

The Challenges of Informal Labour under ASEAN Community in Songkhla

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Abstract

The informal labour plays an important role in economic development of Songkhla but, there is limited provincial support for people in this sector. Therefore, the study aims to understand the challenging situation of informal labour who works within an informal economies and how the policy on AEC advocated by Songkhla province will have an impact on them. The research employed qualitative methodology in order to examine the situation and challenge of informal labour in Songkhla. The research included documentary data, observation and in-depth interview of workers and non-government organization staff. The respondents comprised with 6 female workers and 1 staff from non-government organization. The testimonials from the respondents were analysed by using content analysis method. The result demonstrated that the Songkhla policy on AEC lack tangible processes of developing informal labour. Therefore, the study proposed that policymaker should consider human security approach as the framework for such labour development.

Keywords

Situation of Informal Labour, Impact on Economic Security, ASEAN Community

Introduction

The ASEAN Economic Community (AEC) is established as one of the three pillars of the ASEAN community (AC). The main objective is to integrate region economies to become a single market and production base. Thus, after the settlement of AEC at the end of 2015, it continues to have impact that goes beyond many levels of social and economic domains of ASEAN members. AEC becomes the major milestone on regional economic integration agenda in ASEAN. AEC provides opportunities to over 622 million people by providing a huge market of US\$2.6 trillion. ASEAN encompasses the third largest economy in Asia and the seventh largest in the world (Association of Southeast Asian Nations, n.d.). The creation of single market promotes the free flow of goods, services, investment, and skilled labour; fair economic competition; sustainable and equitable economic development; and further integrating ASEAN into the global economy. This has inevitable effects on businesses or domestic employment in Thailand specifically on the workforce mobility since the AEC will allow the free movement of labour force in the region.

In Thailand, an going regional cooperation causes challenges in terms of economic development and induces competitiveness of labour. Therefore, it is very important to the national policy practitioners to prepare for the free workforce mobility as well as formulate a proper plan to develop the domestic workforce and increase their potentiality. However, the labour force in Thailand has interesting characteristics. The Thai labour market can be characterized as a segmented labour market by consisting of formal and informal labour market.

From the aspect of formal and informal labour, Tawan Wannarat (2014) said that the broad definition of informal labour which refers to workers with no social welfare and protection, is problematic. It causes difficulty and confusion when considering who should be regarded as informal labour. Nowadays, workers who claim to be informal labours try to form groups to show their existence and to make certain demands.

The growing recognition of informal labour or sector raised the importance of labour who worked in this area. Bank of Thailand provided definition of informal sector as informal sector typically refers to economic transaction that is not explicitly observed or organized. “The informality can be defined in terms of market transaction and legality as follows. First, non-market transaction, legal output but illegal arrangement. Examples are goods or services produced by households which are not traded or paid for. Secondly, market transaction, legal output, and legal arrangement. Examples are goods or services produced by small – scale producers, which are sold either as intermediate goods and services to other producers or as part of final demand. Thirdly, market transaction, legal output, but illegal arrangement. Examples are goods or services produced by registered producers but involved some illegality like avoidance of minimum wage. Finally, market transaction, illegal output, and illegal arrangement. Examples are goods or services produced by criminal sector like drugs.” (Buddhari & Rugpenthum, 2019, p.2)

The National Statistical Office (NSO) has defined “informal workers” and conducted a yearly survey to enable concerned agencies to better plan for the administration and protection of the workers’ rights in the informal economy. The NSO defines “informal worker” as follows: an “informal worker” is a person of at least 15 years of age, whose employment is neither protected nor regulated by the social security system, unlike their counterparts in the formal economy (Thanachaisethavut, 2011, p. 11).

Therefore, labour who works in informal sector are generally considered as informal labour, and they have been seen as low-skilled workers, which affects their productivity, income, and wellbeing. This is the huge challenges of Thailand since the informal labour is a prevailing problem of the country. For example, according to the National Statistical Office had reported that the workers in informal employment in the third quarterly (July-September 2018) do not have any employment security or have no social protection and benefit from their employers. There are 55.3 percent of 38.3 million employed persons are informal employed. The agricultural sector accounts for the majority of the informal labour force and most of them had low education level (National Statistical Office, 2018).

