

Primer on

# MDGs

## Millennium Development Goals



## EMPLOYMENT INDICATORS



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# Primer on Millennium Development Goals Employment Indicators

## Background

In 2000, the largest-ever gathering of world leaders ushered in the new millennium by adopting the Millennium Declaration, endorsed by 189 countries. It was then translated into a roadmap setting out goals to be reached by 2015. The eight Millennium Development Goals (see box) build on agreements made by all countries at the United Nations in the 1990s to reduce poverty and hunger, and to tackle ill-health, gender inequality, lack of education, lack of access to clean water and environmental degradation.

The Millennium Declaration in 2000 was a milestone in international cooperation. Inspiring development efforts to improve the lives of millions of people around the world. The goals represent human needs and basic rights that every individual around the world should be able to enjoy.

This primer is intended to inform stakeholders on vital employment issues and their link to MDG goals and target. It provides a guide on each of the new employment indicators in MDG 1 and the employment indicator in MDG 3 (gender equality) in respect to the following information: description and methods of computation; definitions; sources and data collection; and rationale for use of the indicator. In addition, the primer presents Philippine data series that highlights the trends and patterns of movements of these five indicators over time.



The employment indicators of the MDGs were of fairly recent development. It was only in February 2007 that the Secretary-General of the United Nations began a two-year devoted effort in the Commission for Social Development to actions which “promote full and productive employment and decent work for all” as a vehicle for poverty reduction. Resolutions guided the work of the Inter-Agency and Expert Group (IAEG) in their efforts to include a new target for employment in the MDGs (Goal 1 Target I. B).

To monitor the new MDG Target, four new indicators were introduced in the MDGs in 2008 specifically and directly relating to employment issues (see box). The new set of MDG indicators reinforces the existing indicator on “gender equality in the labor market” under MDG Goal 3, Target 3.A: Promote Gender Equality and Empower Women, bringing to five (5) the total employment indicators in the MDG.

The indicators call on all countries to report progress and provide disaggregated data by sex and urban/rural as far as possible.

**MDGs EMPLOYMENT INDICATORS**

**GOAL 1:** Eradication of extreme poverty and hunger

**Target 1.B:** *Achieve full and productive employment and decent work for all, including women and young people*

**Indicator:**

- 1.4 Growth rate of GDP per person employed (*Labor productivity*)
- 1.5 Employment-to-population ratio
- 1.6 Proportion of employed people living below the poverty line (*Working poverty rate*)
- 1.7 Proportion of own-account and contributing family workers in total employment (*Vulnerable employment rate*)

**GOAL 3:** Promote Gender Equality and Empower Women

**Target 3.A:** *Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015*

**Indicator:**

- 3.2 Share of women in wage employment in the non-agricultural sector

**Source:** International Labour Office, *Guide to the New Millennium Development Goals Employment Indicators*, Geneva (2009)

## Description

## Rationale

## Methods of data collection

## Definition of terms

## Data sources

## Indicator 1.4

### Growth rate of labor productivity

<b>Description</b>	the annual change in Gross Domestic Product (GDP) per person employed or <i>GDP per person employed</i>
<b>Rationale</b>	can be used to assess the likelihood of the country's economic environment to create and sustain decent employment opportunities with fair equitable remuneration.
<b>Method of Computation</b>	Labor productivity or LP = $\text{GDP} \div \text{Total employment}$ Growth rate: $\frac{\text{LP}_{\text{year N}} - \text{LP}_{\text{year N-1}}}{\text{LP}_{\text{year N-1}}} \times 100$
<b>Definition of Terms</b>	<u>Labor productivity</u> – represents the amount of output (GDP) achieved per unit of labor (Total Employment) input.  <u>Gross Domestic Product (GDP)</u> – total value of national production minus the value of intermediate inputs measured at constant market prices.  <u>Total employment</u> – sum of people above a certain age who worked or held a job during a specified period. Includes persons who worked for pay or profit, persons who were temporarily absent from a job due to illness, maternity/paternity leave, holiday, training or strike and unpaid family workers who work for at least one hour.
<b>Data Sources</b>	National Statistics Office, Labor Force Survey  National Statistical Coordination Board, National Accounts of the Philippines

