

## TOWARDS THE INTEGRATION OF LABOR AND EMPLOYMENT STATISTICS IN THE PHILIPPINES<sup>1</sup>

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Statistics on a country's area of concern are generally collected in order to have information on a particular area of concern and to find solutions to current problems regarding this area of concern. "When a society or nation recognizes that it is faced with certain problems which call for decisions and actions – when it has to formulate social policy – it then attempts to collect all the facts which would aid in the determination of the best social policy" (Jaffe and Stewart, 1951).

One area of concern is the employment of those who comprise the work force. Work, after all, is a major vehicle through which a large segment of the population in Local Development Center can earn income and uplift itself. The Philippine Constitution emphasizes the value of employment in the promotion of general welfare and social justice. The Five-Year Philippine Development Plan (1983-87) particularly stresses tackling the problem of unemployment and underemployment to attain the country's major national goal of growth and development.

Hence, labor and employment statistics are valuable to the extent that they can be used: a) to provide information on the level and nature of unemployment and underemployment prevailing at a given point of time, and b) to monitor trends on how much the country has tackled these employment problems over time. From the perspective of social policy, such information can help identify which population groups need to be the targets of employment policies.

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*An Examination of Existing Approaches and Procedures Used in Obtaining Labor and Employment Statistics*

Most countries all over the world use two different types of approaches in measuring work participation and employment. These two different types of approaches are known as "the gainful worker approach" and "the labor force approach."

Under the gainful worker approach, a person is classified as gainfully occupied if he has a usual occupation or profession, or if he is usually engaged in the practice of his trade. The gainful worker approach is thus distinguished as primarily status-oriented, particularly since it often refers to status during a very long time period, usually an entire year. Jaffe and Stewart (1951) further emphasized that given these perspectives, a relatively stable social and economic situation is implied when the approach is used.

The emphasis on usual occupation, however, affects the inclusion or non-inclusion of certain segments of the population. Seasonal workers are most likely to be included since they constitute the usual core of workers but there might be some problems about marginal seasonal workers like housewives who help their farmer-husbands during planting and harvest time. Occasional workers are likely to be excluded since they are not usually working even if they may have been gainfully occupied at certain times of the year. On the other hand, those reporting occupations but have retired may be included. This, of course, introduces bias since the retired are still likely to report the occupation which represents the most productive years of their lives. New entrants to the work force are a dubious group since only those who report gainful occupations are to be included as work force members. The gainful worker approach was used in determining the working population of the Philippines in the censuses conducted before 1960.

International developments, particularly during the advent of the depression in the United States, resulted in moving away from the usual occupation approach towards the development, in the United States, of a measure more sensitive to changes in economic activity. This paved the way for the "labor force approach" which is now used by most countries to collect information on labor and employment. In this approach, a person is asked to report his actual

activity during a specified reference period, usually the week or month preceding the date of enumeration. Classified as members of the labor force are persons working (the "employed") or seeking work (the "unemployed") during the reference period. Those who are working include wage and salary workers, employers, own-account workers and unpaid family workers. The recentness of the reference period made the labor force approach known as the "current approach."

While the procedure for measuring labor force participation is based on behavior or actual economic activity during the reference period, the complexity of employment and unemployment does not permit a strict adherence to these concepts. Hence, employed persons include those with jobs in which they already worked but from which they may be temporarily absent as a result of illness, injury, strike, vacation or other leaves of absence, bad weather, etc.

The labor force approach using the preceding week as reference period was used in determining the economic activity of individuals in sample households during the Philippine census of 1960 and 1970. The official statistical agency, the National Census and Statistics Office (NCSO) started to hold regular labor force surveys in 1956. Throughout the period 1956 to 1975, the labor force information referred to the population ten years old and over.

Through the years, the labor force approach has been criticized (Myrdal, 1981; Turnham, 1971; Standing, 1976) as being more applicable to Western societies where the employment situation is more organized, the marketing of labor is centered on fixed or distinguishable establishments, and where most labor force workers are wage and salary workers in regular or stable jobs. Correspondingly, its inapplicability to less developed countries was particularly stressed since a large segment of the population are involved in economic activities which are highly seasonal, casual or intermittent. Home and workplace are oftentimes indistinguishable. Moreover, most workers are self-employed or are unpaid family workers. One cannot always make clear-cut distinctions as to who are employed, unemployed and not in the labor force at all. Economic activities rely heavily on family labor wherein family members assume multiple roles: the housewife helps in farm chores, older children attend to the family

farm or watch over the "sari-sari" store when they are home from school.