The difficulties of informal labour are demonstrated in many studies. According to Bonner & Spooner (2011) many informal workers do not have an employer or whom to negotiate. So, they are outside the protective labour law framework and there are no clear markers against which to push for gains. Since collective bargaining is a staple of trade union activities, these factors create perceptual and practical challenges for traditional unions. Further, most of the informal workers are poor and must work long hours and some may work multiples jobs to survive. Unsurprisingly, they are more likely to be the most vulnerable people of exploitation.

This situation also constantly occurs in Thailand. Previous studies indicate that the vulnerabilities of the informal labour in Thailand remained the controversy topic in several ways. For instance, the study of Potjanalawan (2017) on the invisible state of janitors in workplace, case study in universities, showed that there was a relationship between labours and workspace which they have the powerless negotiation. Thus, the existence of them seems to be invisible, hiding from the appearance. The universities mostly ignore to manage the space for them. Moreover, the invisible state is emphasized by the change of the university policy. Another interesting research focused on the impartial provision or welfare of the

informal labour was conducted by Atiwanichpong (2013). She investigated that the development of capitalism creates complex employment as well as it causes a labour migration. Moreover, each type of workers creates different working conditions and different provision. While the formal workers, which were the government officials, state enterprise employees and permanent employees, have a better status than other types of labour but, the informal migrant workers and stateless labour do not receive fairly access to the benefits.

With regards to the development of capitalism and the importance of regional economic integration, which is derived from the idea of capitalism, ASEAN community can be seen as a paradox of economic development. Although it creates the opportunities for investments, services and trade, the informal economy is also expanded. The economic development are able to create an insecurity resulting from flexible labour markets, unemployment and temporary jobs. This idea profoundly involved with human security aspects. While some workers celebrate opportunities created by the cooperation of AEC, the others face insecure in income generating activities.

Therefore, this study focuses only on the policy documentation of Songkhla and its real situation of informal labour in the area. The study employed the human security approach in order to analyse the real situation of informal labour and its effects from the policy. The focal point of addressing the vulnerability of informal labour in Songkhla is to demonstrate the challenges of people who work in informal sector whereas, Songkhla has been positioning itself as the center of economic development in deep south of Thailand and become a gateway to ASEAN (Strategic Planning Group of Songkhla, 2015).

Objectives

The study aims to understand the challenging situation of informal labour or labourers who work within an informal economy and how does the policy on AEC advocated by the Songkhla province will have an impact on informal labour.

Research Questions

1. How does the situation of informal labour take place in Songkhla province.
2. How does the policy on AEC of Songkhla province will affect the informal labour.

Literature Review on Human Security and Informal Labour

There are many debates on the concept of human security. The notable idea of human security circulates around the meaning of 'security'. The term is formerly considered within a political sense and literally links with an old term of national security connotation. After the World War, this particular meaning stemmed from the practices of international politics. The general meaning focuses on the safety of individuals from violence or crimes (Shinoda, 2004). However, it primarily aimed to protect the state sovereignty and territorial security of the state from any external treats (Trachsler, 2011). Therefore, the traditional notion of security showed that there are major implications and all acts on security have been built around the security of the state for several decades. For instance, the French Revolution and Napoleonic Wars spurred the importance of state's security issues. (Fukuda-Parr and Messineo, 2012).

Furthermore, an escalation of inter-state violence after the end of Cold War brought a serious consideration on threats. The increase of fragile states and failed states had also boosted a necessary awareness on resurgence of political, ethnic, religious and economic tensions which had directly threatened on lives and quality of life of the civilian (Trachsler, 2011). Shinoda (2004) argued that the traditional concept of security is not considered purely on political implications and national level since the political term have been dealt within components of the state. He also noted that only people or individuals may be content with being secure.

