Improved Conditions in the Child Labor Market: Causes and Future Concerns

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This paper summarizes some of the major findings of the research report entitled "Problems and Trend of Child Labor in Thailand: Consequences on the Future Opportunity of Child Labor."[1] It focuses on just three important issues. The first issue centers on the child employment scenario during the last 15 years (1984-2000). In the early 1980's when there was high incidence of child labor, there were reports of serious child labor abuses. Most child workers came from the poor families. They seemed to have no choice but to accept extremely low wage jobs in the sweatshops. Local and global events such as the economic meltdown, advanced technical know-how, and globalization and conglomeration have brought about tumultuous changes in the labor market in the last fifteen years. It is time, therefore, to review the current situation in the child labor market. The second issue deals with factors that affect the choices of children (and/or choices of their parents): whether to continue with work or with education? It also explores the opportunities available to the child laborer for job advancement. Finally, the paper addresses some major concerns about the child labor.

The study utilizes three major sources of data. The first two sources are the national survey of the Labor Force Survey and the Household Socio-economic Survey carried out by the National Statistical Office. The third set of data comes from household survey in rural areas, while the survey of child laborers was done in Bangkok. The sample size consists of 343 child workers in Bangkok and metropolitan areas, and 255 households from Kanchanaburi, Chiang Mai, Si Sa Ket, Ubon Ratchathani and Songkhla areas. The research was conducted between November 2000 and February 2001.

THE DECLINE IN CHILD LABOR

During the 1984-2000 period, the child labor declined dramatically. Figure 1 shows that the number of child workers aged 13–17 years fell from 3.37 million to 1.04 million, which is a reduction of 69 percent. Child labor also declined in the younger group of 11–12 years old. As there is no official data available after 1994 for this group, actual estimation cannot be tabulated. The three factors that account for decline in the child labor force are: the increased enrollments at the secondary education level, decline in population growth rate, and increased household income.[2] Perhaps the most important factor is the expansion of enrollments at the secondary education level, which is attributed to the government policy initiated in 1988 (see Figure 1). The number of secondary students almost doubled from 1.3 million in 1984 to 2.3 million in 2000. At the same time, as a result of slower population growth, the population in the age group of 11–17 also declined from 8.69 million to 7.87 million over the same period.

The related important policy in question is whether or not the policy of education expansion has helped reduce sourcing of child labor from poor families. Although the question cannot be directly tackled, Table 1 helps shed some light. Using the Socio-economic survey, we classify children aged 11–17 years by their schooling status and by household income, using the poverty incidence criteria. At least three conclusions can be drawn from Table 1. First, over the 1992–1998 period, the percentage of children attending school increased significantly by 17 percent. But the important change is that the "rural–urban" gap in educational opportunities had substantially narrowed. In 1992, only 65.6 percent of children in rural areas attended secondary school, compared to 79 percent for the urban children. By 1998, the gap was less than 3 percent. Second, educational opportunities for children from the poor households had improved markedly. This is evident from the fact that poor children who attended school, their overall average jumped from 58.6 percent to 80.6 percent during the 1992–98 period. The third conclusion, which is very surprising, is that the children from the rural poor families tend to have more opportunities than their fellows from the urban poor families. There are a few plausible explanations. One is that the opportunity cost of schooling for the poor urban households is higher than the poor rural households. Another explanation is that the poor urban households may be under higher financial pressure to send their children to work. And yet the third possible reason is that many urban poor children do not have proper legal documents to be eligible for schooling. Anyway, the upshot is that the secondary education expansion policy is the effective way in reducing the

