
ANKER LIVING WAGE REFERENCE VALUE



URBAN THAILAND 2022

LIVING WAGE

THB 14,202
PER MONTH
(US\$403)

This estimate was revised to take into consideration new inflation rate data. The previous value was THB 13,027 (USD 390).

Photo by Hans van der Kroef on [Flickr](#)

The Anker Living Wage and Income Research Institute engages in and disseminates high quality research, analysis, and training related to living wage and living income (based on the Anker methodology) to inform and influence companies, empower working people, and shape public policy, thereby helping to enhance quality of life and sustainable livelihoods for working people and their families everywhere. Social Accountability International (SAI) is the institutional host.



Anker Reference Values are endorsed by the Global Living Wage Coalition (led by Fairtrade International, Rainforest Alliance, Social Accountability International and ISEAL). Development of the methodology was initiated and supported by Fairtrade International and German Federal Ministry for Economic Cooperation and Development (BMZ). Further support was received from Rainforest Alliance, Social Accountability International, and Clif Bar & Company.



We are grateful to the Fair Labor Association and Patagonia for funds supporting this work.

Urban Thailand Reference Value 2022

By:
*Kabeer DAWANI**
*Ian PRATES***
*Eduardo LAZZARI****
*Richard ANKER*****
*Martha ANKER*****

Abstract

This report provides an estimate for the Anker Living Wage Reference Value for urban Thailand for 2022, as well as contextual background about the country's geography, demographics, economy, poverty, labor market, and standards of living. The gross Anker Living Wage Reference Value is estimated as THB 14,202 (USD 403). The report concludes by comparing the reference value to existing wages and highlighting gaps to a living wage.

Keywords: Living wage; Anker methodology; Thailand

JEL Classification: I30; J30; J31; J80

* Independent Researcher. email: kabeer.dawani@gmail.com

** Anker Research Institute (ARI) and Brazilian Center for Analysis and Planning (CEBRAP). email: iprates@sa-intl.org

*** Center for Analysis and Planning (CEBRAP). Email: eduardo.alazzari@gmail.com

**** Anker Research Institute (ARI). email: marthaandrichard@gmail.com

**** Anker Research Institute (ARI). email: marthaandrichard@gmail.com

Anker Living Wage Reference Value

Urban Thailand 2022

1. Anker Living Wage Reference Value for Urban Thailand

The Anker Living Wage Reference Value for 2022 for urban Thailand is THB 14,202 (USD 403) per month with a 95% confidence level, ranging from THB 12,839 to THB 15,711. This is the living wage required by workers in typical urban areas of Thailand to be able to afford a basic but decent living standard. The Reference Value is comprised of a net living wage (i.e., take-home pay) of THB 13,492 (USD 383) per month plus an estimated THB 710 (USD 20) which would need to be paid by law as contribution to Social Security (5%) on the living wage. The Living Wage may be defined as:

“A living wage is the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.” (Global Living Wage Coalition)

2. Anker Reference Value Methodology

Anker Living Wage Reference Values are based on a methodology developed by Richard Anker, Martha Anker, and Ian Prates. This methodology is based on a statistical analysis of 40 internationally comparable, quality-assured Anker Methodology studies spread across low-income and middle-income countries carried out primarily under the auspices of the Global Living Wage Coalition. Anker Reference Values are internationally comparable, consistent with results from existing Anker living wage and living income Benchmark studies and easy to update every year, and so are especially valuable for countries where it has not yet been possible to organize and fund a full quality-assured Anker Methodology living wage or living income study.

Anker Living Wage Reference Values represent a living wage for typical families in rural or urban areas of low-income and middle-income countries. Since they are based on a statistical analysis, they have a margin of error for typical rural (urban) areas of a country which is generally around + or - 10% using a 95% confidence interval. Since Reference Values are not location-specific within countries and represent typical rural (or urban) locations, the margin of error might be larger than this for unusual locations with atypical living costs within a country, such as large cities with high living costs, or poorer (richer) areas with relatively low (high) living costs and norms.

3. Country context

Geography and demographics

Thailand is located in mainland Southeast Asia, bordering Myanmar in the north and the west, Laos in the north-east, Cambodia in the east, and Malaysia in the south. It is also bordered by two prominent water bodies, with the Andaman Sea lying to its west and the Gulf of Thailand in the south. Thailand is a relatively large country by area, being the 51st largest globally.¹ Most of the country is characterized by a tropical monsoon climate, with warm and wet weather for large parts of the year.

