



International
Labour
Organization

Terms of Reference:

Research and analysis: decent work and responsible business practices in Thailand's automotive manufacturing sector

(Thailand-based, May-September 2023)

ILO-Japan Resilient, Inclusive and Sustainable Supply Chains (RISSC) project

April 2023

► Background and context

The RISSC project

The “**Resilient, Inclusive and Sustainable Supply Chains**” (RISSC) project is a Japan-funded ILO project aimed at supporting a human-centred recovery from recent disruptions in the global supply chains. The COVID-19 pandemic, together with rising geopolitical and trade conflicts, has exposed both the importance and fragility of global supply chains, especially in the global manufacturing hub of Asia and the Pacific.

Covering a three-year period (September 2022 - August 2025), the RISSC project will use selected global supply chains as an **entry point** for advancing decent work, harnessing the technical know-how and proven tripartite and consultative approaches of the ILO to identify and address critical risks and opportunities in the following sectors and countries:

1. Thailand: Automotive manufacturing
2. The Philippines: Aquaculture
3. Indonesia: Electronics manufacturing

Grounded in **international labour standards**¹, the project will enhance social dialogue and constituents’ capacity to deliver on decent work objectives in global supply chains –through policies and actions that improve both working conditions and industry competitiveness in tandem.²

The project will also engage **constituents and key actors from Japan**, which is a major investor and partner in the aforementioned sectors in Asia, and which is also expanding its efforts to promote inclusive and resilient global supply chains. By helping these partners better understand and address critical supply chain risks (particularly vis-a-vis labour rights and decent work), the project will thus support Japan’s efforts to apply its National Action Plan (NAP) on Business and Human Rights and new Guidelines on Respecting Human Rights in Responsible Supply Chains.

In the three focus countries, the RISSC project will implement a programme of work comprising three main outcomes (work modules):

1. **Analysis and Research** to better understand and inform actions to address decent work gaps and opportunities in the selected supply chains (as defined by ILO’s tripartite constituents and industry partners)
2. **Development** of tools, policies, advice and training to enable action by constituents and other key stakeholders
3. **Support** ILO’s tripartite constituents and industry stakeholders to adopt policies and actions that advance decent work in these supply chains (including lower tier manufacturers/suppliers)

¹ [Labour standards \(ilo.org\)](https://www.ilo.org/)

² The project will be guided by Declarations, including but not limited to, the ILO Declaration on Fundamental Principles and Right at Work and its Follow-up, adopted at the 86th Session of the International Labour Conference (1998) and amended at the 110th Session (2022), the ILO Declaration on Social Justice for a Fair Globalization (2008), the ILO Centenary Declaration on Social Justice for the Future of Work (2019), the ILO Global Call to Action for a Human-Centred Recovery from the COVID-19 Crisis that is Inclusive, Sustainable and Resilient, 2021.

In addition, the project will support Japanese constituents in implementing the new NAP on Business and Human Rights through a better understanding of decent work challenges and opportunities and tools to address risks in their global supply chains.

Falling under Outcome 1 of the RISSC project³, the overarching aims of this research are threefold:

- To provide constituents and other key stakeholders with up-to-date data and information on the automotive industry in Thailand, and the drivers that may change its organization of production and work in the future
- To improve constituent and stakeholder understanding of decent work challenges and opportunities in the sector, including those associated with the potential move to mandatory human rights due diligence
- To propose practical and stakeholder-specific recommendations to advance decent work and enhance responsible business conduct in line with international standards

Context - The RISSC project in Thailand

The **automotive industry** in Thailand is the 2nd largest export industry with a total export share of 9.2% in 2020 according to its Board of Investment (BOI)⁴. Automotive manufacturing contributes considerably to economic growth, job creation and livelihoods in the country.

With over 2 million units per year, Thailand is the highest ranked automotive producer and exporter in ASEAN, and the 11th largest in the world⁵. The industry is dominated by 19 major automotive assemblers, 8 of which are Japanese (i.e., Toyota, Isuzu, Honda, Mitsubishi, Nissan, Mazda, Suzuki and Hino). This can in part be explained by the Japan-Thailand Economic Partnership Agreement⁶, which has strengthened trade between 2 countries.