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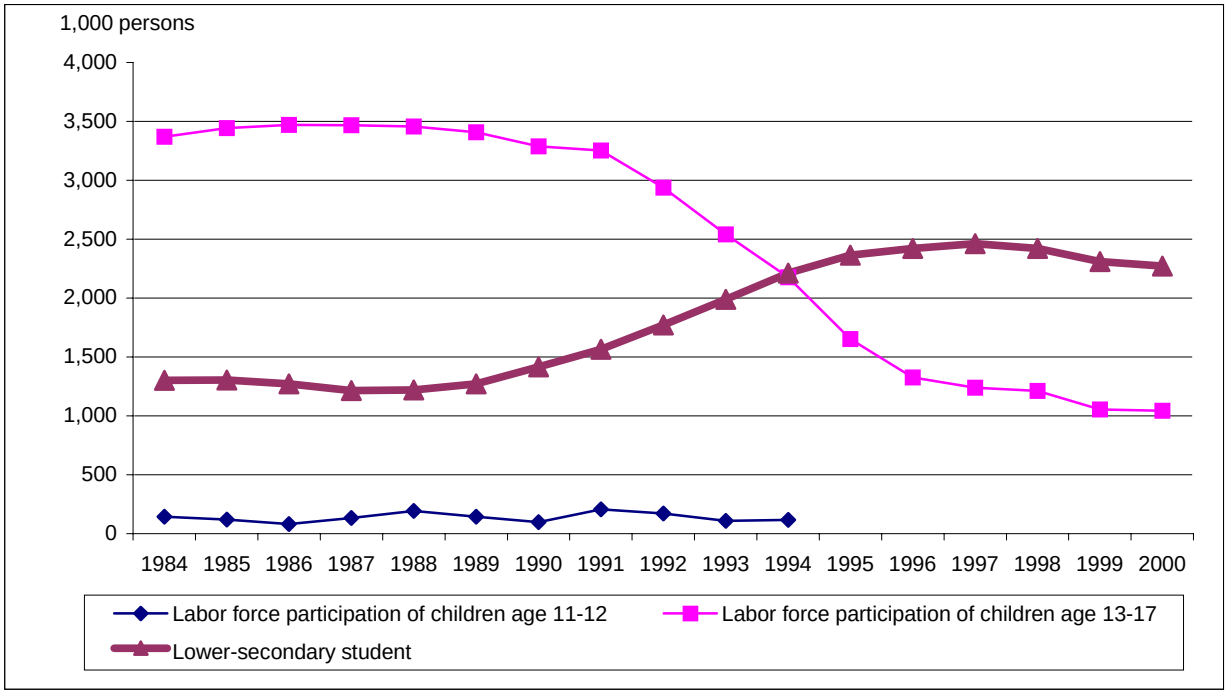
Figure 1 Labor force participation of children and number of lower-secondary students



Source: Labor Force Survey 1984-2000 by National Statistical Office and Students Statistics by the Ministry of Education.

Table 1 Number of children aged 11-17 in the poor and non-poor families selected by area and schooling status

Area	Household Income	Schooling Status	1992	1994	1996	1998
Urban	Non-poor	Attending school (%)	79.81	83.06	85.51	87.92
		Not attending school (%)	20.19	16.94	14.49	12.08
		Total (person)	1,157,651	1,307,745	1,243,169	1,240,004
	Poor	Attending school (%)	65.72	72.01	73.18	70.66
		Not attending school (%)	34.28	27.99	26.82	29.34
		Total (person)	65,492	50,210	58,282	55,897
	Total (Poor+Non-poor)	Attending school (%)	79.06	82.65	84.96	87.18
		Not attending school (%)	20.94	17.35	15.04	12.82
		Total (person)	1,223,144	1,357,955	1,301,451	1,295,901
Rural	Non-poor	Attending school (%)	68.74	78.83	85.64	86.01
		Not attending school (%)	31.26	21.17	14.36	13.99
		Total (person)	4,660,233	4,939,521	4,592,835	4,472,666
	Poor	Attending school (%)	58.39	72.19	78.87	80.87
		Not attending school (%)	41.61	27.81	21.13	19.13
		Total (person)	2,018,674	1,493,518	1,691,119	1,970,527
	Total (Non-poor+Poor)	Attending school (%)	65.61	77.29	83.82	84.44
		Not attending school (%)	34.39	22.71	16.18	15.56
		Total (person)	6,678,907	6,433,039	6,283,953	6,443,193
Total (Urban+rural)	Non-poor	Attending school (%)	70.94	79.71	85.61	86.42
		Not attending school (%)	29.06	20.29	14.39	13.58
		Total (person)	5,817,884	6,247,266	5,836,004	5,712,670
	Poor	Attending school (%)	58.62	72.19	78.68	80.59
		Not attending school (%)	41.38	27.81	21.32	19.41
		Total (person)	2,084,166	1,543,728	1,749,401	2,026,424
	Total (Non-poor+Poor)	Attending school (%)	67.69	78.22	84.01	84.90
		Not attending school (%)	32.31	21.78	15.99	15.10
		Total (person)	7,902,051	7,790,994	7,585,404	7,739,094