The most recent demographic data available suggests that the population of Thailand, in 2020, was just over 69 million in 2020, making it the 20th most populous country in the world.² The population growth rate, according to the World Bank, was 0.3% in 2020.³ Much of the population (51%) was to be found in urban areas. The sex ratio at birth – or male births per female births – was 1.062 in 2019, while males and females made up 49% and 51% of the population respectively. In 2020, the total fertility rate was below replacement level, at 1.5 births per woman. Thailand is one of the fastest-ageing countries in the world, with a third of its population projected to be above the age of 60 in 2040.⁴ The age dependency ratio is high at 42% in 2020, according to the World Bank. Life expectancy at birth was 77 years in 2019. Average household size, according to the Thailand Multiple Indicator Cluster Survey 2019, was 2.8.⁵

Economy

Thailand has been a development success story over the past several decades, making significant progress in economic growth and poverty reduction. The economy grew at an average rate of 7.5% per year from 1960-1996, and, despite the economic shock of the Asian Financial Crisis in 1998, it grew at a healthy 5.2% per year from 1999-2007, according to World Bank data.⁶ This sustained period of growth has helped lift many out of poverty and led to an increase in overall welfare. Thailand progressed to an upper middle-income country in 2011, and in 2020 had a GDP per capita of \$7,187 in current USD. However, the growth rate has declined recently, from

¹ World Population Review. 2022. "Largest Countries in the World 2022." <https://worldpopulationreview.com/country-rankings/largest-countries-in-the-world>. Accessed on 18th March 2022.

² World Bank. 2022. "World Development Indicators." <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=TH>. Accessed on 28th February 2022.

³ World Bank. 2022. "Country Profile: Thailand." https://databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=THA. Accessed on 5th March 2022.

⁴ "Population Ageing in Thailand: Lessons from one of the most aged ASEAN Member States." ERIA Research Project Report No. 06a Volume 1. Economic and Research Institute for ASEAN and East Asia. <https://www.eria.org/publications/population-ageing-in-thailand/>

⁵ National Statistical Office of Thailand. 2020. *Thailand Multiple Indicator Cluster Survey 2019, Survey Findings Report*. Bangkok, Thailand: National Statistical Office of Thailand. http://www.nso.go.th/sites/2014en/Survey/social/domographic/MICS/MICS6_FullReport.pdf

⁶ World Bank. "World Development Indicators."

4.2% in 2018 to 2.3% in 2019 due to weaker demand for exports of goods.⁷ In 2020, the economy contracted by 6.1% due mainly to the impact of the Covid-19 pandemic and had a 1.6% growth rate in 2021.⁸

Economic growth over the past decade has been driven by the services sector, with international tourism playing a major role. In 2020, the services sector contribution to GDP was 58.3%, while it accounted for 45.7% of total employment. Though it contributed 31.4% to total employment, the share of agriculture, forestry, and fishing was only 8.6% of Thailand's GDP. On the other hand, industry contributed 33.1% to GDP, while having a 22.8% share of employment, according to the World Bank.⁹ The sectoral share of industry has declined in recent years.

Inflation has been low in Thailand, with an average annual inflation rate of 1.2% from 2011-2020.¹⁰ This changed in 2022 with inflation increasing to around 6%. The economy was hit hard by the pandemic due to restrictions on travel as well as a global slowdown in economic activity. However, with progress on vaccinations and borders reopening, allowing the resumption of tourism, economic activity is set to pick up; the IMF projects a real GDP growth rate of 4.1% in 2022.¹¹

Poverty

Poverty has declined significantly in Thailand due to the sustained periods of economic growth. The poverty headcount ratio at the national poverty line decreased from 42.3% in 2000 to 16.4% in 2010 and 6.2% in 2019.¹² The World Bank has estimated that poverty increased to 6.4% in 2020 due to the pandemic, with an additional 160,000 entering poverty based on the \$5.50 poverty line (2011 PPP).¹³ However, the government's economic and social assistance response has been comprehensive and helped cushion the impact of Covid, with approximately 700,000 people prevented from falling into poverty.¹⁴ The National Statistical Office (NSO) estimates that poverty increased to 6.8% in 2020.¹⁵ However, the NSO estimates show that the distribution of poverty is skewed, with the Central region (3.3%) and Northern region (6.8%) performing markedly better than the Northeastern region (11.5%) and the Southern region (11.6%) in 2020.¹⁶

Despite progress on poverty, inequality remains high in Thailand. The top 1% of the population is estimated to hold 43.6% of the country's wealth, while the share of the top 10% was 74% of total

⁷ World Bank. 2021. "The World Bank in Thailand: Overview."

