



7<sup>TH</sup> INTERNATIONAL CONFERENCE

# Actual Economy

SOCIAL  
CHALLENGES  
AND FINANCIAL  
ISSUES IN XXI CENTURY



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## Gender Pay Gap of the Thai Labor Market

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### Abstract

This study examines gender wage gaps of Thai people. Using Heckman's model to avoid sample selection and the wage differential decomposition methods to find the wage differences. The result confirms the existence of inequality of the wage between two genders. Also, the findings declare that the married have more tendency to work in the market. Factors influencing wage include level of education, size of the firm in which they work, marital status and experience. Result from decomposition indicates there exists gender pay gap in Thailand. As male obviously receive higher returns than female do.

**Key-words** Gender pay gap, wage differentials, labor market, Thailand

### Introduction

The gender pay gap refers the difference between women's and men's earning. Looking back to the past in the labor market, male dominated jobs, especially the high-paid ones. It causes substantial pay gap between the two genders across countries in the world. The reasons explaining dissimilar opportunities are the role of qualifications and discrimination. Two factors causing the lower woman wage as qualification and the way each gender is treated. Even though, the methods to improve wage through productivity increase are attaining education and experiences. With an equal level of education, women receive less earnings than men do (Blau & Kahn, 2007). One argument is that female's lifetime participation in labor force in a shorter time than male's. Therefore, firms foresee less benefits from investment by training female employees and decide to invest in male workers. For this reason, the wage gap between men and women widens. However, women's lifetime workforce participation increases in recent years. Then wage gaps between genders are narrowed (Polachek, 2004).

Studies in the recent years reveal determinants of the wage gap. First, men and women earn differently because of gender discrimination (for example, Blau & Kahn, 2007; Cassells et al, 2009 & Council of Economic Advisers, 2015). Gender discrimination consequently becomes the cause of different education attainment. In the past, females did not receive opportunities to attain school. Jobs available in the market were taken over by males. Presently, women are more educated. Some countries do not find any substantial differences between female and male education (for example, Blau, & Kahn, 2016). Education is another factor that can empower women, rising female wages and narrowing pay gap (Taniguchi & Tuwo, 2014). Decades ago, women left labor market after their marriage and motherhood. Longer time of labor force participation of women encourages employers to offer higher wage rates. Moreover, current female workers tend to keep on working in the market even after they have children. It implies that women spend longer years in the labor market throughout their lifetime (Council of Economic Advisers, 2015). Benefits of increasing women education to a country are that it not only accumulates human capital, but also reduces household poverty as well as decreases inequality (Polachek, 2007 & Osorio & Wodon, 2016). The more education and on-the-job training, the more likely female workers could be productive and receive higher earnings. The current socio-economic environment does support women's higher earnings and reducing wage gap.

Another factor showing a significant influence on wage differences of the two genders is occupation. Women in the past took over in the low wage paid jobs. Female-dominated jobs, occupation segregated, have offered lower wages than male-dominated jobs. They also generally work in sectors and occupations where jobs are compatible with family responsibilities. Therefore, women tend to be undervalued and are not promoted to be in management positions (European Commission, 2014). Reimer and Schröder (2006) found that demand-side factors probably the factor

sorting women into different sectors, functions and hierarchical levels. Even in a developed economy, women remain underrepresented in the highest average wage jobs, but dominate in the industries with lowest wages (Council of Economic Advisers, 2015).

Gender disparities in labor markets have long been discussed in labor markets across the world. Gender discrimination causes inefficiency in the market as female workers are undervalued and earn less than productivities. Narrowing the gender gap in earnings with men and facilitating the entry of women into labor markets could greatly contribute not only to labor market efficiency, but also to motivations in productivity enhancement and reduction of inequality. Currently, women in Thailand are more educated and choose to participate labor market for a longer time. It is interesting to explore wage gap in Thailand. This paper mainly examines the pay gap between genders among Thai workers as well as determinants of wages which could be a source of wage gap. This section would be followed by review literature, data and analysis, and conclusion.

### Gender Wage and Gender Gaps

The empirical works focusing on illustrating differences of male and female workers' wage include Oxaca (1994); Ginther (2004); Reimer and Schröder (2006); Khitarishvili, (2009), Bassett (2012); The Joint Economic Committee Democratic Staff (2016); Blau & Kahn (2007 and 2016) and Saksiriruthai (2017). Gender pay gap does exist across the world regardless of levels of education, occupations and industries. Women are underrepresented in academic. Female Ph.D. graduates receive averagely lower earnings in science fields since women tend to choose to work in lower paid jobs as it is compatible with work and family trade-off (Ginther, 2004). However, with averagely higher educated, female are still offered lower wages because of the occupation segregation. Again, women dominate lower-paid occupations and sectors (Khitarishvili, 2009). Studies in the earnings of lifetime declare the gaps of earnings even though among classmates. Moreover, the longer the women work, the gap tends to widen (Bassett, 2012). Even though women are more educated and ready to work longer in the market, pay gap studies still signified that there existed wage gap between the genders. In a standard regression analysis techniques can be used to measure the likelihood of labor force participation. The same techniques can be used to see how expected levels of earnings for women compare to those for men. Differences between men and women can then be analyzed using alternative decomposition methods to assess the factors that drive differences in earnings and find the determinants of wages. Using Time Use Survey, the study would focus on the differential in earnings between men and women, as well as the differences in time use by gender. Determinants of wage is estimated by including socio-economic characteristics for both male and female to find how their wages differ. Two models are constructed to estimate wage. Gender is included in the models to estimate the difference of wage between the two genders. The model would first estimate probability of a worker to work in labor market. The estimation help obtain

inverse mill's ratio ( $\hat{\lambda}_i$ ).