Source: Computed from the Socio-Economic Survey 1992,1994,1996,1998.

child labor from poor families. But this is not to deny the importance of other socio-economic variables and the child labor regulations that reinforce the impact of the education policy.

Another important development in the child labor market is the improvement in the working conditions of child labor. Perhaps the most significant factor is the decline in the weekly hours of work for child labor. Figure 2 compares hours of work of the child laborer with those of the adult worker in non-agricultural sector. Before 1993, children worked longer hours than adult workers, since 1995, their hours of work have declined sharply and has become even shorter than the adults. As a consequence, weekly working hours of the child laborer fell from 54.5 hours in 1989 to 47.4 hours in 2000. Girls and boys do not have much difference in hours of work allotted. But in the late 1980's, girls had higher average working hours than boys. On the contrary, in the agricultural sector boys tend to work a few more hours than girls. And yet, these children still work almost eight hours a day and six days a week, while their peers from the well-to-do families attend schools.

As a consequence of sharp decline in the supply of child labor, both in terms of number of workers and hours of work, their real wages have increased faster than those of the adult workers, resulting in a narrower wage differentials (see Figure 3).

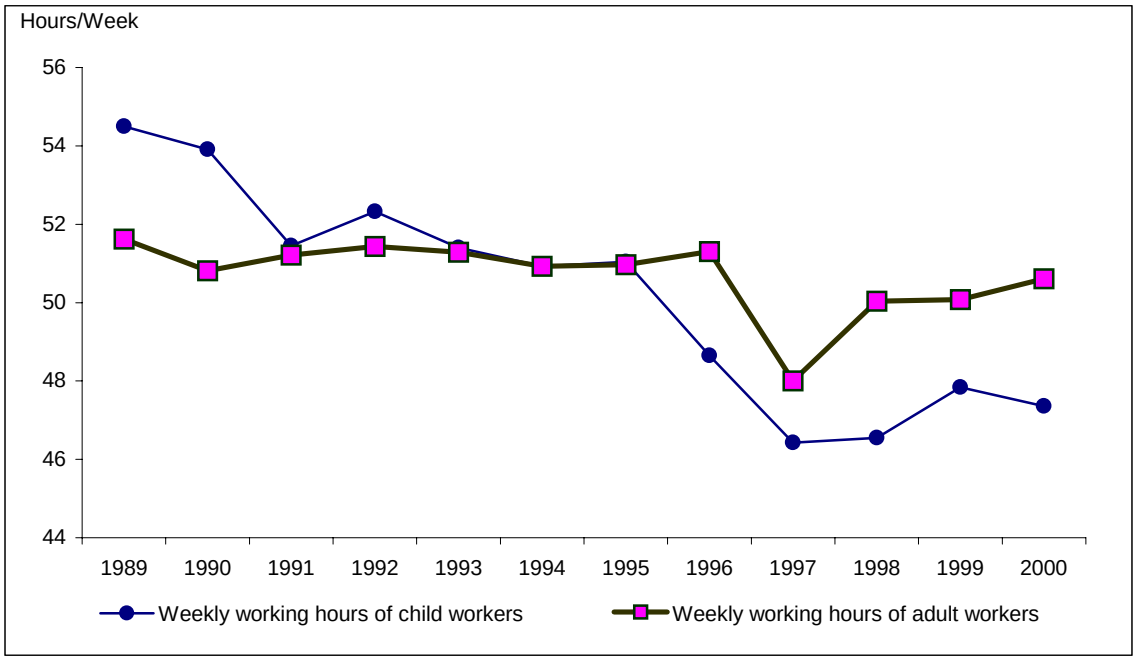
Our survey of child labor in Bangkok also confirms that their working conditions have improved. But this does not mean that the employers have been wholly compliant with the labor laws. The issue of working conditions will be discussed later.