## Indicator 1.5

### Employment-to-population ratio

<b>Description</b>	the proportion of the country's working age population that is employed.
<b>Rationale</b>	provides information on the ability of an economy to provide employment to its working population or to provide jobs for those who want to work.
<b>Method of Computation</b>	computed by dividing the total number of employed person above a certain age by the population of the same group: $(\text{Total employment} \div \text{Working-age population}) \times 100$
<b>Definition of Terms</b>	<u>Working age population</u> - population 15 years old and older.  <u>Total employment</u> - sum of people 15 years old and older who worked or held a job during a specified period.
<b>Data Source</b>	National Statistics Office, Labor Force Survey

### Indicator 1.6

#### Proportion of employed people living below the poverty line (*working poverty rate*)

<b>Description</b>	the proportion of working poor in total employment.
<b>Rationale</b>	an indication of the lack of decent work.
<b>Method of Computation</b>	Working poverty rate = (number of employed persons living in a household with income below the poverty line / total employment) x 100  Calculated on the basis of cross-tabulations from micro survey data sets that include the variable on poverty status and labor force characteristics.
<b>Definition of Terms</b>	<u>Working poor</u> - defined as employed persons living in a household whose members are estimated to be below the nationally-defined poverty line.  <u>Poverty line</u> - is the minimum level of income deemed necessary to achieve an adequate standard of living in a given country.
<b>Data Source</b>	National Statistics Office, Merged Files of the Family Income and Expenditures Survey and Labor Force Survey

### Indicator 1.7

#### Proportion of own-account and contributing family workers in total employment (*vulnerable employment rate*)

<b>Description</b>	the sum of self-employed persons and unpaid-family workers as a percentage of total employment (Philippine translation)
<b>Rationale</b>	a measure of persons who are employed under relatively precarious circumstances. They are less likely to have formal work arrangements, access to benefits or social protection programs and are more "at risk" to economic cycles.
<b>Method of Computation</b>	Vulnerable employment rate: $\left\{ \text{Number of self-employed persons} + \text{Number of unpaid family workers} \right\} \div \text{Total employment} \times 100$
<b>Definition of Terms</b>	<u>Self-employed person</u> - person who is self employed without any paid employee.  <u>Unpaid-family worker</u> - person who worked without pay on own family-operated farm or business.
<b>Data Source</b>	National Statistics Office, Labor Force Survey

### Indicator 3.2

## Share of women in wage employment in the non-agricultural sector

<b>Description</b>	the share of female workers in wage employment in the non-agricultural sector expressed as a percentage of total wage employment in the non-agricultural sector.
<b>Rationale</b>	the degree to which women have equal access to paid employment, which affect their integration into the monetary economy and provides regular monetary income.
<b>Method of Computation</b>	$(\text{Number of woman in paid employment in the non-agricultural sector} \div \text{Total number of people in paid employment in the non-agricultural sector}) \times 100$
<b>Definition of Terms</b>	<p><u>Wage employment</u> - refers to wage earners and salaried employees, or "persons in paid employment jobs".</p> <p><u>Non-agricultural sector</u>- includes industry and services.</p>
<b>Data Source</b>	National Statistics Office, Labor Force Survey