<https://www.worldbank.org/en/country/thailand/overview#1>. Accessed on 11th March 2022.

⁸ Yuda, Masayuki. 2022. "Thai economy grew 1.6% in 2021 despite Covid-19 headwind." Nikkei Asia. <https://asia.nikkei.com/Economy/Thai-economy-grew-1.6-in-2021-despite-COVID-19-headwind>. Accessed on 5th March 2022.

⁹ World Bank. "World Development Indicators."

¹⁰ IMF. "Country Profile – Thailand." <https://www.imf.org/en/Countries/THA>. Accessed on 5th March 2022.

¹¹ Ibid.

¹² World Bank. "World Development Indicators."

¹³ World Bank. 2021. *Thailand Economic Monitor: Living with Covid in a Digital World*. World Bank, Bangkok.

¹⁴ Ibid.

¹⁵ National Statistical Office, Government of Thailand. 2020. *The Household Socio-Economic Survey*.

¹⁶ Ibid.

wealth in 2020, according to the World Inequality Database.¹⁷ In terms of income inequality, there has however been an improvement as measured by the Gini index – which fell from 42.8 in 2000 to 34.9 in 2019.¹⁸ The income share held by the bottom 20% also improved marginally, from 6.2% of total income in 2000 to 7.7% in 2020.

Standard of Living

Thailand's economic and social progress can be seen across a range of indicators of health, education and living conditions. The country has a renowned universal health care system according to the World Bank, and life expectancy at birth has increased from 71 years in 2000 to 77 years in 2020.¹⁹ The under-5 mortality rate has declined from 37 deaths per 1000 births in 1990 and 22 per 1000 births in 2000 to just 9 per 1000 births in 2020. This has been accompanied by the number of births attended by skilled health staff, which went from 66% in 1990 to 99% in 2000 and has persisted at near universal rate.²⁰ Immunizations have also been high, with the measles vaccine having an uptake of 80% in children aged 12-23 months in 1990 and subsequently increasing to 96% in 2020.

Education provision has been widespread in Thailand. According to the World Bank, the literacy rate was high, at 93.8% in 2018, with little difference by gender – the adult male literacy rate was 95% while the adult female literacy rate was 92.4% in 2018.²¹ The primary completion rate increased from 85% in 2000 to 95% in 2020. Progression to secondary school was noted to be very high, with 99.3% of females and 97.8% of males proceeding to finish primary school and enrolling in secondary school.²² Gross secondary school enrollment rate increased significantly from 29% in 1990 and 63% in 2000 to 114% in 2020.²³ However, although lower secondary completion was high (86%), the completion of upper secondary dropped to 65% in 2019.²⁴

Additionally, in terms of access to necessities, Thailand has performed well. According to the Multiple Indicator Cluster Survey (MICS), 99% of the population has access to electricity, 94% of households have a television, and 95.5% have a telephone (fixed line or mobile phone).²⁵ Individuals using the internet also increased significantly, rising from 22.4% in 2010 to 77.8% in 2020.²⁶ Drinking water from an improved source is exceptional, at 100%, as is use of improved

¹⁷ World Inequality Database: Thailand. 2022. <https://wid.world/country/thailand/>. Accessed on 12th March 2022.

¹⁸ World Bank. 2022. "Country Profile: Thailand."

¹⁹ World Bank. "The World Bank in Thailand: Overview."

²⁰ World Bank. 2022. "Country Profile: Thailand."

²¹ World Bank. "World Development Indicators."

²² Ibid.

²³ World Bank. 2022. "Country Profile: Thailand."

²⁴ National Statistical Office of Thailand. 2020. *Thailand Multiple Indicator Cluster Survey (MICS) 2019, Survey Findings Report*. Bangkok, Thailand: National Statistical Office of Thailand.

http://www.nso.go.th/sites/2014en/Survey/social/domographic/MICS/MICS6_FullReport.pdf

²⁵ National Statistical Office of Thailand. *MICS 2019*.