DECISION TO WORK AND CAREER ADVANCEMENT

Although educating the children seems to be the most effective means of reducing child labor from poor families, the problems of child labor still persistently remains. Obviously, the problems are far more complicated and may require more sophisticated set of policy measures than just one simple measure of education expansion. The research, therefore, addresses two important issues. (I) Why do children work? (II) Does it pay to work? The first question has been researched quite extensively and our study confirms the results of previous research that poverty is the chief factor. However, the second question has not been seriously researched in Thailand before.

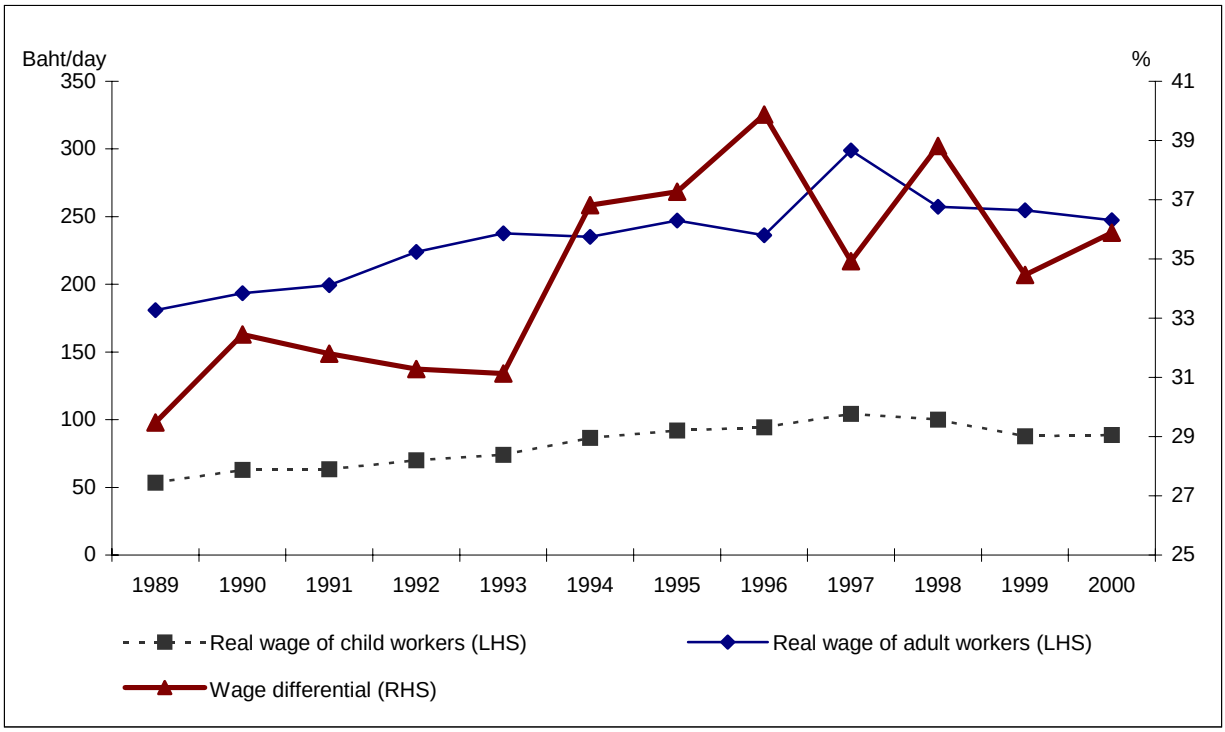
The decision to work or to study is very complex. Our survey reveals that most of the urban child workers who came from the rural urban areas (48%) made their own decision to work, and a quarter of them made a joint decision with their parents. Only 20 percent worked because of their parents' decision. At the same time, parents of the child worker also confirmed that most children did make their own decisions. Only 15 percent of the parents admitted they made the unilateral decision (see Table 2). It is also interesting to note that boys tend to make decisions by themselves.

