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ARE EMPLOYMENT STATISTICS FROM LABOR FORCE SURVEY OVERESTIMATED?

The National Statistics Office (NSO) through the quarterly conduct of the Labor Force Survey (LFS) is the major source of labor market statistics in the country. The LFS provides data on the structure and characteristics of the labor force. Le. the employed and the unemployed.

Criticism to the one-hour work criterion

Some users of labor and employment statistics denounce that employment statistics are overestimated. This criticism stems from the very definition of **employed persons** which considered as employed even those persons which have worked for only an hour during the reference week.

The operational definition of **employed persons** as defined in the LFS, and as recommended by the International Labor Organization (ILO) are those in the labor force who were reported either at work, or with a job or business although not at work. It further qualifies that persons at work are those who did some work, even for an hour, during the reference period, which in the case of the Philippines is past week. **Work**, on the other hand, is defined as any economic activity that a person does for pay, in cash or in kind, in any establishment, office, farm, private home or for profit or without pay on family farm or enterprise.



The same survey defines **hours of work** as the actual number of hours worked by a person in all the jobs or business that he held in a reference period.

Debunking this accusation of an overestimated employment due to the one-hour work criterion, the same survey results show that the proportion of persons who only worked for an hour relative to total employed are quite negligible and therefore insignificant to affect total employment.

Employed persons who worked for less than 20 hours accounted for only a minimal share of total employed persons

To approximate the number of persons working for an hour, data for those who worked for less than 20 hours have been used for purposes of discussion, it is interesting to note that even employed persons who worked for less than 20 hours posted a minimal share of only 8.1 percent to 10.9 percent of the total employed from 1991 to 1997 (Table 1). This means that only around 2.809 million of the 27.715

million employed in 1997 have worked for less than 20 hours. Considering that employed persons who worked for only an hour constituted only a small proportion of those who work for less than 20 hours, then its share to total employed would then even be much less. Meanwhile, the bulk of the total employed have worked for 40 hours and more (from 66.9% in 1991 to 65.6% in 1997).

Table 1 - Percent Distribution of Employed Persons by Total Hours Worked During the Week, Philippines: 1991 -1997

| Hours Worked | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Employed (000) | 22,914 | 23,696 | 24,382 | 25,032 | 25,676 | 27,186 | 27,715 |
| Percent (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Did not Work | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.1 | 1.3 |
| Under 20 Hours | 8.1 | 8.3 | 9.1 | 9.0 | 9.4 | 10.9 | 10.1 |
| 20 – 29 Hours | 10.7 | 10.8 | 11.1 | 11.0 | 11.4 | 12.0 | 10.6 |
| 30 – 39 Hours | 13.1 | 13.3 | 13.7 | 13.4 | 13.2 | 13.4 | 12.4 |
| 40 Hours and Over | 66.9 | 66.4 | 64.9 | 65.4 | 64.8 | 62.6 | 65.6 |

Sources of data: National Statistics Office, Labor Force Survey.
Bureau of Labor and Employment Statistics.

Employed persons who worked for less than 20 hours were mostly composed of unpaid family workers

The same survey results show that majority of employed persons who worked for less than 20 hours were predominantly unpaid family workers. An **unpaid family worker** is defined in the LFS as one who works without pay on own family-operated

farm or business operated by another member living in the same household. This includes a child who works without pay in his/her father's farm, a salesgirl who works without pay in a store operated by

her mother, a wife typing at home without pay for his lawyer husband or a nephew who works without pay in the clinic of his uncle with whom he lives. Due to the instability of work in this particular class of worker, unpaid family workers are also considered as the most vulnerable among all classes of workers.

Statistics likewise indicate that from 1991 to 1997, substantial shares of 20.4 percent to 25.7 percent of total **unpaid family workers** had worked for less than 20 hours (Table 2). These proportions are higher compared to the corresponding shares posted by **wage and salary workers** (3.8% to 5.4%) and **own-account workers** (7.9% to 11.5%) during the same period under review.

**Table 2 – Percent Share of Class of Workers Who Rendered Less than 20 Hours of Work, Philippines: 1991 – 1997
(In thousands except percent)**

| Class of Worker | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Wage and Salary Workers | 10,465 | 10,649 | 10,788 | 11,322 | 11,870 | 12,650 | 13,461 |
| Percent Working Less than 20 Hours | 4.0 | 3.8 | 4.4 | 4.3 | 4.6 | 5.4 | 5.0 |
| Own-Account Workers | 8,924 | 9,478 | 9,733 | 9,763 | 10,005 | 10,326 | 10,352 |
| Percent Working Less than 20 Hours | 7.9 | 8.5 | 9.2 | 9.5 | 10.1 | 11.5 | 11.4 |
| Unpaid Family Workers | 3,525 | 3,569 | 3,861 | 3,946 | 3,801 | 4,211 | 3,902 |
| Percent Working Less than 20 Hours | 20.4 | 21.2 | 21.9 | 21.4 | 22.5 | 25.7 | 24.6 |

Sources of data: *National Statistics Office, Labor Force Survey.
Bureau of Labor and Employment Statistics.*

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