The concept of human security is shifted and it emphasized more on people's security than state's security when Amartya Sen acknowledged the importance of human security at the International Symposium on Human Security in Tokyo in 2000. He pointed out the persistent problems and vulnerabilities with which the world has long been confronted with, for instance, security of survival, health, peace and tolerance quality of living, information and ecology in recent decade etc. The international interests on human security continued occur as noted in UN General Assembly resolution 66/290 on human security, it had been stated that "human security is an approach to assist member states in identifying and addressing widespread and cross-cutting challenges to the survival, livelihood and dignity of their people" It calls for people-centred, comprehensive, context-specific and prevention-oriented responses that strengthen the protection and empowerment of all people. Thus, the informal labour can be seen as a group of insecurity people in terms of insecurity in income generating activities after the AEC is implemented.

Methods

The research used the qualitative methodology in order to investigate the situation of informal labour in the Songkhla province. Moreover, this research included documentary data, observation and in-depth interview of workers and non-government organization staffs. There are the ASEAN Strategic Plan of Songkhla 2015-2017, which is an official document of province with regard to the ASEAN. There were 3 papers from Ministry of Labour (MOL); the Situation Report on Labour in Songkhla from 2014-2018 as well as there were 2 papers of the Informal Employment Survey 2017-2018 from National Statistical Office (NSO).

From all the documents, researcher analysed the information on a number of informal labour in Songkhla from 2014-2018 and the situation of labour demand and labour supply in informal sector. However, in order to examine the challenges of the informal workers, researcher also investigated the problems and obstacles of the employees in informal sector. The problem which occurred under the period of AEC and its impact on informal labour.

In order to collect the primary data, an in-depth interview was conducted as data collecting method for this study. The key informants were chosen by using accidental sampling. There were 6 female workers who worked at the private dormitories local business firms and in universities in the Songkhla province. All of them have a discrete contract and they did not receive any benefits from the social protection scheme but, they were under the universal health care scheme. There was also 1 respondent from Home Net, the non-government organization, she has been working closely with informal workers in Songkhla. Surprisingly, Home Net is only one non-government organization actively worked in Songkhla province under the informal labour issue.

In order to understand the current situation, the researcher grouped the information from the literature as well as from the interview. After that it is analysed with the theoretical approach on human security. Also, the possible action has offered in the study in order to help support the labour in informal sector.

Results and Discussion

Situation of Informal Economy in Songkhla

Songkhla province has the goals and benefits that are expected to be gained from opening ASEAN and AEC in two ways. First, the benefit from importing raw fishery materials from neighboring countries such as fish and squid. Second, being the economic center of foreign trade with the southern region and the ASEAN members such as Malaysia and Indonesia (Strategic Planning Group of Songkhla, 2015). This goal enables the governor of Songkhla to enthusiastically develop business and industry managements. This may lead to an understanding on provincial development derived from the formal sector. Interestingly, the information from the document demonstrated that the informal employment in Songkhla played an important role in economic development. According to the report by the National Statics Office of Songkhla in 2017, there were 862,422 people who were in the labour market. However, there were only 433,756 people or 50.3 per cent present in the informal economy (National Statistical Office, 2018).

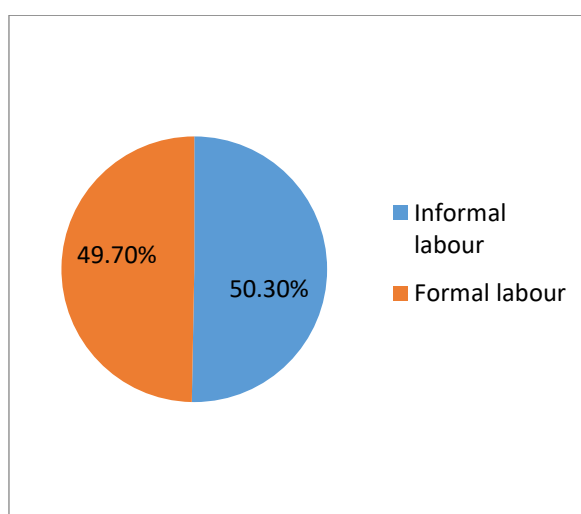


Figure 1 The proportion of formal labour and informal labour in Songkhla

Source : Modified from National Statistic Officer of Songkhla, 2018

The figure shows that there is an equal proportion between a number of formal labour and informal labour in Songkhla and all of them form the largest part in the industrial and agricultural sector.