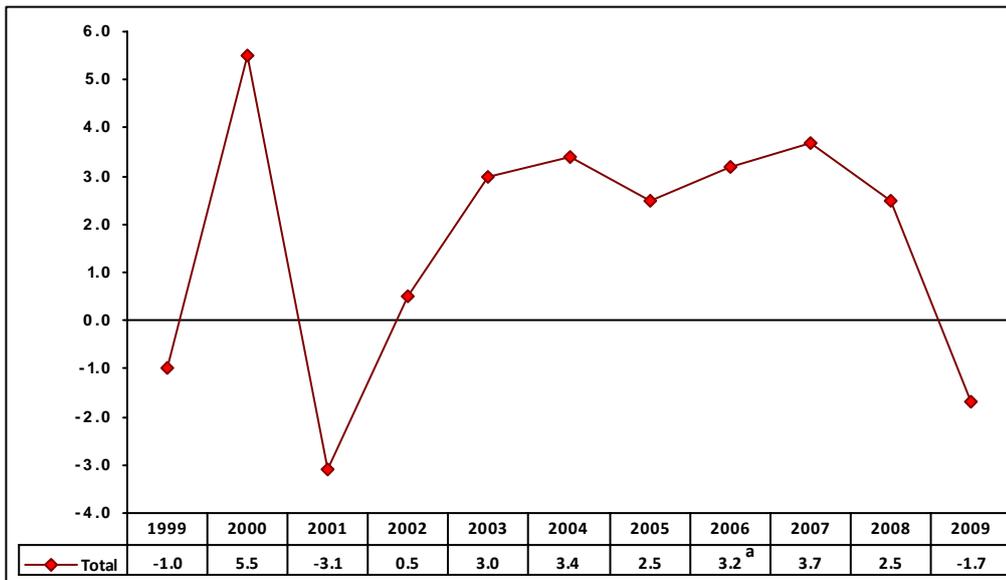
# MDGs Data Series

*Philippines: 1990-2009*

**GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER**

**Target 1.B: Achieve full and productive employment and decent work for all, including women and young people**

**Indicator 1.4 Growth Rate of Labor Productivity (%)**



- Trend is mix.
- Productivity increases often influence the social and economic environment positively, often leading to poverty reduction through investment, shifts, trade, technological progress and increases in social protection.
- Data limitations: Differences in concepts and measurements (e.g. flow for GDP and stock for Employment).

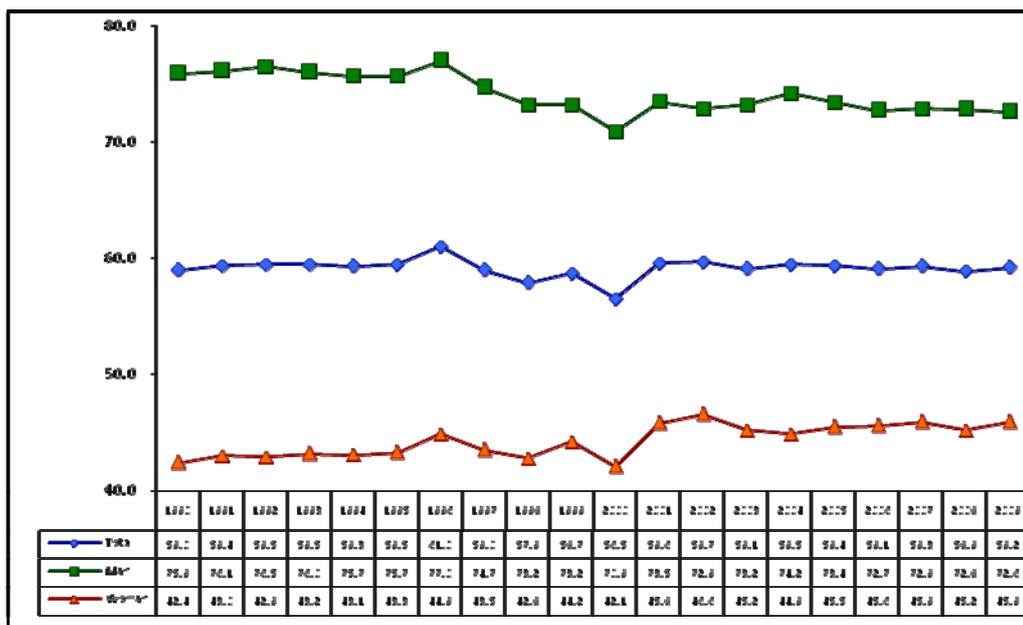
**Notes:**

- <sup>a</sup> For comparability of 2006 growth rate with that of 2005, the labor productivity for these two years both used employment data based on 1995 Census-based population projections.
1. Data from the Labor Force Survey (LFS) refer to averages of quarterly data, i.e., January, April, July and October except for 1990 which is the average of January, July and October data as April round not conducted due to 1990 Population Census.
  2. LFS data from 1990-1996 were adjusted based on the 1980 Census-based population projections, those from 1997-2005 were adjusted based on the 1995 Census-based population projections and those from 2006 onwards were adjusted based on the 2000 Census-based population projections.
  3. In May 2011, the NSCB released revised/rebased (from base year 1985 to 2000) annual estimates of Gross National Income (GNI, formerly Gross National Product) and GDP. The rebased/revised Philippines System of National Accounts (SNA) adopted the 1993/2008 SNA.
- Sources of basic data: National Statistics Office, Labor Force Survey; National Statistical Coordination Board, National Accounts of the Philippines.

**GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER**

**Target 1.B: Achieve full and productive employment and decent work for all, including women and young people**

**Indicator 1.5 Employment-to-Population Ratio (%)**



- Trends stagnant through out the last two decades, except for a sharp decline in 2000. This implies that employment (labor demand) is growing at the same pace with population growth (labor supply)
- Ratios higher for men than women. Trend for men declining slightly; trend for women increasing slightly.
- Right direction: employment growth should exceed population growth. However, job gains should be well-paid, productive and secure (decent work).
- Ratio should not be too high. Above 80% often occur in very poor countries and usually indicate an abundance of low quality jobs.
- In rich countries, the ratio is lower as people can afford not to work as those who do have higher productivity and incomes. Fewer workers are required to meet the needs of the entire population.

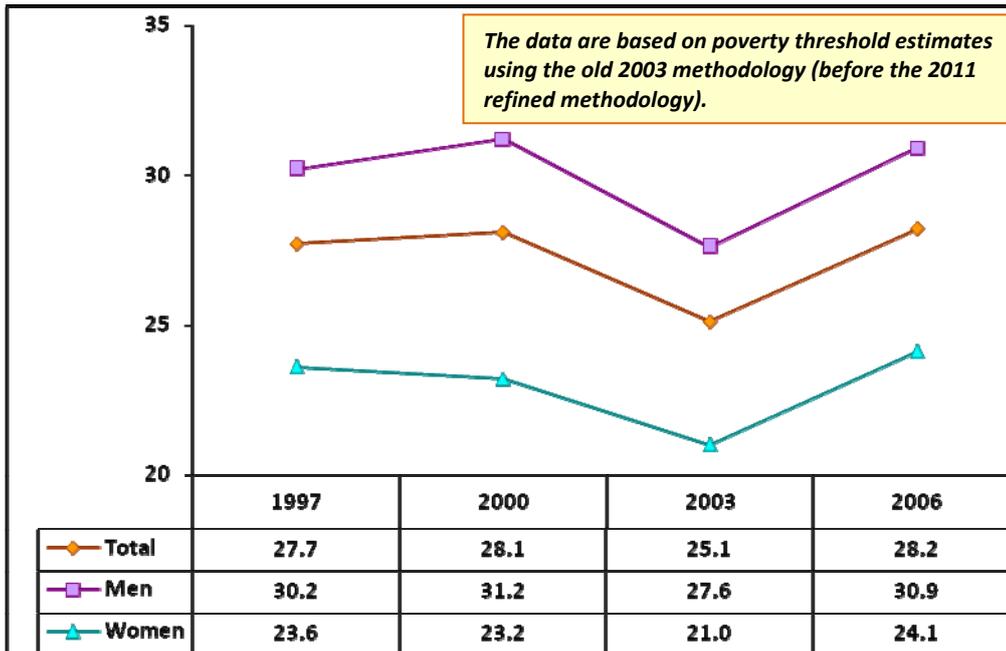
**Notes:**

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  2. LFS data from 1990-1996 were adjusted based on the 1980 Census-based population projections, those from 1997-2005 were adjusted based on the 1995 Census-based population projections and those from 2006 onwards were adjusted based on the 2000 Census-based population projections.
- Source of basic data: National Statistics Office, Labor Force Survey.

**GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER**

**Target 1.B:** Achieve full and productive employment and decent work for all, including women and young people

**Indicator 1.6 Working Poverty Rate (%)**



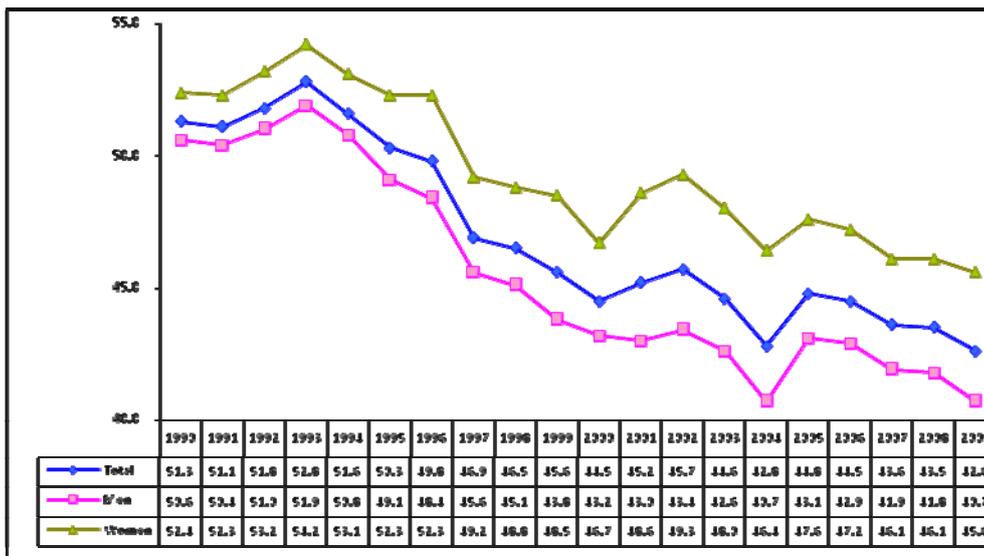
Source of basic data: National Statistics Office, Merged files of the Family Income and Expenditures Survey and Labor Force Survey.