There is one other criticism centered on the use of one week as the reference period. One week was deemed too short for observing participation in the labor force and the employment situation. Irregularity of employment is so characteristic of Asian societies that Oshima (1976) proposed increasing the frequency of gathering labor force statistics from one week representing the whole year to monthly or bimonthly surveys.

These criticisms against the labor force approach resulted in the adoption by the NCSO of the following measures since the November 1976 labor force survey:

a) a change in the reference period – extending the reference period to encompass the calendar quarter preceding enumeration to provide a better picture of participation and utilization.

b) a change in the definition of labor force – the inclusion of any activity that a person does during the reference quarter related to minor activities in the home, like gardening, raising of crops and fruits, raising hogs and poultry, fishing for home consumption and manufacturing for own use, etc. However, during the reference quarter there must be some harvest for these activities to be considered work inasmuch as earnings could be derived from them (Explanatory Text, NCSO Special Report of the Integrated Survey of Households, 1976 and thereafter).

Table 1 presents labor force information for the period where past week and past quarter information are given. With the exception of the first quarter of 1978, participation in the labor force was higher for the quarter estimates than the week-based estimates. This was expected since the likelihood of "catching" seasonal or casual participants is greater with longer reference periods. More importantly, the number employed during the quarter was always higher than the number registered as employed during the week preceding enumeration. As Tidardo and Esguerra (1982) stressed in their study of Philippine employment, the change in reference period from one week to one quarter understandably increases the relative size of the employed because of the greater probability that persons who do

Table 1. Employment status of persons 15 years old and over based on 'past week' and 'past quarter' reference period<sup>a</sup>  
1976-1978

EMPLOYMENT STATUS	1976		1977				1978			
	Third Quarter		Third Quarter		Fourth Quarter		First Quarter		Second Quarter	
	Past Week	Past Quarter	Past Week	Past Quarter	Past Week	Past Quarter	Past Week	Past Quarter	Past Week	Past Quarter
NUMBER (In thousands)										
Household population 15 years old and over	24,837	24,837	25,787	25,787	26,048	26,048	26,307	26,307	26,587	26,587
In the labor force	14,776	15,017	14,595	15,002	14,903	14,993	16,387	15,386	16,368	16,757
Employed	13,841	14,238	13,266	14,334	13,763	14,323	13,982	14,588	15,011	15,699
Unemployed	935	780	1,328	668	1,140	671	2,405	798	1,357	1,058
Not in the labor force	10,061	9,820	11,192	10,785	11,145	11,055	9,920	10,922	10,219	9,829
PER CENT										
Household population 15 years old and over	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
In the labor force	59.5	60.5	56.6	58.2	57.2	57.6	62.3	58.5	61.6	63.0
Employed	(93.7) <sup>b</sup>	(94.8)	(90.9)	(95.5)	(92.4)	(95.5)	(85.3)	(94.8)	(91.7)	(97.7)
Unemployed	( 6.3)	( 5.2)	( 9.1)	( 4.5)	( 7.6)	( 4.5)	(14.7)	( 5.2)	( 8.3)	( 6.3)
Not in the labor force	40.5	39.5	43.4	41.8	42.8	42.4	37.7	41.5	38.4	37.0

<sup>a</sup>'Past week' and 'past quarter' refer, respectively, to the calendar week and calendar quarter preceding the date of survey visit.

<sup>b</sup>Numbers in parenthesis refer to the employed-unemployed distribution of the labor force.

Source: NCSO, *Integrated Survey of Households Bulletin*, Series No. 48, Table A, p. xviii for 1976 and 1977 and Series No. 49, Table A, p. xvii.

some minimal work are included. Hence, even persons who worked for only an hour during the entire reference period constitute part of the employed segment of the labor force.

The second revision entails expansion of activities classified as work. According to standard usage of the labor force approach, work entails producing 'marketable' goods or services. Activities connected with domestic consumption are excluded since they do not result in producing goods or services for sale.