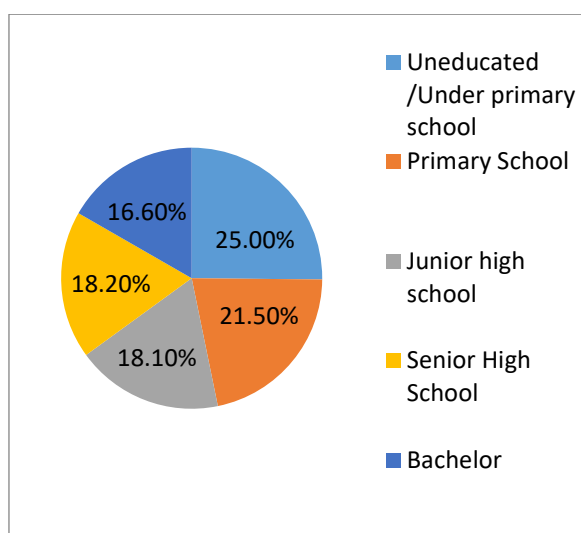


Figure 2 The proportion of informal labour by educational attainment

Source : Modified from National Statistic Officer of Songkhla, 2018

Although the informal employment is the major source of provincial economic development but, people who work in this sectors are low educational level. Education is one of the most important qualification of informal labour in informal employment. The majority of the informal labourers in Songkhla gained only a primary school level while most of them are uneducated. This seem to be a common qualification of informal labour in many developing countries.

Table 1 The education level of informal labour in Songkhla during 2015-2018

Education Level of Informal Labour	Year 2015	Year 2016	Year 2017	Year 2018
Uneducated&Under primary school	114,710	122,701	108,254	104,829
Primary school	105,622	106,377	93,365	103,044
Junior high school	67,912	83,633	78,557	92,771
Senior high school	82,066	75,589	78,869	83,351

Source : Modified from Office of Labour Songkhla Province, 2019

The table significantly demonstrated that the largest number of informal labour in Songkhla took part in under primary school level and an uneducated level. From 2015-2018, the number of uneducated labour and under primary school labour were continued recorded and it gradually increased until 2018. This referred to the number of informal labour were employed and they were officially accounted for the employment. Although they made up to the largest group of people but, they were more likely to be gained a lower pay than others group. This is a typical way of labour supply since the education is one of the most important qualification for employment.

There was also gender issue in informal labour. It is because the number of males employed surpassed females in the informal sector. This emphasized that female remain face gender barrier on applying job compare with their male counterpart.

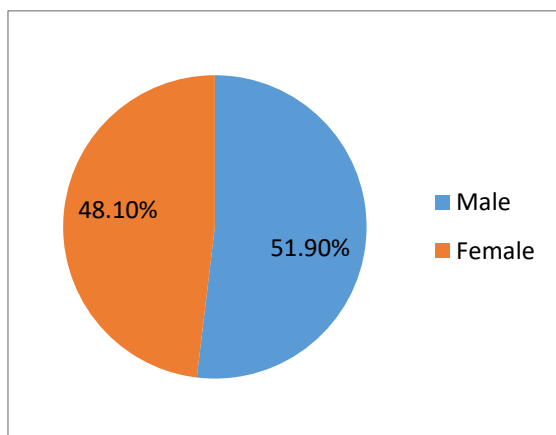


Figure 3 The proportion of informal labour by gender

Source : Modified from National Statistic Officer of Songkhla, 2018

With regards to the testimonial of female cleaner, she had reported that she had been rejected from the employers because of gender when she applied for the janitor. So, not only the education level but also the gender issue is an important factor for job application.

“I am quite old and I know, it is probably hard to get a job but, I applied for so many positions...some said I am too old, some said I am woman”

Miss E, 50-year-old

Since the education was widely believed to be one key factor that affects women’s involvement in the employment, the low educational level of workers caused negative effects toward their livelihood and it also affected their families. The literature also supported that statement because there is a relationship between women and education level and its impact on their livelihoods. Education can be seen as the way for women to redeem self-esteem, equalize social status and generate sustainable income (Leach, 1996).

