participation rate among prime-age population was 79.8 percent among females and 94.58 percent among males. The rate was as high as 78.5 percent among the married women. When considering the entire working-age population (i.e. between 15-65 years old), however, the rate drops to about 66.5 percent among females and 82.4 percent among males. This is because most of the young population aged 15-20 (especially women) are still in school, while a large share of the old population aged 60-65 have already retired. The retirement wage of most formal workers in Thailand is 60 years old.

References

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