



# GENDER AND INFORMAL WORK IN THAILAND

## Introduction

**Thailand has made good progress in closing gender gaps in various dimensions, especially human capital development (i.e., health and education).**

Thailand's structural economic transformation has altered how women participate in the labor market; for instance, many of them have moved from unpaid informal to paid formal jobs. Investment in women's education has improved their employment rates and wages, narrowing the gender wage gap. The Thai gender wage gap in labor force participation of 16 percentage points (pp) compared with the worldwide average of 26 pp (ILO 2019).

**However, the progress, though obvious, has not done much to get rid of the main deterrents discouraging Thai women from participating more actively in the labor market.** Most of these relate to household and caregiving responsibilities and the motherhood penalty<sup>1</sup> as well as such standard business deterrents as limited access to credit. Moreover, the pandemic hit women, especially mothers, harder than men and heightened their disadvantages in

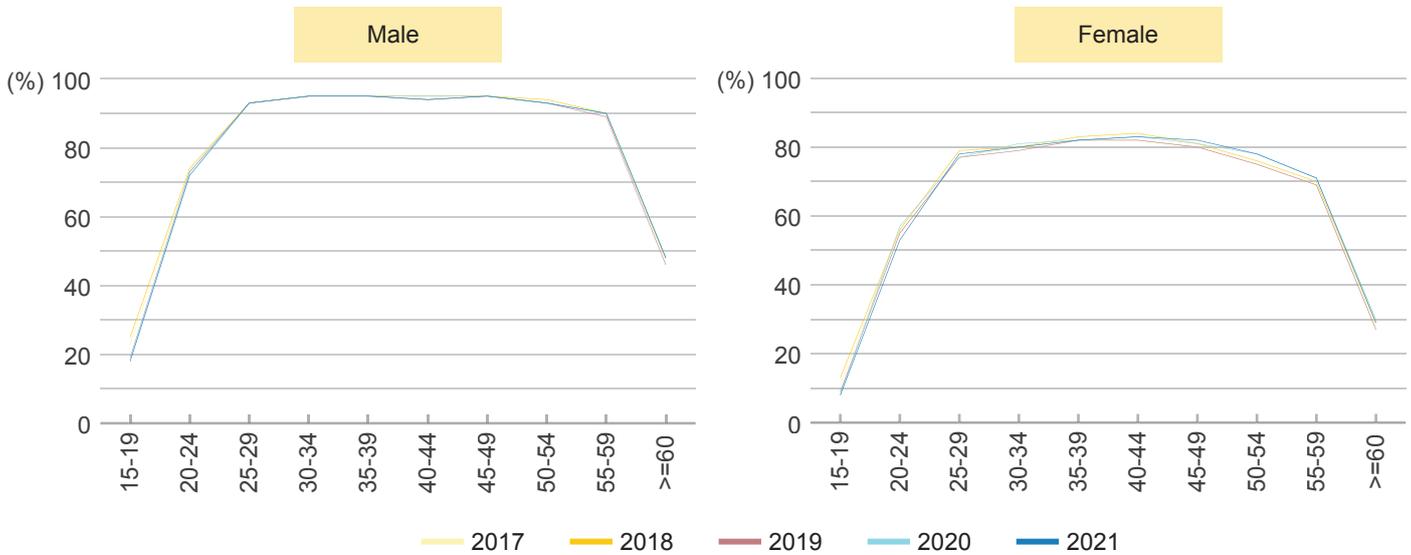
the labor market. Aware of these problems, the government does have in place policies such as social security and maternal and paternal leave to support citizens of both genders working in formal employment. The World Bank team has conducted a brief study on Gender in Informal Employment to reduce the information gap; this knowledge note summarizes the full report, which can be found on the World Bank Bangkok website.

**Thailand's labor force participation rate (LFPR) is 94 percent for men and 80.5 percent for women; both have been relatively stable since 2017.** Although male LFPR sharply increased between the age groups 20–24 and 25–29, the LFPR remained stable until age 55, and then began to decrease (Thai workers become eligible for pensions at 55)(Figure 1). The LFPR for women, however, starts dropping as early as age 45. Most women who leave early replace jobs with care of child(ren), sick person, or older family member; often, women have fewer skills or less education.

<sup>1</sup>Thai mothers' lack of proper social assistance leads to motherhood wage penalties, causing Thailand's low fertility rate, and it might lead to a deficit in the future workforce (Paweenawat and Liao 2022a).