It can be also said that, women are more exposed to informal employment and they are more often found in the most vulnerable situations. The employers tended to employ the educated person more than uneducated person. From the testimonial, the cleaners also stated that the education level is very important for applying higher wages’ job position. For example, the position of house keeper or cleaner in hotel business suited for the one who has at least a degree in junior high school. However, the majority of informal labour in Songkhla was uneducated person and some of them obtained only a primary school level.

“I know about the housemaid’s work in hotel but, I can not apply for that position because I have only primary school grade. Hotel requires (applicant’s education) at least secondary school.”

Miss D, 43-year-old

Furthermore, there were other gender issues in employment. According to Table 2, females were more likely to join the service business while males were more likely to join the industrial sector. This situation demonstrates that gender differences remain a factor for employment. Similarly, globally informal employment is a greater source of employment for men (63.0 percent) than for women (58.1 percent). This is true for both the averages for emerging and developing countries and developed countries and for agricultural and non-agricultural informal employment (International Labour Organization, 2018, p.20).

Table 2 The profession differences of informal labour in Songkhla during 2015-2018

Profession	Year 2015		Year 2016		Year 2017		Year 2018	
	M	F	M	F	M	F	M	F
Services Sector	55,331	97,254	51,460	83,521	59,977	99,824	62,930	100,953
Agriculture/ Fishery	106,602	78,706	116,119	85,055	106,712	65,629	109,473	83,221
Technician	17,128	-	19,243	1,908	13,889	732	10,811	-

Source : Modified from Office of Labour Songkhla Province, 2019

In short, the informal employment is a greater source of employment and economic development of Songkhla. This evidence complied with the global incidence on informal economy. Nevertheless, this is a very important point when Songkhla advocates policies on opening gateway to ASEAN. The business and services sector will gain plenty of benefits and advantages as well as the whole economic development of the province will obtain benefits. However, the ASEAN strategic plan of Songkhla did not clearly mention the role of gender, age and occupation type which will be supported by the provincial policy during the ASEAN.

Challenges from AEC to the informal labour in Songkhla

Economic security is one of the focal points of human security approach. This means that people are able to make their livelihood properly. However, personal economic security has differences with regards to the condition of employment or unemployment. From the testimonial showed that informal labour in Songkhla it has been facing challenges in several ways.

First, the informal workers are available for employment but, the low wage job hinder them from employment.

“ I decided to move to Songkhla because of a low price of rubber, so I stop doing a rubber tap at my hometown (Suratthani Province) and come to Songkhla. I want to apply any jobs but some of the positions offer very low paid. When I compare to rubber tap's earning, I think I do the rubber tap and it will gain more money than this position. ”

Miss A, 48-year-old

“ I used to work in restaurant, it was a small restaurant near my home. I work there for several months and I left that job because of a few earning. It is not enough for my family and me. ”

Miss B, 46-year-old

After the period of AEC officially activated, the businesses will surely adjust themselves in order to improve their competitiveness. The entrepreneur may reduce cost of production by offering the lower wages for the employees. This situation will lead to the limited choices of low education labour since they made up to largest number of informal labour in Songkhla while the decent job and the proper wages rates are decreased.

Secondly, the intense mobility of informal labour will affect the downtown area when Songkhla was announced to be the gateway of ASEAN. By expecting of economic and business growing, Songkhla can be seen as the destination of many workers.

“Recently after I divorced with my husband the rubber has low price, my daughter and I stay with my parents. You also know ,nowadays it is very hard to get enough earning from rubber tap. I decided to move to Songkhla because I used to live here when I was a little. I have relatives here so, I move from Surattani”

Miss A, 48-year-old

“ I live in Satingpra district but I took the ferry boat to Muang Songkhla. I work as a house keeper and my husband also a daily wage worker, he works at the wood factory”

Miss D, 43-year-old

Not only the Thai labour, but there is also a possibility for labour from neighboring countries under the ASEAN and the AEC. Some may say, the free movement of labour is applicable for skilled labour or labour under the standard of Mutual Recognition Agreement (MRA) but, when Songkhla welcome the foreign investor. It is possible for intensive demand of skilled and low –skilled labour or lillegal migrant workers in the area in order to respond with the growing demand in labour market.