The automotive industry in Thailand today faces some significant **decent work challenges**, including:

- Growing technological complexity of production processes, components and end-products (including electric vehicles and growing automation⁷) in the sector have led to **skills and labour shortages**⁸, and consequently the need for **skills development and lifelong learning** (nearly half of workers hold a vocational certificate as their highest level of education⁹).
- **Informality**: Despite a lack of accurate data, only about 43 per cent of the auto-parts workforce are registered in the social security system, which limits their access to associated state benefits.¹⁰
- **Agency and subcontracting work** is commonplace in the automotive supply chain, and these workers face greater uncertainty and security at work (as well as fewer benefits than permanent workers)^{9 10}.

³ This assignment is the main component of Outcome 1 under the RISSC project in Thailand: Analysis and research to better understand decent work gaps and opportunities in the automotive manufacturing supply chain and inform related actions by ILO's tripartite constituents (government, employers' and workers' organizations in the industry) and other industry partners and stakeholders.

⁴ [Thailand's Investment Policy Update \(boi.go.th\)](https://boi.go.th)

⁵ [13th NESDP Final in TH.pdf \(nesdc.go.th\)](https://nesdc.go.th)

⁶ [Agreement between Japan and the Kingdom of Thailand for an Economic Partnership | Ministry of Foreign Affairs of Japan \(mofa.go.jp\)](https://mofa.go.jp)

⁷ [The future of work in the automotive industry: The need to invest in people's capabilities and decent and sustainable work \(ilo.org\)](https://ilo.org)

⁸ [Electric Vehicle Transition Impact on Jobs in Thailand, Department of Employment, 2019](https://fes.de)

⁹ [Impact of Transition to Electrical Vehicles on Workers in Auto-parts Manufacturing \(fes.de\)](https://fes.de)

¹⁰ [Driving change: A market systems analysis of responsible business practices in Thailand's automotive parts sector](https://fes.de)

- **Gender pay gaps and discrimination:** on average, women workers in the sector are paid 92.8 per cent of their male counterparts' wages for the same jobs¹⁰.
- Restrictions on **freedom of association** and the right to organize and **bargain collectively:** Thailand has yet to ratify core ILO conventions no. 87 and 98, which are critical in protecting the fundamental rights of workers¹¹.

By addressing these challenges, the automotive industry in Thailand has a unique opportunity to strengthen its leading position in ASEAN and generate new opportunities for employers and workers in the future.

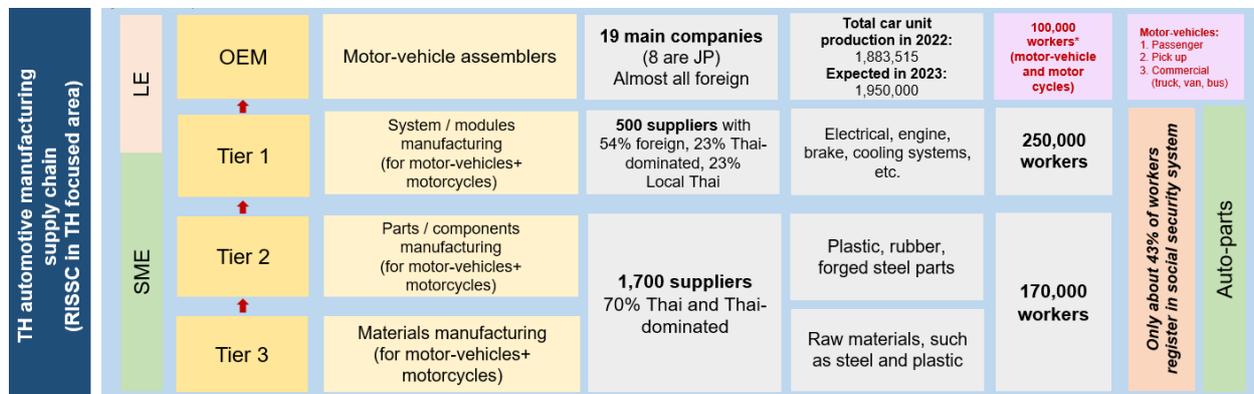
► Assignment objectives

The study has 4 key objectives:

- To analyse the **current situation of Thailand's automotive manufacturing sector* vis-à-vis decent work**, particularly in the context of growing requirements for (enhanced) human rights due diligence and responsible business practices in manufacturing supply chains
- To identify and assess the **forces and trends** that are likely to affect/shape the decent work and responsible business landscape in this sector in the coming years (i.e., 10-year horizon)
- To identify **existing (and foreseen) gaps and barriers** within the sector and how closing them can support decent work and responsible business conduct
- To develop and propose **practical stakeholder-specific recommendations to advance decent work** and enhance **responsible business practices** in line with international standards

*Definition of automotive manufacturing sector

For the purposes of this study (and in line with the planned project scope), the automotive manufacturing sector is *broadly* defined as the assembly and auto-parts segments of the supply chain (with both Thai and non-Thai management/ownership), as illustrated below.



Sources: • The Federation of Thai Industry (FTI), Automotive Industry Club, 2022
• International Labour Organization (ILO), Driving change: A market systems analysis of responsible business practices in Thailand's automotive parts sector, 2022
• Thai Automotive Institute (TAI), Facts and Figures, 2021
• Chollacoop, N., 14R for Circular Economy: Transition Trends and Readiness of Thailand Automobile Sector', 2020

¹¹ [Up-to-date Conventions not ratified by Thailand \(ilo.org\)](https://www.ilo.org/)

The study should be conducted as follows:

1. **Research methodology**, which should be both gender-sensitive and action-oriented, i.e. focused on advancing decent work and responsible business practices in the automotive manufacturing sector¹². Multiple approaches can be employed as appropriate. (Full methodology is to be discussed with ILO before approval)
2. **Desk and literature review**, to include the following:
 - Overview of the key concepts and how they are linked, namely decent work and responsible business conduct/practices (as enshrined in the UN Guiding Principles on Business and Human Rights and other normative frameworks) -and how they apply to the Thai automotive sector
 - An updated profile and structural mapping of the sector in Thailand (building on existing data/research available by ILO and others), including indicators on industry size, structure, economic and employment value, domestic supply chain linkages, etc.
 - Overview of expected drivers of change affecting the sector, including global megatrends (technological advances, climate change, consumer habits and demographics, trade shifts, etc), the external trade and supply chain context (and related rules/requirements), and national plans and policies (i.e. within Thailand).
3. **Analysis**, to include the following:
 - ▶ Examination of the current situation and performance of the Thai automotive manufacturing sector vis-à-vis decent work and responsible business practices, particularly in the context of growing external requirements for human rights due diligence (in Japan and other major economies). Themes to be covered may include:
 - Equality and Discrimination
 - Occupational Safety and Health
 - Equal Pay
 - Collective Bargaining
 - Freedom of Association and the Right to Organize
 - Forced labour and child labour
 - Other current and emerging issues, such as: labour compliance, labour and skills shortages, access to skills, informality and non-standard forms of employment, the labour impacts of automation and digitalization.
 - ▶ Analysis of current supply chain practices, i.e. how leading automotive firms (especially OEM and Tier 1) promote decent work and responsible business conduct in the Thai supply chain, for example through corporate codes of conduct and workplace policies, compliance enforcement/promotion, learning and improvement activities, and other measures.
 - ▶ Identification and analysis of decent work challenges and opportunities across the automotive supply chain (including auto-assembly and lower tier auto-parts manufacturers).
4. **Recommendations** on how constituents and key industry stakeholders can enhance decent work and responsible business practices in the automotive manufacturing sector.

¹²Including productivity: [GB.346/INS/9: Promoting productivity ecosystems for decent work \(ilo.org\)](https://www.ilo.org/gb346/INS/9/Promoting-productivity-ecosystems-for-decent-work)

5. **Validation:** A stakeholder validation workshop will also be co-organized by the consultant (in consultation/partnership with the ILO), to discuss findings/recommendations and build consensus on next steps for the sector and the RISSC project.