- Trends erratic and generally increasing .
- Rates higher for men than women. Trends almost identical for both groups, i.e., the increase in the rates cut across men and women.
- Working poverty gives an indication of the lack of decent work: if the work of individuals do not even provide incomes high enough to lift them and their families out of extreme poverty, then these jobs, at the very least, do not fulfill the income component of decent work.

**GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER**

**Target 1.B:** Achieve full and productive employment and decent work for all, including women and young people

**Indicator 1.7 Proportion of Self-employed and Unpaid Family Workers in Total Employment (Vulnerable Employment Rate)**

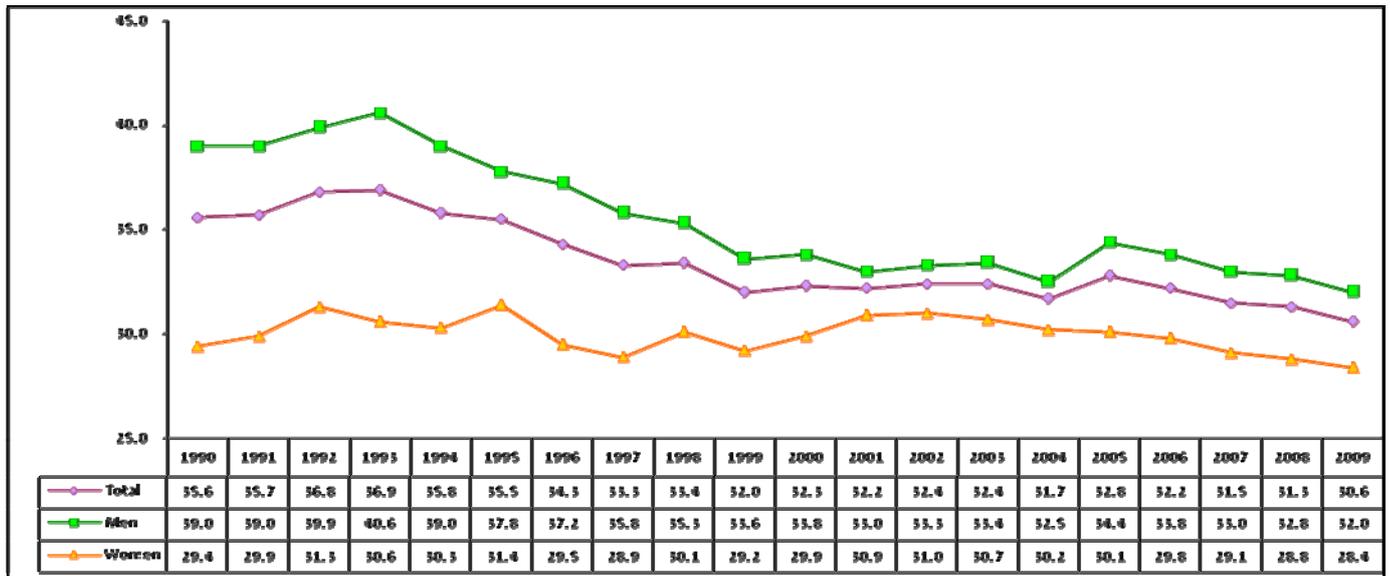


**Notes:**

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2. LFS data from 1990-1996 were adjusted based on the 1980 Census-based population projections, those from 1997-2005 were adjusted based on the 1995 Census-based population projections and those from 2006 onwards were adjusted based on the 2000 Census-based population projections.
3. In ILO status in employment, the self-employed and unpaid family workers are classified as own-account workers and contributing family workers, respectively.