Figure 2 Weekly hours of work in the non-agricultural sector of child and adult workers



Source: National Statistical Office. Labor Force Survey Round 3rd 1984-2000.

Figure 3 Real wage rate and wage differentials of child and adult workers



Source: Computed from Labor Force Survey Round 3rd 1984-2000.

Table 2 Age at first job, decision-making and reasons to work as a child laborer

Topics	In persons			% of total
	Boys	*Girls*	*Total*	
Age at first job	*165*	*178*	*343*	*100*
7 – 11 years old	12	10	22	6.4
12 – 13 years old	32	44	76	22.1
14 – 15 years old	84	74	158	46.1
16 – 17 years old	37	50	87	25.4
Who made the decision to work?	*165*	*178*	*343*	*100*
Children	86	80	166	48.4
Parents	28	41	69	20.1
Co-decision	38	49	87	25.4
Relatives	10	8	18	3.4
Others	3	0	3	0.9
Reasons to work	*157*	***164***	***321***	***93.6***
Financial reason	54	53	107	33.3
To support family	27	53	80	24.9
Nothing to do at home	17	11	28	8.7
Want to be self-reliant	10	13	23	7.2
Work experience	15	8	23	7.2
Don't want to continue study	12	6	18	5.6
Don't want to stay at home	5	9	14	4.4
Others (e.g. want to see Bangkok etc.)	17	11	28	8.7

Source: TDRI's survey, November 2000-February 2001.

To analyze factors affecting the children's decision to work, two sets of the logit equations were estimated, i.e., the first equation explaining the decision to study and the other explaining the decision to work[3] (Table 3). In general, children from the well-to-do families have higher probability to further their studies at the secondary educational level. Surprisingly, the most robust proxy for the household wealth is the value of debt outstanding and family financial problems when their child was in grade 6. It is interesting to note that mothers who have had primary education, their children have less probability to work than those children whose mothers are illiterate. Girls in our sample have higher chances to go to secondary school than boys; however, gender does not affect the decision to work after controlling for other factors. Family size has the negative effect on the probability of schooling but surprisingly does not affect the probability to work. Another surprising finding is that the existence of a secondary school in the village reduces the probability of children deciding to work, but not the decision to study.

Since the results come from a small set of 255 rural households, they must be confirmed and complemented by the estimates using the national survey. The results in Table 4 confirm the role of mother's education and the family size in the children's decision to study, but not their decision to work. This is because studying competes for the family's limited resources.

The majority (46%) of children began to work at the age of 14-15 years and the average work experience was only 1.5 years.[4] The questions are whether or not these experiences have any positive impact on their real wages, and what are the important factors that contribute to the wages that the children earn?

Surprisingly, the real wages of our sample increased by 7 percent per year, which was higher than growth rate of national real wage rates between 1997 and 1999 (see Table 5). However, it should not be ignored that more than 76 percent of the child laborers still receive wages that are less than Baht 100 per day; although the current minimum wage is Baht 165 per day.

An interesting question is, what explains the increase in the child labor's real wages? Do human capital variables play the important role? To answer these questions, two tests are employed, i.e., the regressions explaining the wage level and the growth rate of real wages, and the regression explaining the job changes.

Two wage regressions are estimated to explain real wages of the child laborer. The first is the current wage rate and the second is the wage function for the first job. The results are interesting; in the wage function for the first job, age is positively significant (see Table 6). Boys surprisingly receive lower wages than girls in their first job. The result may reflect the fact that the decision about going to work, most boys tends to make it by themselves. Thus not having a mentor to guide and negotiate on their behalf about job duties and wages, the boys get exploited. But this is only a conjecture.