Thirdly, due to the discrete contract of employment, the employees are not able to receive the social security for the workers under the labour law. This situation is commonly found in Thailand because of the discrete contracts regards to the growing demand on labour with short employment. These issues have long been debated in academic, policy practitioner and the government officers but the problem remains as a controversial issue.

“ I work in university but I did not have any social security benefit. When I got sick, I need to use 30 baht (universal health care scheme) and get only paracetamol.”

Miss C, 40-year-old

“ I am fat and have diabetes so I cannot stand to work for long time.”

Miss C, 40-year-old

The testimonial from the NGOs staff also gives an important point of informal labour in Songkhla. The issue of inequality of rights of the informal labour has been advocated by NGOs and the provincial officers. This is because Songkhla has become a center for economic development in the deep south of Thailand.

“ I work on informal labour issue for long time, I can say that I am the first one who starts the issue of labour rights protection ... Now, I witness the improvement in attitude of the government officers towards the informal labour. Even they have tried to manage, for example; the street vendor or the motorcycle taxi but, the government learns to deal with this people properly...Now, we have a network of informal labour in Songkhla under the support of Home Net...the informal labour network based on their type of job. For instance, the motorcycle taxi, the street vendor and the self employed (shop , restaurant and food stall). We help them (informal labour) by strengthening their network. We also shared them with the legal issue and educate them how to contact with the government officer at the Provincial Hall”

Staff from Home Net

Finally, ministry of labour at Songkhla province constantly advocated a job training but, there was no specific measurement for upgrading the skills of informal labour based on differentiation of gender.

“ I heard about job training for people...because the vocational school give training for free but I did not have a chance to join and I also don't want to change a job now”

Miss E, 50-year-old

From the testimonial of interviewee, support from the educational institution for informal labour was available. Actions provided by many actors in Songkhla in pursuit of labour development to bring an opportunity for informal labour issues into account for provincial policy. Also, during the ASEAN period, Songkhla governor should start imposing the informal labour issues to the public consideration.

Recommendations

The results of this study emphasized that the informal workers in Songkhla remained facing many obstacles in their life, for instance; the low wage earnings, the low education and low skill, gender barrier, the access to social protection, the personal health issues and etc. Therefore, Songkhla policymaker should consider these following issues.

Firstly, policymaker has to pay more attention on providing both the occupation safety and health services covering to this group. The provision from the provincial policy is needed and it can be immediately imposed for the provincial strategic plan. These supports will help informal labour towards standard of living.

Secondly, the policymaker should try to support both training and access to the useful information in order to improve these workers' productivity levels or provide the short training programme with regards to gender differences. As a success of the provincial policy, these labourers will become an important function in Songkhla economy in the ASEAN period.

Lastly, impose the tangible policy on human development, especially for informal labour, since the informal employment creates a large number of Songkhla economic development but there is no mentioned in provincial strategic plan.

In short, although we discovered that the increasing trends from formal to informal sectors also reflect the policy trend of the government, the problems of economic security of informal labour remain the same. The challenge increases when the ASEAN and AEC officially activated. The informal economy represents a challenge to policy-makers that pursue the following goals: improving the working conditions, legal and social protection of persons in informal sector employment. For employees in informal jobs are the source of increasing the productivity of informal economic activities. But, the labour in informal employment need a proper training skill in order to improve their work condition and work productivity.

Under the AEC, the provincial governor should use this opportunity to include the informal labour issues into provincial policies such as responsive gender employment, old age workers and legal rights for informal labour. Moreover, there is a link although not a perfect correlation between informal employment and being poor, it stems from the lack of labour legislation and social protection covering workers in informal employment. Thus, the appropriate implementation regulatory framework for informal labour is also necessary as well as an urban development, which is important for creating a friendly environment that supports the standard of living.

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