$$E(W_i | Z_i^* > 0) = E[W_i | \mu_i > Y_i \gamma] = E[X_i \beta + \epsilon_i | \mu_i > Y_i \gamma] \text{ ----- (1)}$$

$$= X_i \beta + E[\epsilon_i | \mu_i > Y_i \gamma]$$

- where  $Z^*$  represents criteria for decision to labor market
- $W_i$  represents logarithm form of wage rate
- $Y_i$  represents vector of explanatory variables in decision to enter labor market.
- $X_i$  represents vector of explanatory variables in wage equation.
- $\gamma$  and  $\beta$  represents vector of coefficients
- $\mu_i$  and  $\epsilon_i$  represents errors

Then, using inverse mill's ratio ( $\hat{\lambda}_i$ ) to estimate wage rate ( $W_i$ )

$$W_i = \beta_0 + \beta_1 \text{ experience}_i + \beta_2 \text{ experience}_2 + \beta_3 \text{ education}_i + \beta_4 \text{ marital status}_i + \beta_5 \text{ number of hours (estimated)}_i + \beta_6 \text{ occupation}_i + \beta_7 \text{ Industry}_i + \beta_8 \text{ Region}_i + \theta \hat{\lambda}_i + v_i \text{ --- (2)}$$

where  $\beta_0$  is intercept.  $\beta_1 - \beta_8$  are coefficients. The variables included in the model are experience, experience<sub>2</sub>, dummies of education level, marital status, occupation, industry and region. With the estimations, not only pay gaps between genders of Thai people could be identified, but also factors

influencing wage and gaps. The finding is valuable for policymakers to reduce pay gap and inequality. Furthermore, the result could lead to labor productivity improvement and efficiency in labor market.

### **Results**

From the regression of wage and other explanatory variables, education, status in the household, age, size of firms and experience are the factors that provide a significant impact to the wage of both genders. The study declares the unequal wages between workers in different educational levels. Moreover, age is a factor positively correlates with wage rate. Experience, on the contrary, has an inverse effect on the wage. Primary sector, e.g., agriculture, is found to be the lowest earning compared to secondary and tertiary sector. The latter one, from the model, possess the highest wage rate.

### **Conclusion**

Besides the negative relationship between gender and wage, and time allocation, the study indicates that there is a substantial difference between wage of Thai men and women. Female earn less even they spend the same amount of time. There exists the gender gap in wages of these two genders since male has higher opportunities to gain more wage and the market than women do. These results give the details of behavior of Thai people. Policymakers could apply policies to narrow the wage gap for more efficient resource allocation.

### **Acknowledgments**

The author would like to thank Prof. Dr. Piriya Pholphirul for his valuable advices and Suan Sunandha Rajabhat University for funding the research. The author is responsible for any mistakes happened in this research.

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## Corporative organizational management in modern innovative business

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**Abstract** Innovative companies are highly efficient and competitive form of international business organization. This article discusses the organizational structural management in innovative companies, which give them ability to have global competitive advantages, advantages of large and small business forms, advantages of localization of numerous countries in the company's emerging. Also, the factors of organizational structural transformation in the modern innovative business, including the results of innovative modernization and information progress are evaluated.

**Key-words** Innovative modernization, innovative company, hyper-profit, hyper-presence, hyper-competitive, model of permanent income, network organization of business

### Main focus of the study

Innovative enterprise is the main initiator of the global innovative modernization's process, forming the basis of innovation economy. It currently serves as a concentration of highly skilled labor force and mobile capital.

We can determine the main characteristics of the innovative companies (IC).

First of all, regardless of ownership and scope of commercial interests, they have potential for the development of innovations, appropriate infrastructure, integrated into the local or global innovation environment. Innovative centers are allocated in the innovative company structure. They organize joint work of highly qualified personnel from different parts of the Earth.

The second feature of the innovative companies is the growth of the value of their intangible assets in comparison with the physical. The latest developments and opportunities for their further commercialization, corporative potential for innovation implementing in the future (skills, corporate structure mobility and openness) have a significantly greater influence on the sizes of IC's capitalization, rather than the actual physical infrastructure and financial performance of ongoing activities.

Thirdly, IC must promote to rapid commercialization of own designs and inventions. It determines their market value and maximizes the effectiveness of corporate innovation progress. In this connection, successful IC's in modern society must be integrated into the global production structure. Only in this case, the latest advantages have an ability to commercialize in the maximum extent with the exploitation of economies of scale.

This statement eliminates the cause of disputes about the size of successful and effective innovative company. Based on the identified features, we can say, that the most efficient IC has to have a small size, which it allows the formation of team interaction and self-learning/ Beside it must be integrated into the structure of big business with global production, logistics and marketing systems.

Finally, the subject of innovative enterprise must be different by own infrastructure (to be able to connect to any operational information channels and flows, to monitor trends and dynamics of global scientific and technological progress) and the internal environment (the mobility of labor division, the initiatives promotion, the non-bureaucratic procedures in project coordination and funding, the willingness to quick change the staff, to create a new chains of innovative product formation) mobility.

As a result of synergistic effects of synchronization of internationalization and innovative modernization, ICs acquire a set of global competitive advantages, which can be named with the prefix "hyper" and consider in the model of IC economic efficiency - "6-H". This means, firstly, the global dimensions of competitive advantage: the company opportunity to use them in any regional or global markets, and secondly, the enormous opportunities, allowing providing benefits for company in its strategic or tactical activities, and thirdly, a low probability of small businesses or non-innovation industries to achieve similar competitive indicators.

Among "6H" can be distinguished: the hyper-profits, hyper-competitiveness, hyper-presence, hyper-positioning, hyper-mobility and hyper-promise.