Table 3 Logit analysis: small sample household survey

Independent variables	Dependent variable			
	Enrolled in secondary school		Decision to work	
	Coefficients	Z-stat	Coefficients	Z-stat
Family wealth				
No. of land holding	-0.00003	-0.003	-0.01	-1.44
No. of debt	0.00001	2.92	-0.000005	-2.19
Expenditure problem	-1.05	-5.14	2.54	7.32
Family characteristics				
Family size	-0.15	-2.46	0.005	0.06
No parent	-0.10	-0.23	0.06	0.10
Mother's education- primary school	0.002	0.01	-0.79	-3.11
Mother's education- secondary school	0.55	0.71	-1.02	-1.43
Children characteristics				
Female child	0.36	1.86	-0.23	-0.97
Child health	0.02	0.10	-0.13	-0.44
Related factors				
Have secondary school in village	0.29	1.25	-0.63	-2.06
Region 1 (Bangkok)	0.58	1.91	0.07	0.19
Region 2 (Northeastern)	0.37	1.60	0.37	1.16
Region 3 (North)	0.30	0.90	-0.32	-0.74
Constant				
Observations	506		506	
Log likelihood	-318.25		-226.64	
McFadden R-squared	0.09		0.24	

Source: Computed from TDRI's survey data.

Table 4 Logit analysis: National survey

Independent variables	Dependent variable			
	Enrolled in secondary school		Decision to work	
	Coefficients	Z-stat	Coefficients	Z-stat
Family wealth				
Income	0.000003	3.71	-0.000005	-1.43
Family characteristics				
Family size	-0.09	-3.47	0.13	3.94
No parent	0.38	2.22	0.41	1.89
Mother's education- primary school	-0.42	-2.62	-0.37	-1.59
Mother's education- secondary school	-0.56	-2.45	-0.004	-0.01
Children characteristics				
Female child	0.04	0.40	-0.37	-3.05
Related factors				
Region 1 (Bangkok)	0.32	1.02	0.05	0.14
Region 2 (Northeastern)	0.01	0.09	0.33	1.93
Region 3 (North)	0.03	0.22	0.06	0.28
Observations	3,534		3,534	
Log likelihood	-1400.06		-984.53	
McFadden R-squared	0.02		0.04	

Source: Computed from the Socio-Economic Survey 1999.

Table 5 Real wages at the first and the current jobs

Year	Real wages* (Baht/day)		Percent change
	First job	Current job	
1992	48.84	38.40	-3.01
1993	105.08	76.80	-4.48
1995	81.83	59.74	-6.29
1996	67.49	90.06	7.21
1997	76.98	80.41	1.45
1998	67.38	83.70	10.85
1999	62.88	67.61	7.26

Note: at 1994 price.

Source: TDRI's survey, November 2000-February 2001.

Table 6 Factors determining real wage in the first and present jobs: Regression analysis

Estimation method: Least Squares

Independent variables	Dependent variable			
	Real wage of present job		Real wage of first job	
	Coefficients	T-stat	Coefficients	T-stat
Education	0.20	0.89	-	-
Male	-0.14	-1.74	-0.31	-4.30
Occupation change	0.07	0.60	-	-
Total work-hours of first job	-	-	-0.03	-2.12
Total work-hours of present job	-0.10	-0.84	-	-
Age at the first job	-	-	0.06	2.97
Present age	0.09	3.50	-	-
Network	0.20	2.28	-0.08	-0.94
Type of present job-Trade	0.33	1.08	0.15	0.50
Type of present job-Service	0.41	1.32	0.13	0.42
Type of present job-Industry	0.46	1.49	0.33	1.05
Type of present job-Construction	0.82	1.95	0.46	1.27
Number of job change	-0.05	-0.55	-	-
Constant	2.37	4.07	3.67	8.79
Adjusted R-squared	**0.05**		**0.09**	

Source: Computed from TDRI's survey data.