▶ Deliverables and timeline

The consultant/service provider must deliver three deliverables, as follows:

- **Deliverable 1:** Research methodology (task 1) and report outline by Friday, 19 May 2023
- **Deliverable 2:** Interim report containing desk/literature review (task 2) and analysis (task 3) by Friday, 14 July 2023
- **Deliverable 3:** Final draft report and summarized PowerPoint presentation containing recommendations (task 4) with workshop outline and materials by Monday, 14 August 2023
- **Deliverable 4:** Final report with inputs to and participation in tripartite validation workshop by Thursday, 14 September 2023

▶ Consultant profile and requirements

Academic requirements:

- ▶ **Team leader:** (1) At least master's degree in social science, sustainable development, labour law, or other industry-related fields, and (2) At least 7 years of research experience
- ▶ **Team researcher(s):** (1) At least bachelor's degree in social science, sustainable development, labour law, or other industry-related fields, and (2) At least 4 years of research experience

General requirements

- ▶ Knowledge of Thailand's automotive sector
- ▶ Strong analytical, researching, report-writing, and communication skills
- ▶ Understanding of the ILO's institutional mandate, Decent Work and Future of Work agendas.
- ▶ Understanding of human and labour rights, and how this interacts with business in global supply chains¹³
- ▶ Prior experience working with the ILO's tripartite constituents (employers, workers, and government) and industry stakeholders in the automotive sector
- ▶ English communication skills (written and verbal)
- ▶ Strong quality assurance skills and ability to execute complex tasks under time pressure

¹³ In particular, it would be desirable to have an understanding of international labour standards, declarations, other international instruments and guidance, such as UN Guiding Principles on Business and Human Rights, OECD Due Diligence Guidance for Responsible Business Conduct, ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), OECD Guidelines for Multinational Enterprises.

- ▶ Knowledge of the ILO and/or other UN work environment and values would be an asset.
- ▶ Advanced computer, presentation, and facilitation skills, including physical/virtual meeting platform setup and moderation

▶ Contractual arrangement and payment

The successful bidder will receive a written contract from the ILO. The contract period is from **Thursday, 4 May 2023 to Thursday, 14 September 2023**.

Payment will be made to the completion of assignment to the satisfaction of the ILO. This cost is to cover consultancy fee and all other necessary eligible costs of the service provider.

Terms of payment for the service provider shall be made as follows:

- ▶ **First payment** will be paid to service provider upon submission and approval of the research methodology and report outline [DELIVERABLE 1]
- ▶ **Second payment** will be paid to service provider upon submission and approval of the interim report containing desk/literature review and analysis [DELIVERABLE 2]
- ▶ **Final payment** will be paid to service provider upon submission and approval of the final report and participation in the associated validation workshop [DELIVERABLES 3 AND 4]

▶ Ethical guidelines

The consultant/ service provider should adhere to international best practices if there is any case concerning the respondents in the interview or survey or workshop (if any), including the following standards:

1. Ensure that all respondents understand the purpose of research and analysis and how the results will be used
2. Obtain informed consent from respondents and notifying them of their rights to confidentiality
3. Notify participants that they are free to stop the interview at any time
4. Maintain the anonymity of respondents during the collection and analysis of data
5. Be sensitive to cultural norms during interactions with respondents
6. Ensure that all data submitted is based upon genuine interviews of respondents that were selected on the basis agreed upon the designed research methodology

▶ How to apply

Interested bidders are invited to submit the following documents to the ILO in English:

1. Cover email with short expression of interest (<2 paragraphs, not exceeding 100 words)
2. Short technical proposal (<3 pages, not exceeding 3,000 words) outlining the proposed methodological approach and process for conducting the study, as well as a financial offer based on a daily fee expressed in USD.
3. Organizational profile and CVs/resumes of all proposed team members
4. Evidence of similar previous published works (up to two examples e.g., reports, analytical briefs, etc)

Proposals should be submitted via email to RISSC@ilo.org no later than Monday 24 April 2023.

For technical enquiries, please contact Mr. Noppavut Pravat, National Project Coordinator (pravat@ilo.org), ILO Regional Office for Asia and the Pacific, Bangkok, Thailand