



Research brief: Decent work and responsible business practices in Thailand's automotive manufacturing sector

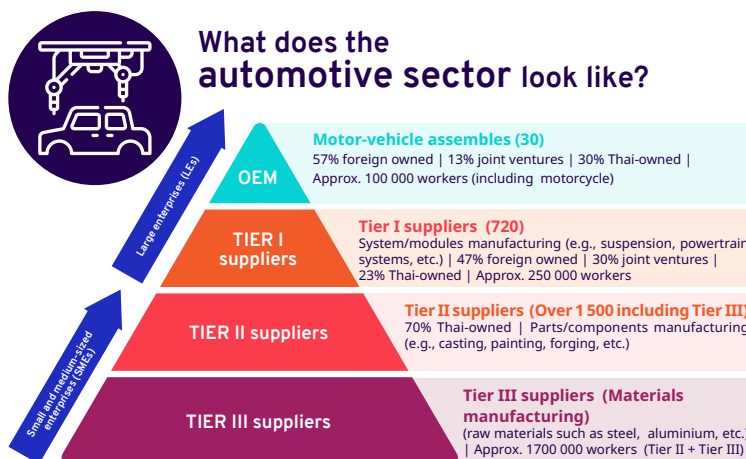
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Background

This study, part of the Resilient, Inclusive and Sustainable Supply Chain (RISSC) project in Thailand, delves into decent work and responsible business practices within the country's automotive manufacturing supply chain.

By evaluating the current industry situation, identifying key trends, and providing practical stakeholder recommendations, it highlights the need for a socially responsible business model that leverages good working conditions for competitive advantage.



Study methodology



Primary data collection

- ▶ 26 key-informant interviews with key stakeholders, including policymakers and automotive companies
- ▶ Labour surveys w 467 workers & in-depth interviews w 20 workers from tier 1-3 in Thailand's EEC area



Secondary data collection

- ▶ Labour force survey
- ▶ National / intl. frameworks & regulations
- ▶ Academic literature



Diagnostic tool development

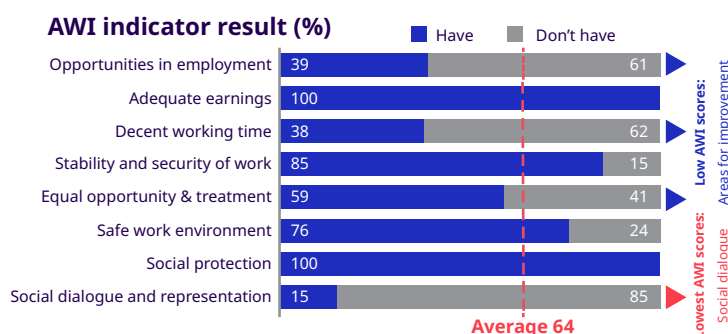
- ▶ The Auto Worker Index (AWI), based on standard ILO indicators of decent work, was designed for this research on respondent level data from a worker survey.

Key drivers of change

- 1) **Technological advancement**, including the rise of EVs & ZEVs
- 2) **Emerging human rights requirements**, consisting human rights due diligence: HRDD

Key research findings

From workers: the Auto-worker Index (AWI) shows the issues workers are concerned about. Issue areas are ranked on a score of 0 to 100.



From other industry stakeholder



- ▶ Growing cooperate awareness of RBC, but relatively few companies taking concrete actions
- ▶ Businesses want HRDD to be more results-based, less prescriptive
- ▶ HRDD needs to be ongoing and integrated into existing workplace mechanisms



Findings by issue

Wages differ even within this high-paid sector.

- The sector display higher avg. monthly earnings than the national low pay rate.
- Migrant workers often receive lower wages compared to Thais.

Social security coverage is registered for by most automotive workers.

- Most workers enrolls in a social security system as a social protection scheme.
- Awareness of other compensation programmes, e.g., the workmen's compensation fund, is lower.

Stability and security of work vary among groups of workers.

- The correlation between tenure & experience underscores the importance of direct employment as a job stability.
- More migrant workers (many hired through agencies) lack written contracts than Thai & directly-hired peers.

There is a high level of occupational safety & health in the sector.

- High levels of OSH stds, with most workers receiving the necessary PPE and having access to essential medical facilities.
- Serious injury rates far outstrip the national average, thus pointing to a need for further preventative efforts & more uniform safety stds.

Gaps in maternity entitlements still remain.

- Though most female respondents receive paid maternity leave, there is scope for improvement in terms of the awareness of maternity entitlements.

Although it is voluntary, most workers feel obligated to work over times.

- Most workers are provided with written contracts and have the freedom to change employers.
- Most workers feeling obligated to work OT is a risk factor affecting quality of work.

Social dialogue is lagging across the sector.

- 1 in 3 workers have access to a trade union.
- Unionised workplaces have better worker-management negotiation & communication.
- Unions also appear to correlate with improved wages and working conditions.

Working time is well managed but overtime can be problematic.

- Workers seek OT for income, but excessive OT could impact productivity & health.
- Lower percentage of migrants, compared to Thais, receive a fixed monthly salary.
- More equitable pay practices & stronger legal enforcement are needed.

There are gaps in skills and career opportunities.

- Over half of the workers receive some forms of formal work-related training.
- The impact of training is significant, with workers lacking training often finding themselves in lower salary brackets and working longer hours.

More awareness is needed on equality and non-discrimination issues.

- Thai workers & higher tiers exhibit higher awareness levels of company policies than migrants & lower tiers, respectively.
- High awareness for grievance, OSH & CSR policies, as well as the corporate code of conduct.
- The lack of awareness about discrimination issues, and differences in work hours & compensation between Thai & migrant workers.

Worker satisfaction is high but concerns remain.

- High level of job satisfaction for the sector
- Concerns regarding the disruptive impact of new technologies on labour & employment
- Desire for higher salaries, enhanced benefits & work facilities

Key recommendations



For government policymakers

- Strengthen the 'enabling environment' for RBC nationally, by ratifying key ILO conventions and strengthening compliance monitoring & support



For employers in the automotive sector

- Strengthen social dialogue
- Expand career and growth opportunities
- Tackle discrimination & unequal treatment at work



For lead auto-companies & EBMOs

- Raise industry-wide awareness & preparedness for RBC
- Strengthen oversight and partnerships with suppliers (on DW/RBC)

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