The inclusion of minor activities around the house in the definition of work may therefore expand the labor force since individuals involved in activities solely for home consumption are included. The Technical Working Group on the Review of Labor Force Concepts (TWG-RLFC) (1982) commented that these are non-market-oriented activities which may not exert any pressure in the labor market no matter how imperfect or how inefficient this market is. "Moreover, if work is of overriding importance, the criterion of output (harvest or catch) during the quarter seems questionable. There may be planting activities that, for purposes of harvests, extend beyond the quarter. The same may be true of taking care of animals".

The inclusion of minor activities particularly for home consumption will also in turn tend to inflate the number considered as employed. This is particularly true in the case of marginal work participants like housewives, the youth and the elderly who are likely to be involved in some way with home production. Since they do some amount of work, they constitute part of the "employed" segment of the work force even if they do not perform any production-related or market-oriented economic activity.

### *The Current State of Utilization of Labor Statistics*

Given these changes, the question often asked is whether the new procedure adopted in 1976 provides the information needed for examining and monitoring employment. The TWG-RLFC (1982) noted that the quarter-based labor force approach which has been in the statistical system since 1976 has not been widely used by government and private agencies in the country. To a certain extent this statement still holds even today. While various reasons could be cited for this lack of utilization, two main reasons have been stressed

in earlier papers<sup>3</sup> and need only be re-emphasized here. The first reason involves the non-comparability of information from the week-based labor force data available from 1956 up to 1975 and the quarter-based information starting in 1976 up to 1984. These changes in concepts and approaches do not permit time series analysis which in turn are needed to monitor employment trends. Considering the shifts in definition, one is confined to analyzing only the data starting with 1976 if one were to make an assessment of Philippine employment patterns.

The second reason for limited utilization actually stems from the fact that employment estimates derived from labor statistics using the quarter approach are unrealistic. In their recommendations for improving Philippine statistics and statistical services, de Dios, *et al.* (1984) put the issue succinctly:

“ . . . Consider that the employment figures published by NCSO for 1982 show the Philippine unemployment rate to be 5 per cent. Quite apart from the question of underemployment it would seem implausible that in the middle of the recession, the Philippines posted a figure close to what may be considered full employment in the U.S. or the U.K., respectively. The explanation is to be found in the definition of “employment”: anyone who worked one hour in the preceding three months is considered employed. In 1976 the reference period was changed from “the past week” to “the past quarter”. Moreover, employment was expanded to include such activities as home gardening and raising poultry, as long as there was a harvest. These changes effectively increased the numerator of the employment rates.”

The problem of unrealistic employment estimates could be the major reason why government and private agencies have made very little use of the data from the quarter-based approach. Moreover, the information readily available from the labor force surveys based

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<sup>3</sup>Refer particularly to the TWG paper summarizing its Review of Labor Force Concepts (1982) and the analysis of the Philippines economic crisis by the University of the Philippines School of Economics researchers, (1984).

on the reference quarter may not be adequate for the type of employment information needed by government and private agencies.

An examination of the published results of the labor force surveys conducted since 1976 reveals that the information readily obtainable at present are rather limited. This is true when one considers the information on occupation, industry, status of worker and earnings. In the published reports, such information appear to be usually based on one economic activity alone, presumably what the respondent considers as his primary job or business during the quarter. Information on multiple economic activities, employment turnovers or shifts that may have occurred during a long period like three months are not readily available even if these are important types of information required in understanding the nature of and in monitoring employment trends in the Philippines.

A review of the questionnaire used in the 1976-1978 NCSO-BAECON Integrated Survey of Households reveal that certain questions included in the survey could provide some information on multiple economic activities or employment shifts during the quarter. More specifically, questions on class of workers, number of days worked during each month in the quarter and average work hours per day are asked of the primary job although it appears that these questions were similarly asked in case the respondent holds another job or business during the quarter. The latter data set ought to be examined for purposes of providing a more complete "picture" of the quarter.

The current labor force surveys attempt to provide some information on the extent to which those who worked wanted additional employment. In an apparent attempt to approximate a measure of underemployment, tabulations are provided on the number of days worked in the given occupation during the reference period and whether the person wanted more hours of work per day or more days of work during the quarter. These latter information can be used to determine whether these workers were fully or partially working and who among them desired more work. While these information can be used to define the underemployed, guidelines need to be developed on what constitutes underemployment in the context of a three-month reference period.