²⁶ World Bank. 2022. "Country Profile: Thailand."

sanitation facilities, at 97%.²⁷ The use of clean fuels for cooking and lighting is also good, at 84% nationally; however, this is much higher in urban areas (93%) than in rural areas (77%).²⁸

Despite substantive progress on indicators for the standard of living, some areas of concern remain. Although stunting – height for age – continues to decline, and is at 12.3% of all children under-5, the stunting for male children increased, going from 11.5% in 2016 to 15.2% in 2019. Wasting – weight for height – for children under-5 increased in the aggregate, rising from 5.4% in 2016 to 7.7% in 2019.²⁹ Although this is still low in absolute terms, the trajectory is concerning. Further, childbearing before the age of 18 is 9% in Thailand – and while relatively low in Bangkok (6%) is higher in the Northeast (13%) and South (12%) regions of Thailand.³⁰

Labor Market

Thailand's working age population was noted to be 56.8 million in 2020. The labor force participation rate has declined over the years as the population has aged, decreasing from 81.95% in 1990 and 71.7% in 2011 to 67.8% in 2020.³¹ The unemployment rate was low, at 1.1%, across Thailand and for both sexes.³²

The sectoral distribution of employment in 2020 was as follows: agriculture, forestry, and fishing employing 31.4% of the labor force, industry employing 22.8%, while 45.7% of the employed population was in the services sector.³³ Despite substantial growth, informal employment, defined as employed people who are not protected by or eligible for social security, remains high. In 2020, this was 53.7%, only slightly lower than 57.6% in 2014. Informal employment constitutes nearly two-thirds of employment in rural areas, significantly higher than in urban areas, where it is estimated to be around 40%. It was also estimated to be higher in the agricultural sector (55.6%) than in manufacturing (10.3%) and services (34.1%).³⁴

Due to population aging, there could be negative effects on the economy as a “declining working age population implies a mechanical decrease in growth in income per capita.”³⁵ The working age population is projected to decline from 71% in 2020 to 56% in 2060, which would make it the third largest decline in the East Asia and Pacific region. Curtailing the negative effect

²⁷ National Statistical Office of Thailand. 2020. *MICS 2019*.

²⁸ Ibid.

²⁹ World Bank. 2022. “Country Profile: Thailand.”

³⁰ National Statistical Office of Thailand. *MICS 2019*.

³¹ World Bank. “World Development Indicators”; and National Statistical Office, Government of Thailand. 2020. *The Labor Force Survey*.

³² Ibid.

³³ World Bank. “World Development Indicators.”

³⁴ National Statistical Office, Government of Thailand. 2021. *The Informal Employment Survey*.