Figure 1: Thailand's LFPR by gender and age groups (2017–2021)



Source: Micro-data from Informal Employment Survey (IES) 2017–21' author's calculation.

**More than half of jobs in Thailand are considered informal, but though “informal worker” is in general use throughout the economy, what it refers to has no precise definition.**

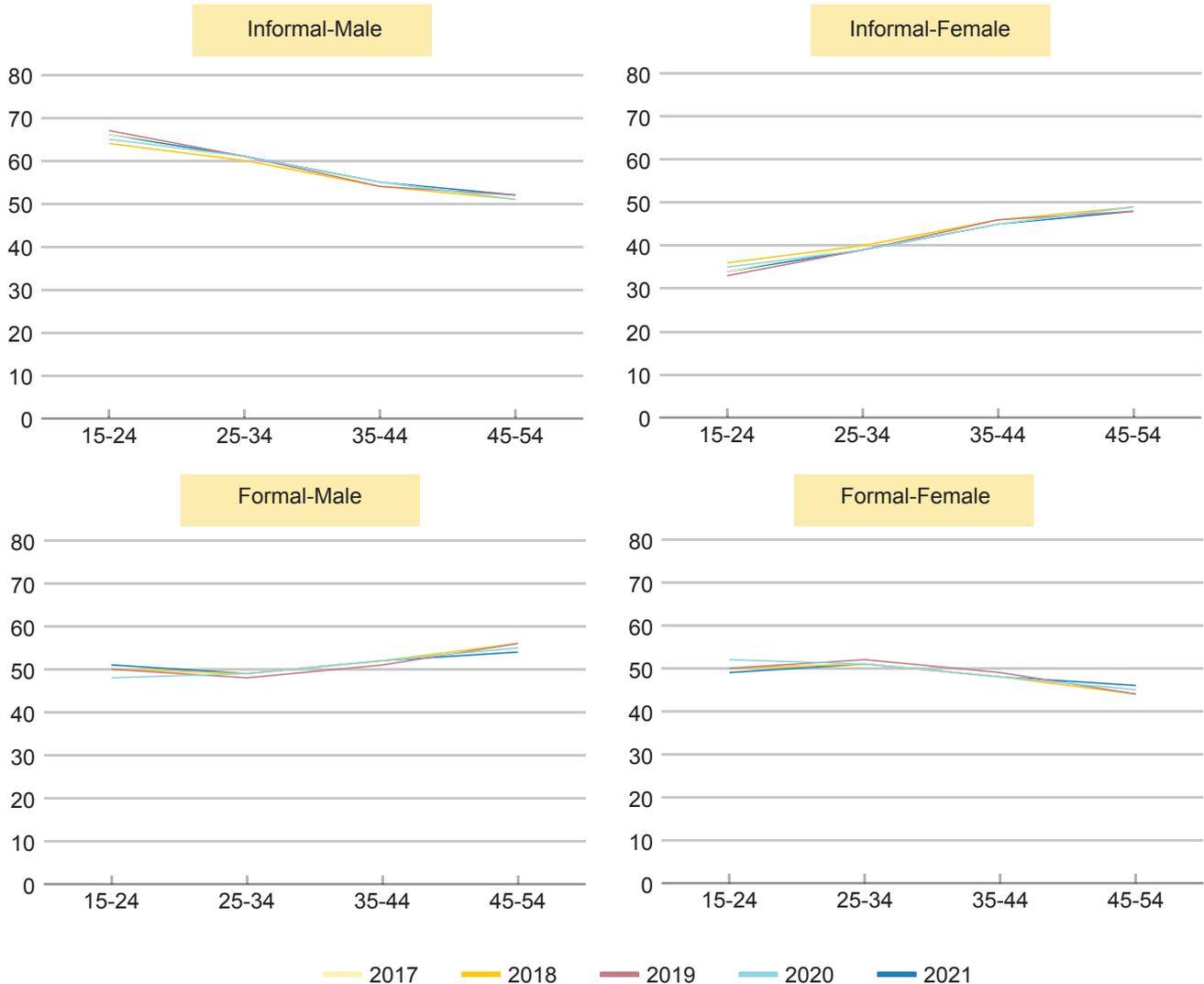
In 2018 the Department of Labor Protection and Welfare (DLPW) proposed an official definition: informal workers were those not covered by labor protection and social security law as formal workers are. It was to be applied to workers entitled to protection but not protected in practice, owners of small businesses staffed by themselves and relatives, and entrepreneurs in the informal economy.