In the wage function of their current job, age is again positively significant; while the education variable is not. This strongly suggests that child's productivity depends on their age. It provides a strong justification for government intervention to ban employment of the very young children. The only variable confirming the importance of human capital formation is the significance of a dummy variable representing the construction job in the regression of wages of the current jobs. The most interesting result is the significance of a dummy variable that represents networking for a job. This means that the child's first job was obtained with the assistance of their parents and relatives. Although the network affects the current real wages positively, it is not significant in the first job regression. One possible explanation is that most child workers tend to receive more or less the same wage rate in their first job regardless of which channel is utilized for their job search, as these children possess only "raw labor." But networking plays an important function of information provider for both the employers and the employees. From the employers' point of view, the new employee will be reliable and hard working as the child is recommended from a trusted source that the employer knows. From the child's point of view, he or she has some necessary information about the job and the employer. As a result, after controlling for job changes and work experience, the network provides critical information that allows both employer and employees to be efficiently matched.

Networking also plays an effective role in providing job information to those children who wish to change jobs. Child workers revealed during interviews that there are various meeting places in Bangkok where children and workers of the same province (or same region) get together during the weekends. At these gatherings, they traded employment information that enabled them to move on to better jobs.

But the regressions of job changes and wage changes are not satisfactory perhaps because of the small sample size. However when the boys change their jobs, their wages increased.

SOME CONCERNS

That the child laborer enjoys relatively higher wage growth, is good news. But the bad news is that except gender, the wage increases cannot be explained by any human capital variables. Changes in job, which is expected to have positive impact on the wage growth are not statistically significant and may negatively impact the wage level, and this can only be explained by age and occupational dummy variables. But there are more serious concerns. First, 76 percent of the sample child workers in Bangkok still receive the wage lower than Baht 100 per day, compared to the current minimum wage of Baht 165. Second, children are also required to work nearly 10 hours per day without sufficient break time, let alone recreation (Table 7). A third of the children have to work six days a week. As a result the average wage is only Baht 10 per hour. Despite such low wages, some children do manage to save some money. Most children (69%) send money to their parents, amounting to an average of Baht 1,000 per month. Thus, these children are hardly able to make any savings for themselves. Third, improvement of skills is not required in most jobs; as 66 percent of the child laborers acquire the requisite skill in just two weeks on duty. Given these facts, the chance, if it exists, for the child workers to make progress is, therefore, minimal. Fourth, although they were minor ones, almost 20 percent of the sample did experience accidents in the work place. Finally, 25 percent of the child earners did not get paid when they took a sick leave. And although the employers did pay for medical bills for most child laborers when they were ill, there still remain almost 29 percent of the children who have to pay for medical expenses from their own pockets.

Table 7: Working conditions of the child laborer

Conditions	Persons	%
Working hours (Average = 10.15 hours/day)		
Less than 8 hours/day	40	12.0
8-10 hours/day	142	42.8
11-12 hours/day	87	26.2
more than 12 hours/day	63	19.0
Rest hour (Average = 55 minutes/day)		
Less than 1 hour/day	116	39.7
1 hour/day	164	56.5
More than 1 hour/day	11	3.8
Number of holidays per week		
1 day	93	34.0
2 days	163	59.5
More than 2 days	18	6.6
Do you work during the weekends?		
Yes	115	34.1
No	222	65.9
Is it compulsory to work on weekends?		
Yes	90	78.3
No	25	21.7
When you get sick, your employer approves sick leave.		
With full wages	101	29.9
Part-time wages	7	2.1
Without pay	85	25.1
Does not allow to take sick leave	6	1.8
Don't know	7	2.1
Never been ill	132	39.1
Who pays your medical bills?		
Employers bear all the expenses	104	48.6
Partly paid by the employers	21	9.8
Employers don't pay	61	28.5
Social insurance	1	0.5
Don't know	3	1.4
Parents/Relatives	7	3.3
By yourselves	17	7.9
Ever experienced accident?		
No	275	80.9
Yes	65	19.1

Source: TDRI's survey, November 2000-February 2001.