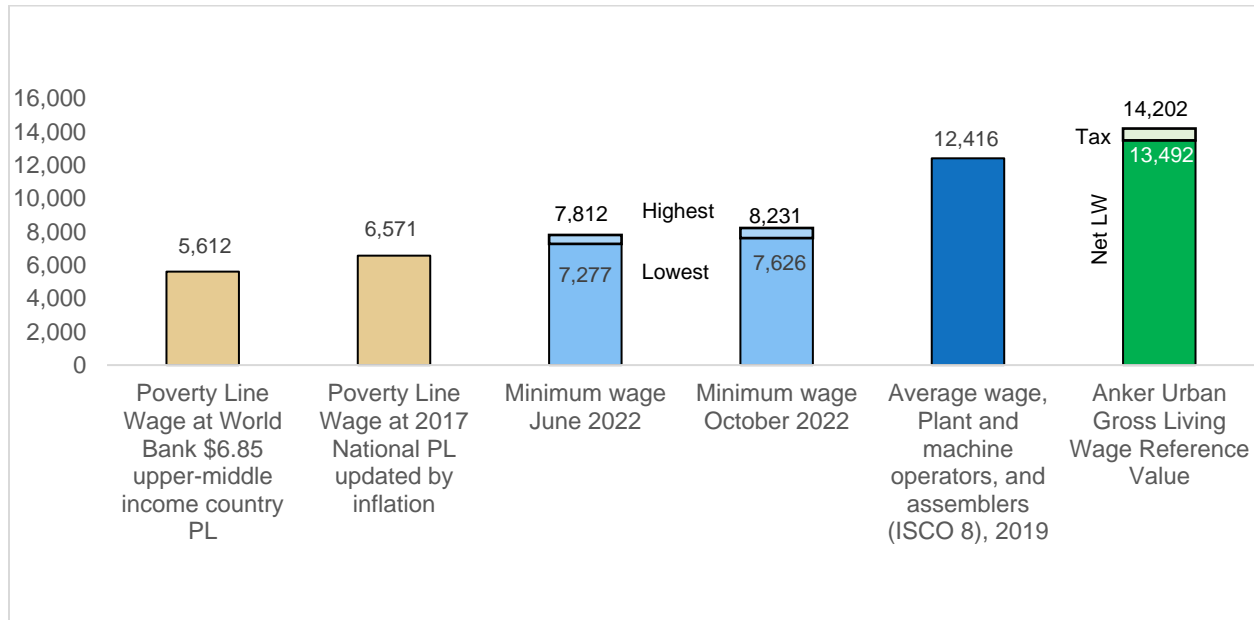
³⁵ World Bank. 2021. *Aging and the Labor Market in Thailand*. World Bank, Bangkok. <https://documents1.worldbank.org/curated/en/428491622713258312/pdf/Aging-and-the-Labor-Market-in-Thailand-Labor-Markets-and-Social-Policy-in-a-Rapidly-Transforming-and-Aging-Thailand.pdf>

of population ageing will require proactive labor market policies to increase the supply and quality of workers.

4. Wage Ladder and Gaps to a Living Wage

Figure 1 below provides a wage ladder for urban Thailand and some context to a living wage. It compares the Anker Living Wage Reference Value for urban Thailand with four other indicators. The Anker Living Wage Reference Value for urban Thailand is THB 14,202 (USD 403). It is higher than all four wage comparators. It is 2.5 times the World Bank’s \$6.85 poverty line wage for an upper-middle income country such as Thailand, and 2.2 times the national poverty line wage updated for inflation to June 2022. There is a range of minimum wages per day across the provinces, with different rates for 10 regions. These were increased in October 2022 by around 5 percent. We converted these daily minimum wages to monthly minimum wages using assumptions on the number of working days per month (see note i to the wage ladder below). The Anker Living Wage Reference Value is twice the lowest minimum wage and 80% higher than the highest minimum wage in effect in June 2022 and 86% and 73% higher than the minimum wages in effect from October 2022. The difference between the Anker Living Wage Reference Value and the average wage for plant and machine operators, and assemblers in 2019 was 14%, but it is important to keep in mind that this average wage includes a substantial amount of overtime pay.

Figure 1: Wage ladder for urban Thailand, 2022 (in THB per month)



Source: Author’s calculations.

Notes: ^a Thailand's national poverty line was estimated using the national poverty line from the National Economic and Social Development Council. The last year available is 2017. We updated this by inflation to 2022. ^b The World Bank poverty line for Thailand was estimated using the World Bank poverty line for upper-middle-income countries (\$6.85 PPP). ^c Family size of 4.0 (2 adults and 2 children) was used for expositional purposes to estimate the national urban poverty line wage and the World Bank poverty line wage. This family size is higher than the average observed household size of 2.90 and is used for expositional purposes because having two children is common and this is the minimum family size required for population reproduction. ^d Number of full-time equivalent workers per family of 1.80 is used for expositional purposes to estimate poverty line wages. This is based on labor force participation rates, unemployment rates and part-time employment rates for ages 25+ from ILOSTAT based on 2019 Labor Force Survey data. ^e Wages for plant and machine operators, and assemblers are from ILOSTAT and include overtime pay. ^g The Anker Living Wage Reference Value is estimated directly based on statistical analysis and therefore does not have an explicit number of full-time workers per family or reference family size (although rural reference family size falls from 6 to 4 with development in Anker living wage benchmark studies). ^h Minimum wages were increased in January 2020 and October 2022. ⁱ There is a range of minimum wages per day for 10 regions. We converted these into minimum wages per month for expositional purposes using 23.25 workdays per month based on the following assumptions: 6 workdays per week, 10 unpaid leave days per year, 10 unpaid sick days per year, and 13 unpaid public holidays per year.