The World Bank team report summarized here adopted the definition of informal employment used by the National Statistical Office of Thailand (NSO) in its Informal Employment Survey:

 **Informal workers are employed individuals with no labor protection or social security provided by the employer.**

This explicit definition covers workers in both the informal and the formal economy (DLPW 2018). In 2021 the shares of men and women in informal jobs were similar: men 52.7 percent, women 51.2. In some other regions worldwide, women were disproportionately employed informally, as many as 80 percent in South Asia, and 74 percent in Sub-Saharan Africa.

**In Thailand between 2017 and 2021, informal employment for the 25–54 group held steady at about 65 percent of the total Thai workforce.** However, although the informal employment share of male workers decreases as they age, that of women does not: among younger women 15–24, 30 percent had informal work; among women aged 45–54, the share had risen to nearly 50 percent. It may be that informal work fits a life/work cycle: older women in a Thai family tend to fulfill traditional gender roles as primary caregivers while also bringing in income. Informal work may give them more flexibility (see Figure 2).


**Figure 2: Proportions of workers in formal and informal employment by gender and age groups**


Source: Author's calculations based on micro-data from IES 2017–2021.

**Domestic and home-based workers and others employed informally tend to have little access to social protection (ILO 2018).** Non-agricultural informal workers, such as clerks in retail stores and street vendors, lack access to social security and information about their basic rights (Kontip et al. 2015). In 2020 the Thailand Development Research Institute (TDRI) surveyed the working conditions of informally employed highway installation vendors and found they were subject to dangerous circumstances and worked longer hours (10 a day) than the labor law allowed. Informal work in Thailand continues to be of low quality (World Bank 2022).

**The ILO (2018) also pointed out that most women who work informally are mainly in “invisible areas,” such as domestic and family work, which gives them little opportunity to form groups to secure basic labor and human rights.** Those who work informally in agriculture are especially widely dispersed, which makes it even harder for them to form networks to negotiate with employers on compensation, benefits, and work safety (Ministry of Labor 2014).



**Today most informal workers are employed in low- and mid-skill jobs and live in rural areas.** About 47 percent of the women are in services like sales and restaurants; about 45 percent of the men had skilled agricultural and fishery jobs. Both groups are at high risk of income uncertainty, given agricultural and general economic fluctuations.

**Many Thai elderly stay in the labor market after retirement, with a growing number holding down informal jobs.** However, there is a major gender gap in LFPR with 47 percent of men continuing to participate in the labor force but only 27 percent of women. For many women, unpaid care responsibilities make it difficult for them to hold down paying jobs, even though many are, as noted, highly vulnerable.

**From 2017 to 2021, men in both formal and informal jobs were paid more than women, with the gap larger for informal employment.** Among Thais, those of prime working age the wage gap was only about 4 percent for formal work, compared to about 10 percent for informal work. Education was also a factor: women in informal jobs had less education and tended to have less-skilled jobs.