The various information cited above are actually the main concerns of the Ministry of Labor and Employment yet its Labor Statistics Service conducts its own surveys in order to get more information on employment patterns. One survey, for example, deals with those who were laid-off or separated from work for a particular period, including (a) activities during the lay-off period, (b) employment information on those already employed at the time of the survey, including information on current earnings and length of time it took the person to be rehired or to find a new job, and (c) for those still unemployed, whether these persons were currently looking for work.

Private agencies like the Center for Research and Communication (Lim, 1984) or private organizations such as personnel associations are also gathering their own data to obtain information on employment patterns. Most of these surveys are establishment surveys and are therefore also limited since the formal or organized sector constitutes only a small proportion of the country's labor force. The household base of the NCSO labor force surveys has a much greater potential for providing more comprehensive information. It is therefore unfortunate that current NCSO employment data are not widely used considering assessments on the available employment estimates and information.

### *Towards Integration*

Over the years, the changes that have been made in measuring work participation and employment have been numerous and substantial. The most substantial changes particularly took place starting with the 1976 labor force surveys. Despite their deficiencies, these changes can be interpreted as attempts to evolve better measurement of work participation and employment at the same addressing some problem issues or groups. For example, lengthening the reference period to three months may capture seasonal work participants particularly in an agricultural economy like the Philippines. Defining work to include activities around the house like poultry raising or backyard gardening for own consumption raises the unresolved issue of what constitutes economic activity in a less developed society.

Similar attempts to evolve better measurement were also made regarding the definitions of unemployment and underemployment. The definition of the unemployed actually underwent a number of changes over the years (Tidalgo and Esguerra, 1982). The quarter approach uses the definition of wanting and looking for full-time work. One can interpret the full-time criteria as a priority-laden assessment for purposes of manpower policy and planning. Similar considerations may apply in defining the underemployed, say as a person who worked less than 65 days in a quarter and who wanted additional work during the quarter.

Despite these changes in the labor statistical system, we still lack a framework to analyze or utilize the labor force information that we have at present. Users from government and private agencies have also pinpointed the need to improve and integrate labor force and employment information. If such activities are to be undertaken, the following need consideration:

1. *The resolution of basic conceptual issues*

What is work in the Philippine context, given economic situations as well as the socio-cultural realities? Economic considerations entail criteria on output, productivity or income. Cultural issues involve how Filipinos view work vis-a-vis domestic or leisure activities. Jocano and several anthropologists (1976) have actually shown that what constitutes work varies in different social settings. It is clear that there are conceptual problems involved in classifying home activities as work. This aspect of the definition of the quarter approach is very controversial since it is the main reason why a lot of people question existing employment estimates. Moreover, how much work should a person do to be considered a labor force member? The question is important especially in case of those who are marginal or occasional workers. A Fiji labor force survey for example defined activities as work if a person took care of at least 10 chicken but the activity was only part of regular homemaking chores if less than 10 chicken were involved.

Do we also classify all those who work as employed? "Should all of them, for manpower policy purposes, be considered in the labor force?" (TWG-RLFC, 1982).

How do we define unemployment and underemployment in a country where most of the working members of the population do some occasional or marginal work? Should the unemployed include only those seeking full-time employment? The country's cultural milieu or economic set-up may be one wherein a large segment of the population are available or seeking part-time employment to augment family income.

Lastly, what should the ideal reference period be for the measures to be used? While one week was criticized as too short for observing participation in a less than formal economic setting, three months can also be considered too long for labor force measures like employment or unemployment which are in essence current activity measures.

2. *The need to streamline the labor statistical system and to maximize utilization*

Budgetary cutbacks entailed the suspension of a number of labor and employment surveys for 1984, including the Integrated Survey of Households and special surveys of the Ministry of Labor and Employment Labor Statistical Service.

There is no need to re-stress the value of labor and employment information given the current economic conditions. Arguments can be made for the holding of even one labor survey for a given period and the pooling of funds and resources for such.

In the meantime, activities aimed at integration of labor and employment statistics may be initiated. These activities can, perhaps, make a listing of data needs of user agencies and provide a comparison of common objectives and questions asked in the various labor and employment surveys. A definition of priority data needs for policy and planning purposes can then be made to pave the way for a truly integrated labor force survey.

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