

A REJOINDER TO "PHILIPPINE INDUSTRIAL
STATISTICS"*

by

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The need for accurate and up-to-date statistics is recognized not only in the government but also in the private sector. Decision-making would be extremely difficult without the appropriate statistics. The National Census and Statistics Office (NCSO), the chief depository of statistics in the government, takes charge of the collection, processing, analysis and dissemination of statistics on all economic activities covering population, agriculture, industry, trade, business and services. In spite of limited resources, the statistical operations of this Office have greatly expanded including the segments of the industrial sector (manufacturing, mining, utilities and construction).

The Integration of Establishment Surveys Has Just Started

The Philippines has decentralized statistical system. As a result, several offices have been collecting similar statistics depending on the detailed items of data required and the time of need. For instance, the Central Bank collects monthly production and sales data because the Monetary Board needs these information which are not available from the Quarterly Survey of Establishments, much less from the Annual Survey of Establishments of the NCSO. That the duplication of inquiries and surveys has unnecessarily burdened respondent establishments is admitted. The possible conflicting outputs generated make the problem worse. Towards the solution of this problem, the integration of the quarterly surveys of establishments conducted by the National Census and Statistics Office,

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Central Bank, and Department of Labor is now in operation. Other offices that have signified their intention to join the integration of periodic surveys are the Department of Trade, Department of Industry and the Department of Education and Culture.

The advantages of integrating government statistical activities, particularly in this particular area, are quite obvious. It will not only facilitate policy coordination, but it can reveal new policy alternatives by having available, as a result of this cooperative effort, a more comprehensive and consistent information for many planning and decision-making processes.

On the Question of the Timing of Economic Censuses

One must note that the census of establishments has been conducted only for the reference years 1961, 1967, 1972 and 1975. These rather irregular periods of conducting economic censuses does not happen only in economic censuses but also in other censuses such as the population census of 1903, 1916, 1939, 1948, 1960, 1970 and 1975. The reasons for these are many and the two major ones are that (1) preparations for large censuses cannot be undertaken only in one year's time but they can take anywhere from 1 to 3 years or more; and (2) the authority which includes the budget requires legislation.

Since undertaking large censuses require long preparation, it is not always possible to forecast the so-called "abnormal" years such as the lifting of the exchange control in 1961 and the events of 1972. Incidentally, the year 1972 has recently been adopted by the NEDA as the *reference year* from which many current economic indicators are now based; e.g. consumer's price index, GNP and other derived series. One may note that during the later years the NCSO has been able to shorten the period between censuses. This is possible because of the expanded capabilities in processing now available in this office.

Why the Time Lag Between the Collection and Publication of the Annual Survey of Manufactures

The considerable time lag between collection and publication in the Annual Survey of Manufactures series stems partly

from the complexity of the questionnaire. This comprehensive questionnaire takes respondent establishments more time to accomplish and the NCSO more time to process, tabulate, analyze and publish. For years, the NCSO has made attempts to simplify this survey form but due to the requirements of user agencies such as NEDA, CB, and DOL, to mention only a few national ones and the World Bank and the UN of the international ones, the questionnaires have become long and complicated. However, it is also claimed that to simplify the questionnaires would make the results less useful in as much as only the basic industrial statistics including products shipped and raw materials consumed, are being collected now. Furthermore, being an annual survey, it must necessarily be undertaken after the reference year. Thus, the questionnaires for the 1976 Annual Survey of Establishments which include the Annual Survey of Manufactures have been mailed out only after April 1977, the deadline for filing income tax returns. This is in deference to the wishes of most establishments to allow them sufficient time to prepare reports. Experiences have shown that months of follow-up will be needed to have good response rates. It will be only in late 1977 that a good proportion of the questionnaires shall have been collected and early 1978 when results of tables can be finalized. Thus, it appears that the establishment surveys are at least two years old.

The lack of cooperation of respondents is still a valid reason for the delay, and sometimes failure, of current surveys. As a good example, a monthly survey conducted by the Department of Industry covering large establishments was discontinued because of a very low response rate even after months of effort at following up by the Department personnel. A review of response rates in the NCSO annual surveys showed that less than 10 per cent of the respondents submit their reports within 2 months after mail-out. Collection drag on for more than 6 months. More than 50 percent of survey returns are problem reports which are either incomplete or with questionable entries. The rectification of these reports by recontacting the respondents contributes to the delay of final results.

The Creation of the Inter-Agency Committees on Industrial Statistics Has Greatly Improved the Present System of Industrial Statistics

The efforts of the National Census and Statistics Office.

to improve the collection, processing, analysis and dissemination of statistics from various establishments engaged in manufacturing, mining, construction, electricity, gas and water production activities was greatly boosted on February 13, 1975 with the creation of the Inter-Agency Committee on Industrial Statistics through the NEDA Memorandum Order No. 7-75. This Committee was organized to rationalize and integrate the production of statistics for the industrial sector in all its aspects including collection, processing, analysis and dissemination.