**On average, there was a reversal of the usual gender wage gap in services, both**

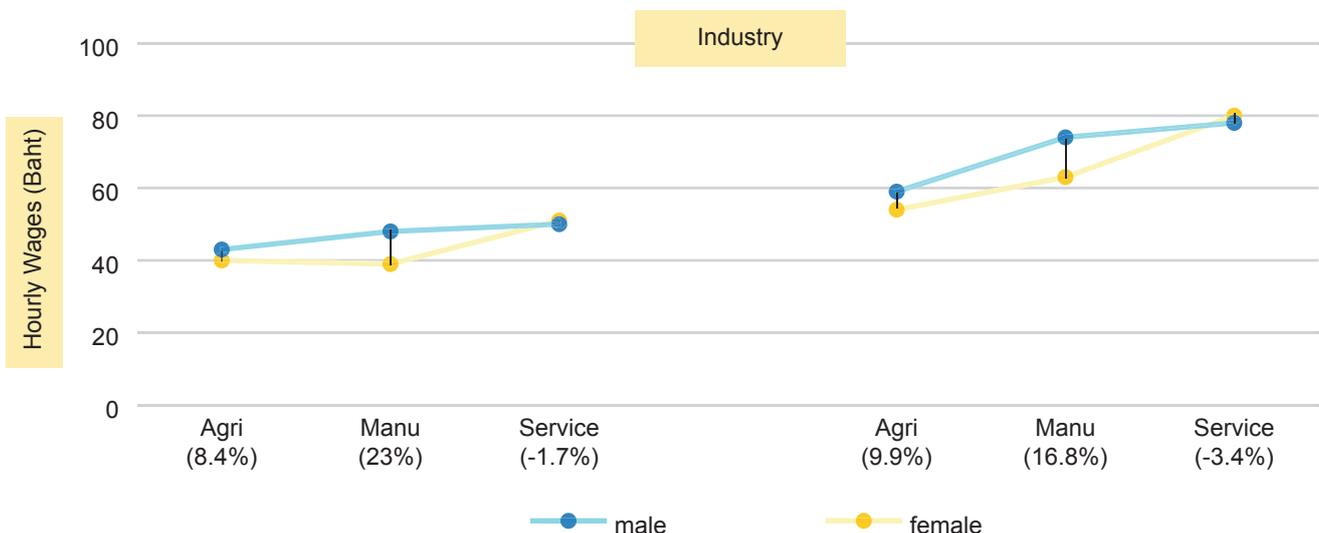
**formal and informal, with women's wages 2–3 percent higher than men's.** Paweenawat and Liao (2022a) suggested that the main factor in closing the general gender wage gap was the result of the shift from agriculture to manufacturing and service work. There are still gender wage gaps in manufacturing (informal work 23 percent, formal 17 percent), but in agriculture the formal and informal gaps are about 8–9 percent.



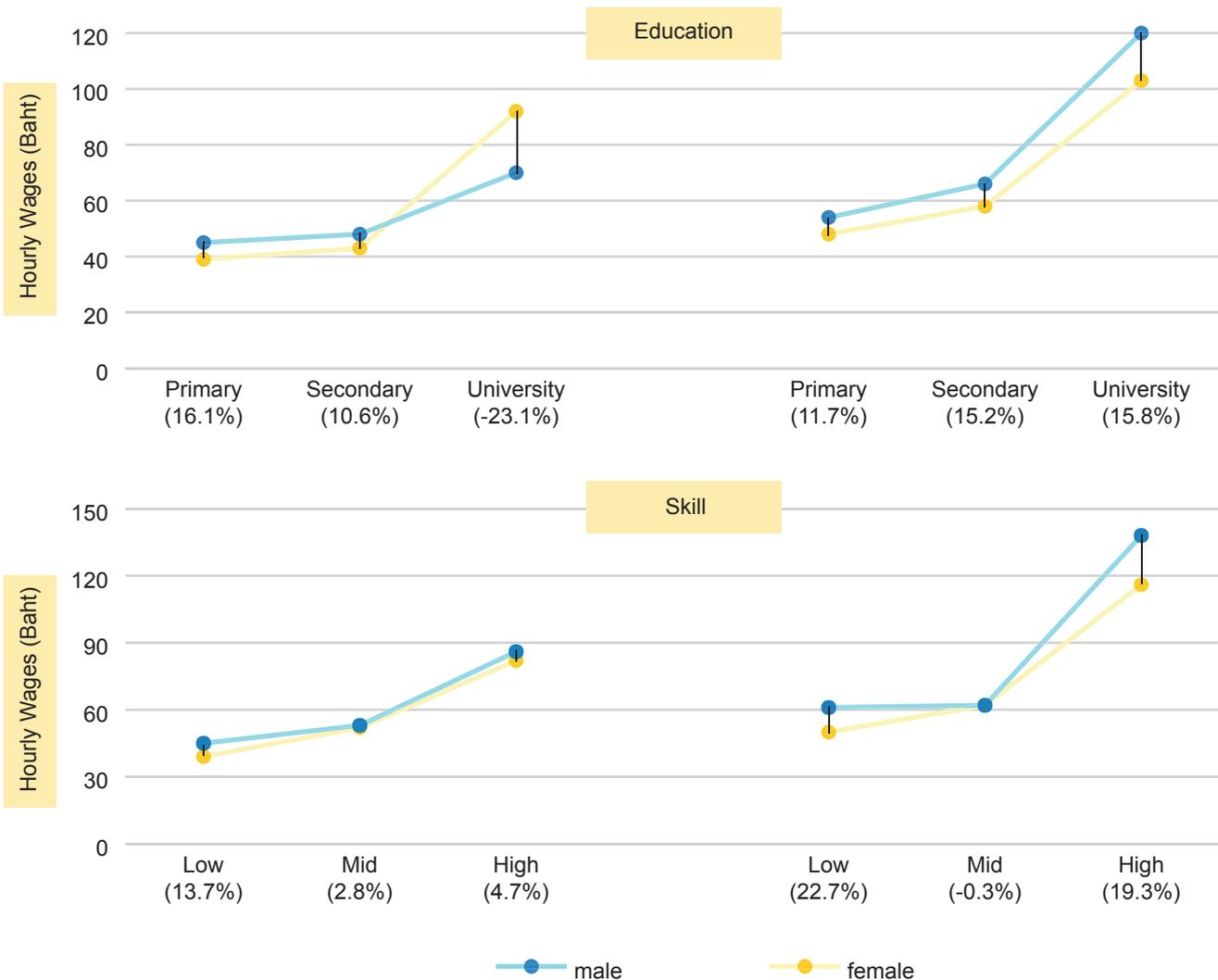
**At all educational levels except for informal workers with a university education, there are gender wage gaps in both formal and informal work.**