In the past two decades, Thailand has made progress in amending the laws covering child labor protection rights to achieve standards closer to other advanced countries. The child labor protection law, first legislated in 1956, has been revised twice, in 1990 and 1998. Each time the revision was made to raise the levels of protection to meet international standards. In the 1998 law, the legal minimum age for a child worker is at least 15 years. The law also specifies the type of work that children can do and regulates the number of working hours and their working conditions. Other laws regulating child labor are the commercial and the penal codes.

A number of government agencies as well as some NGO's have been actively involved in the activities to protect the rights of the child laborer. But the management of child labor protection policy has certain weakness. First, in the past four decades, the child labor protection policy has still emphasized on the amendment of laws covering child labor protection and of legal enforcement. This survey found that many employers still use child labor in a way not in accordance with the laws. Moreover, a number of children under 15 years of age are still required to earn for themselves and their families, in spite of the law prohibiting child labor under the age of 15. One consequence of increased child protection is the increased wage cost of child labor. This has led to an observation raised by certain labor experts that some employers have turned to employing foreign child labor and foreign adult labor since their wages are lower than Thai labor. The second weakness concerns the legal enforcement. In the interviews with children and business owners about the employment conditions of child laborers, it was discovered that some employers often violated the child labor protection law. In general, the employment condition of some children can still be considered to be unsatisfactory. For instance, 40 percent of the children have a rest period of less than one hour per day; 34 percent have only one rest day per week; 22 percent have to work over-time; 6 percent has no clean drinking water or no toilet facilities; 30 percent reported that the work place has no first aid box or medical treatment unit and 19 percent have been involved in accidents during work. Third, even though there is a national co-ordination authority to deal with the child labor problems, there still exists a bureaucratic fragmentation in the activities of child labor protection, without any mechanism or systematic co-ordinating unit in the middle and low levels of administration.

POLICY PROPOSALS: A CHANGE OF STRATEGY IN IMPLEMENTATION OF CHILD LABOR POLICY

The above findings point to the weakness of previous strategies and the implementation of child labor policy in the past; the emphasis has been on amendment of laws so as to increase the levels and standards of child labor protection. The research found that the reasons for the reduction of child labor was due more to increased opportunities in education and the growth of economy than to factors such as stricter legal enforcement of child protection and a decline in demand for child labor. It is due to family poverty that both the employers and the children become parties in violating the law. At the same time, the employment of children under the age of 15 has to be made secretly which results in the children themselves losing their legal rights to benefits and any other protection as provided by labor laws. Good intentions on the part of the state have turned against the children themselves. A change of concept, attitude and strategy in the implementation of child labor policy is therefore, urgently needed. The previous strategy which emphasized protection should be changed into a strategy that focuses on skills and knowledge development for children. The proposals in connection with the policy for child labor development should have three objectives, namely:

- To support children from poor families to obtain opportunities to further their education up to the upper secondary level and/or vocational training after lower secondary level.
- To support the children who have left home for work to have opportunities for vocational training and/or further studies.
- To encourage the employers to reduce the employment of child labor.

The proposed policy is based upon an internationally recognized principle that "humanity has a duty to give the best things for children." The study proposes four strategies: a strategy for education at secondary level, a strategy for improvement of knowledge to poor children in the labor market, a strategy to encourage the employers to reduce the employment of child labor, and a strategy to create an umbrella organization to co-ordinate the policies and measures relating to the improvement of child labor. Details of the proposals are discussed in the final research report.

REFERENCE

Nipon Poapongsakorn, et al. 2001. *Problems and Trend of Child Labor in Thailand: Consequences on the Future Opportunity of Child Labor*. Bangkok: Thailand Development Research Institute. (in Thai)

ENDNOTES

1 The research is commissioned by the Ministry of Labour and Social Welfare.

2 However, the regression experiments to explain the decline in the labor force participation of child workers were not satisfactory.

3 The two equations do not yield exactly the similar results because there are a significant number of children who stay at home after their primary education.

4 This is because the sample is limited to child workers aged less than 18 years. The truncation may seriously-affect our statistical results. Moreover, such kind of sample makes it impossible to measure the job advancement of child labor.