In pursuance of this general objective, the Committee and its sub-committees have: (1) assessed and evaluated existing government statistics on industry as to their coverage, quality, usefulness and timeliness and determine areas of duplication, as well as gaps; (2) determined the needs and uses for industrial statistics and prepared an order of priority for the compilation of more important series; (3) evaluated the system of collection and reporting of industrial statistics by government agencies with the end in view of putting up measures for obtaining more reliable and well coordinated industrial statistics responsive to the needs of planning and policy formulation; and (4) developed an efficient workable scheme for the allocation of agency responsibilities in the production of industrial statistics.

Foremost of the various accomplishments of the Inter-Agency Committee on Industrial Statistics was the preparation of a matrix showing the data needs and requirements of the different user agencies as against the available data in collecting agencies. This served as the basis for the formulation of an integrated questionnaire incorporating data needs of planners and policy makers.

On the Question of Classifying Industrial Establishments

The size classification of industrial establishments covered in the annual surveys and censuses follow international recommendations because of the lack of any national recommendation. The use of UN classification has facilitated convertibility and international comparability. National recommendations will be closely followed as soon as these are finalized. The bias against small establishments in the survey is due to reasons of practicability of collection. Since the Annual survey of manufactures is conducted through mailed/delivered question-

naires, much depends on the availability of records in the respondent establishments which unfortunately is not the case in the small establishments. Many of these establishments do not have records of their operation. The 1972 Census of Manufacturing Establishments shows that while the small establishments constitute 93.4 per cent of the total number of establishments, they account for only 32.2 per cent of total employment and 4.8 per cent of total census value added.

The Inter-agency Committee on Industrial Statistics has recently recommended a solution to the long existing problem of conflicting and unstandardized definitions of cottage, small-scale, medium-scale and large-scale manufacturing industries. In the categorization, definition of manufacturing industries, the IAC on Industrial Statistics agreed on the use of total assets (excluding value of land and buildings if used by owner of establishment as dwelling place) and employment size of the establishment. Manufacturing establishments should therefore be classified into industry categories as follows:

| Industry Category | Total Assets | Employment Size |
|----------------------|--------------------------|--------------------------------|
| a) Cottage/household | ₱100,000 | Employment size not considered |
| b) Small-scale | ₱100,001 to ₱1,000,000 | 5 - 99 |
| c) Medium-scale | ₱1,000,001 to ₱4,000,000 | 5 - 99 |
| d) Large-scale | ₱4,000,000 | 100 and over |

The Sampling Designs for the Household and Establishment Surveys are Continuously Being Improved

When the NCSO was placed under the administrative supervision of the NEDA, one of the first concerns to which the Statistical Coordination Office addressed itself was the integration of the household surveys conducted independently by the NCSO and BAEcon. This work was eventually passed on to the Inter-Agency Committee on Survey Design (IACSD) which was created under NEDA Memorandum Order No. 5-75 "to coordinate and integrate the efforts of the major statistical offices of the government in the preparation and development of their survey and questionnaire designs".

The Committee developed a two-stage sample design with stratification in both stages using an integrated frame constructed from data made available by the two agencies. For the initial round of this integrated NCSO-BAEcon household sur-

vey in November 1976, a sample of more than 30,000 households was drawn for enumeration. The results are expected to adequately satisfy the requirements of both NCSO and BAEcon. Further innovations in the design and selection of the sample are now being implemented by the Committee for the next round scheduled in November 1977. First, the availment of fresh data significantly strengthened the sampling frame. And second, the selection of barangays with probability proportional to size, a process not possible in the first round, is expected to improve the precision of estimates.

The task of the IACSD also included the integration of the establishment surveys which, as earlier mentioned, became operational effective the first quarter of 1977, as a joint effort among NCSO, CB and DOL. For this, the Committee formulated a stratified simple random sample with the region as the domain. Stratification is by industry (3-digit code) and by size within each industry group. Classification by size was based on either employment or gross receipts, whichever is appropriate to the industry as a measure of size. Thus, employment was used for manufacturing, utilities and construction, and gross receipts for trade, transportation-communication-storage, and services.

The sampling rate varied among the size classes within each industry group and, in general, large establishments were heavily sampled relative to small establishments. Since, as is evident, the sample depended heavily on the accuracy of the frame, updating of the list through an effective monitoring of "births" and "deaths" of establishments had been instituted in the NCSO as a year round activity.

On the remark: "lack of cooperation of respondents" as a "broken record excuse" for lack of statistics.

No comment