On average, wages for informally employed women with a university degree are higher than men's wages by 23 percent, creating a negative wage gap. Gender wage gaps are also found at all skill levels except mid-skill formal jobs, for which pay for men and women is similar. However, the gender age gap is much smaller in informal than in formal work (see Figure 3).

**Figure 3: Gender wage gap classified by industry, education, and skill in 2021**



Source: Author's calculations based on micro-data from IES 2021.


**Figure 3: Gender wage gap classified by industry, education, and skill in 2021 (cont.)**


Source: Author's calculations based on micro-data from IES 2021.

**In Thailand, the pandemic affected the employment of different demographic groups unequally (Paweenawat and Liao 2022a).** Although working hours fell for all groups, wages for female workers with children were less than those for workers without children in both formal and informal jobs—a confirmation of the motherhood wage penalty in the Thai labor market.

**During the pandemic, the wages of mothers with formal jobs fell more than those with informal jobs.** Because informal work gave them more flexibility in taking care of family matters, they also had less difficulty finding care for their children. The only men affected by the pandemic were those who were childless and

informally employed; their income was much lower. Their situation may demonstrate the disadvantages of informal work, such as in construction, compared to the buffer of formal employment in crises, when informal work is more sensitive to economic change.

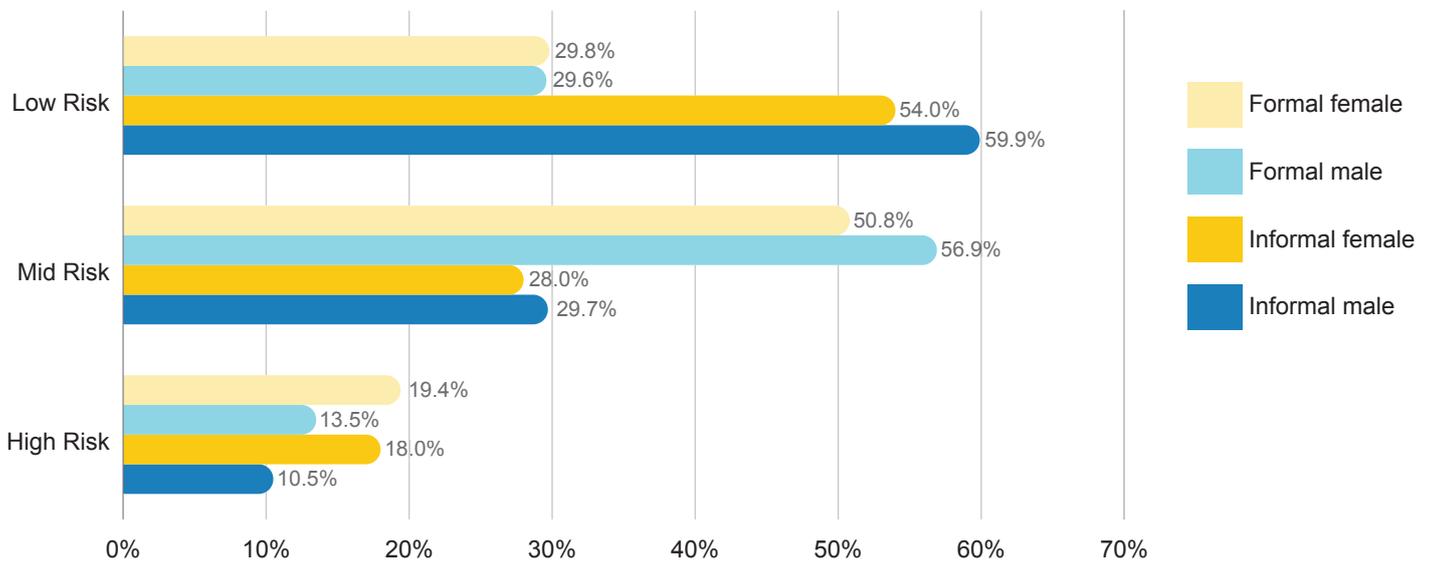
In 2020 the ILO constructed the COVID-19 disruption risk assessment; applied to Thailand, it found that **over 50 percent of informally employed workers of prime working age are in low-risk sectors** (e.g. agriculture and mining-related work) and over 50 percent of those formally employed are in middle-risk sectors like real estate and wholesale trade. While 54 percent of women with informal jobs are in low-risk sectors, 50.8 percent of those with formal jobs are



in middle-risk sector. However, more women are in high-risk sectors in both formal and informal jobs. Women may have been more vulnerable during the pandemic because their jobs were more affected

by government measures and the economy (see Figure 4).

**Figure 4: Share of workers informal employment by sector (2021)**



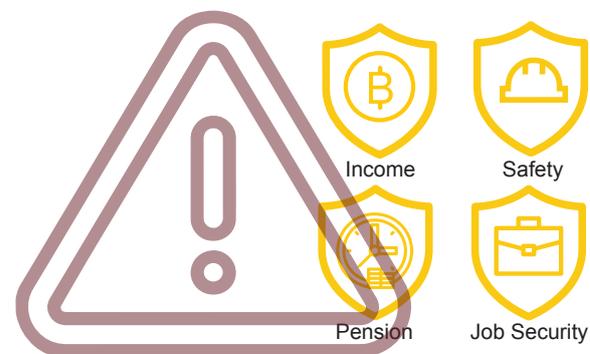
Source: Author's calculations based on micro-data from IES 2021.

**Most older workers employed informally are in low-risk sectors like agriculture and fisheries.** However, twice as many older women (18.5 percent) as men (9.1 percent) are in high-risk sectors; older women have seen more volatility—perhaps because 27.5 percent are service workers, such as store clerks and waitresses, who were most affected by government lockdown measures.

**In 2019 the NSO conducted an Information and Communication Technology (ICT) survey to find out how familiar women were with ICT and how they might use it more effectively.** Internet use by gender was similar (men: 67.5 percent; women: 65.6 percent), but the real difference was in the type of work heavier users did: 88.8 percent of women with formal jobs used the internet, compared to just 69.0 percent of those with informal jobs (see Figure 5). Not surprisingly, those living in urban areas used it more than those in rural; almost 60 percent of the

elderly in rural areas do not use ICT, and many have no interest at all in doing so. The World Bank (2022) found that more women than men buy and sell on the Internet—especially urban Generation Y women with university degrees.

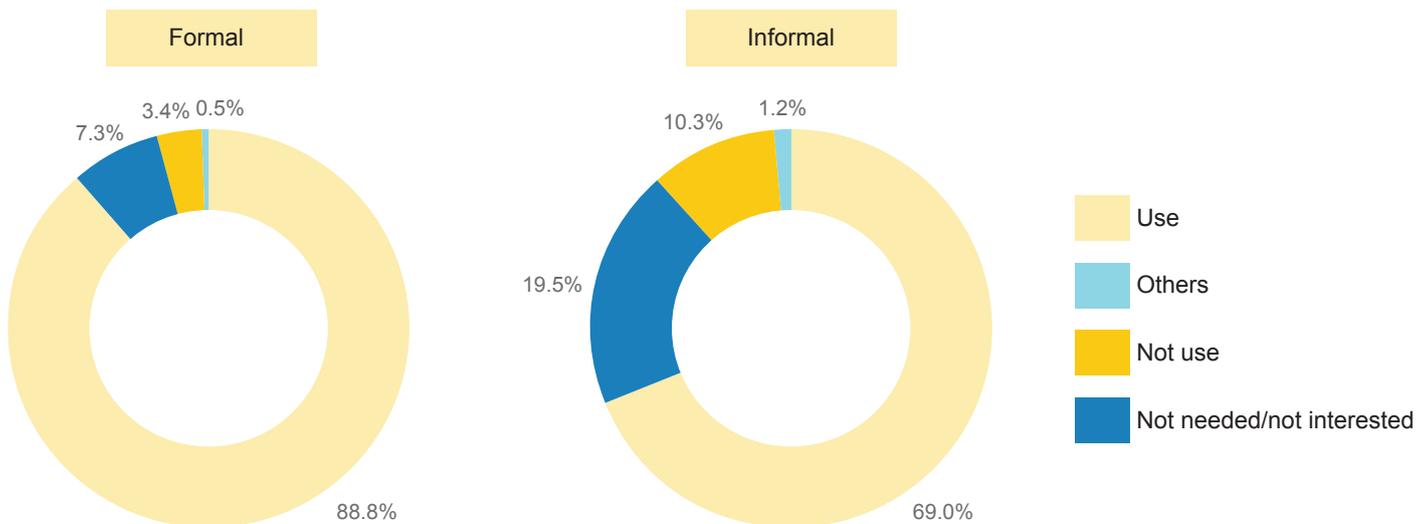
**Because of the risks they face in terms of safety, income uncertainty, job security, and lack of pensions, informal workers need the benefits of a social protection**



<sup>2</sup>According to Paweenawat and Liao (2022b), examples of low-risk sectors included agriculture and mining-related activities, manufacture of tobacco products, manufacture of wearing apparel, printing and reproduction of recorded media, and land transport and transport via pipelines. Examples of middle-risk sectors included real estate activities, wholesale trade, except of motor vehicles and motorcycles, and food and beverage service activities. Examples of high-risk sectors included retail trade (except of motor vehicles and motorcycles), water transport, air transport, warehousing and support activities for transportation, accommodation, travel agency, tour operator, reservation service and related activities, sports activities and amusement and recreation activities.



**Figure 5: Share of females in formal and informal employment using internet (2019)**



Source: Author's calculation based on micro-data from Household Survey on the Use of Information and Communication Technology 2019.

The primary SPC components in Thailand are social assistance (SA) and social insurance (SI), supplemented by assistance programs in the labor market. The SPC covers all Thai citizens regardless of gender but has been mainly concerned with formal workers. Almost 75 percent of Thai citizens are covered by SA, but less than 5 percent have SI. In general, the Thai SPC covers only formal workers, though there have been attempts to extend coverage to disadvantaged women, informal workers, and the elderly.

**For workers, unemployment insurance is a significant part of SI.** Workers from farmers to motorbike and taxi drivers to street vendors can access social security by applying to be independently insured under Section 40 of the Social Security Act (National News Bureau 2020). However, a new study (TDRI 2021) found that up to 5 million workers are gig workers, who had one-time temporary employment. Currently, only 5–6 million people out of a population of 20.3 million contribute to social security.

**Another factor to be taken into account is that because women have a different work trajectory than men, they need different SPCs.** SPCs for women are strategies

to minimize risk in their roles as workers, mothers, and caregivers (Cameron 2019). SPCs for women in developing countries include health coverage and insurance, maternity leave, child care, employment protection, a pension, financial inclusion, unemployment insurance, and a work program to help women (e.g., skills trainings and employment services). In Thailand, SPC coverage for informal women workers is insufficient and poorly designed. According to the DLPW (2018), separate laws cover home-based, domestic, and agricultural workers:

- The Home Workers Protection Act, B.E. 2553
- The Ministerial Regulation No 14 (B.E.2555), issued under the Labour Protection Act, B.E. 2541 protecting domestic workers
- The Ministerial Regulation concerning labor protection for agricultural workers, B.E. 2557

**However, informal workers are not entitled to other work-related rights that formal workers receive, and in any case, only some workers are aware of the laws just listed that may affect them.** The government needs to launch a public information campaign to ensure that workers understand their options.



**Although the Thai government SPC covers all citizens regardless of gender, several additional programs are directed specifically to women,** including maternity leave, childcare support, and financial intervention and inclusion, such as the Women Empowerment Fund (WEF). Paid maternity leave is 14 weeks, the minimum requirement of the ILO Maternity Protection Convention of 2000 (No. 183). The WEF is one of only a few financial services for Thai women, though there are local village and motherland funds and savings schemes, mostly managed by women. The WEF was set up in 2012. Although its interest rates are low, other aspects of its management need to be improved.

**In addition to the WEF, supported by the Thai government, micro-financing from a number of sources is available to women's community-based income generation groups** in both urban and rural areas throughout the country. Financing may be provided by local governments or women empowerment funds. Women's groups can be significant in local economic development and could provide extra income for families. The International Finance Corporation, a member of the World Bank Group, is also contributing to the Women's Entrepreneurs Bonds being issued by the Bank of Ayudhya, the first private sector 'gender' bond issued in the Asia-Pacific area and the first social bond issued in Asian emerging markets (IFC 2019). The IFC also noted that women's small and medium enterprises do not have enough financial access in Thailand.

**As a country, Thailand is aging rapidly, and the Thai elderly must continue working because they are "too poor to retire" (Paweenawat and Liao 2021a).** They tend to have informal work and little access to pension schemes. The Old Age Allowance is universal, but the benefit is very low.

**During the pandemic, the Thai government had an active SPC that provided comprehensive coverage (World Bank 2021a).** About 30.7 million Thais received social assistance, and the government spent about 386 billion baht more (about US\$11 billion—2.29 percent of GDP). During the pandemic, about 81.5 percent of Thai households received emergency assistance.

**Informal workers were significantly affected by the pandemic because they had no income security and were not covered by the SPC.** When the epidemic began, the government initiated an SA program to help informal agricultural workers. Immediately after Covid seemed under control, the government started to provide 15,000 baht for informal workers (Rao Mai Ting Kun) and additional compensation to state welfare cardholders and members of vulnerable groups, such as children and the elderly. Also, more than 3 million additional informal workers subscribed to the Social Security Fund under Article 40.

**However, none of the new schemes were gender-responsive.** The only SA related to women with children was designed to reduce the cost of educating them, allocating to parents 2,000 baht in cash per child in primary and secondary education.

**Nor is the draft Quality-of-Life Development and Protecting Informal Workers Act gender-responsive.** The Ministry of Labor now has an internal unit, the Bureau for Informal Workers, to manage the act once it passes. The act would allow informal workers to establish labor organizations to give them more bargaining power and to borrow from a Fund to be created in the Informal Workers Bureau. Ultimately, the objective of the draft act is to provide appropriate working conditions and help empower informal workers to make their needs better known.



## Recommendations

The gender and informality study by the World Bank Bangkok team led to the following recommendations:

### Gender Dimensions of Informal Work

- Gender-based social protection schemes that relieve constraints and promote equal opportunities are needed for workers in informal employment.
- Current policies and draft laws should also be reviewed to improve work-related fundamental rights and to relieve such gender-specific burdens, e.g., pregnancy employment rights and maternity benefits.
- SPC schemes related to childcare assistance and work arrangements are needed for female workers in Thailand.
- Improving working conditions and environment for female workers in informal employment.

### Upgrading Economic Opportunities for Women

- Improve financial and credit access of women working informally, heighten their digital literacy, and build their entrepreneurial capacity through training in simplified business planning, marketing, financial management, and coaching for both individual women and women's groups.
- Identify alternative sources of financing, particularly grassroots sources, for women micro-entrepreneurs.

### Relief for the Elderly

- Increase the Old Age Allowance to the point where recipients are above the poverty line. Most elderly are still informally employed; they are also poorly educated, live in more remote rural areas, and have little access to social security.
- Ensure safety at the workplace for elderly workers in informal employment.
- Identify the unique needs of older women who are not in the labor market and must rely more on family members.

### Defining Informal Work

- Set up a government working group to align the definitions of informal employment used by the NSO and the Ministry of Labor.
- Once the definitions are aligned, collect data on informal workers, set up a database, and analyze policies that could improve the situation of informal workers.

### Opportunities for Future Research

- What discourages women informally employed from making voluntary contributions to social security? What policy would encourage them to do so?
- What would promote the participation of women in decision-making at the local and national levels (members of the national parliament, local government, or specific village or livelihood-related committees) and resource-sharing to improve their quality of life, health, and welfare?
- The study of the organizations of informal workers in other countries and the organizing opportunity/possibility for informal workers in Thailand.
- How can ICT advancement improve women's activities and opportunities in informal employment?
- The study of the 'gender' bond issued in the Asia-Pacific region and Women's Entrepreneurs Bonds in Thailand.

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