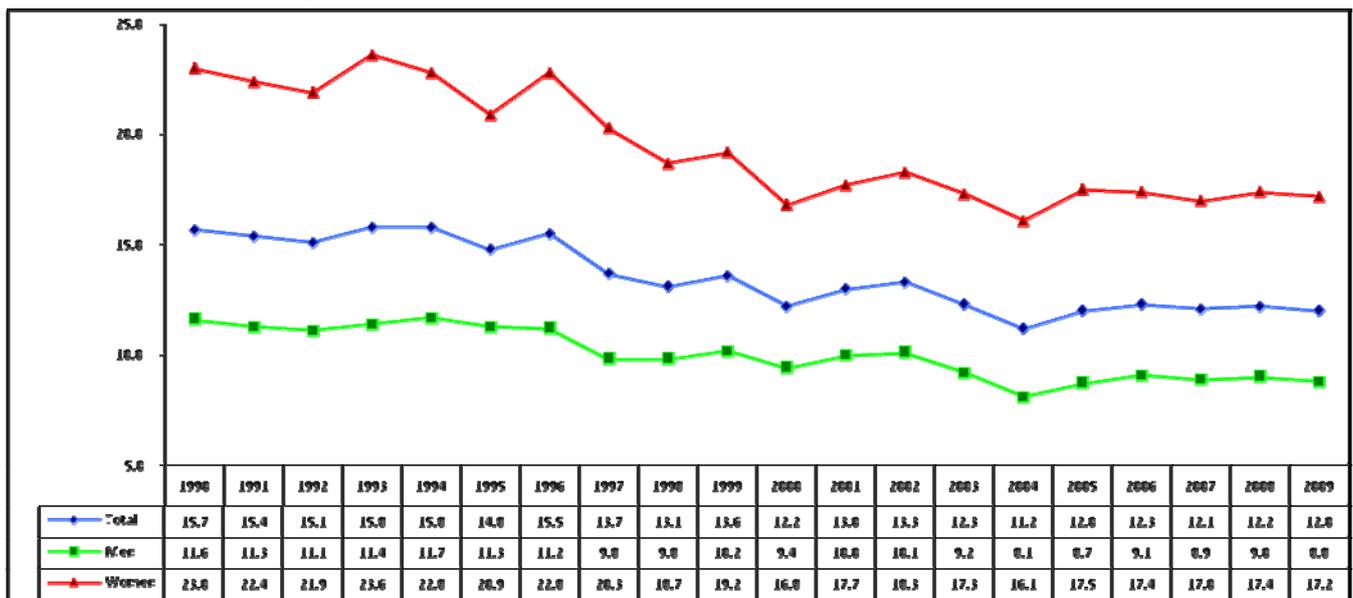
Source of basic data: National Statistics Office, Labor Force Survey.

- Trends declining over time.
- Rates higher for men than women . Rates declined faster for men than for women.
- An indication of the size of employment in the informal sector.
- Need to promote “wage employment” – generally more “decent job”.
- Self-employment is not bad per se - but programs should address the issues of “lack of social protection and safety nets”.
- Based on SSS records of active self-employed members: 632,000 or 5.9% of 10.724 million self-employed in 2009, down from 670,000 or 6.3% of 10.654 million the previous year.

**GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER****Target 1.B: Achieve full and productive employment and decent work for all, including women and young people****Indicator 1.7a Proportion of Self-employed in Total Employment (%)****Notes:**

1. Data from the Labor Force Survey (LFS) refer to averages of quarterly data, i.e., January, April, July and October except for 1990 which is the average of January, July and October data as April round not conducted due to 1990 Population Census.
2. LFS data from 1990-1996 were adjusted based on the 1980 Census-based population projections, those from 1997-2005 were adjusted based on the 1995 Census-based population projections and those from 2006 onwards were adjusted based on the 2000 Census-based population projections.
3. In ILO status in employment, the self-employed workers are classified as own-account workers.

Source of basic data: National Statistics Office, Labor Force Survey.

**GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER****Target 1.B: Achieve full and productive employment and decent work for all, including women and young people****Indicator 1.7b Proportion of Unpaid Family Workers in Total Employment (%)****Notes:**

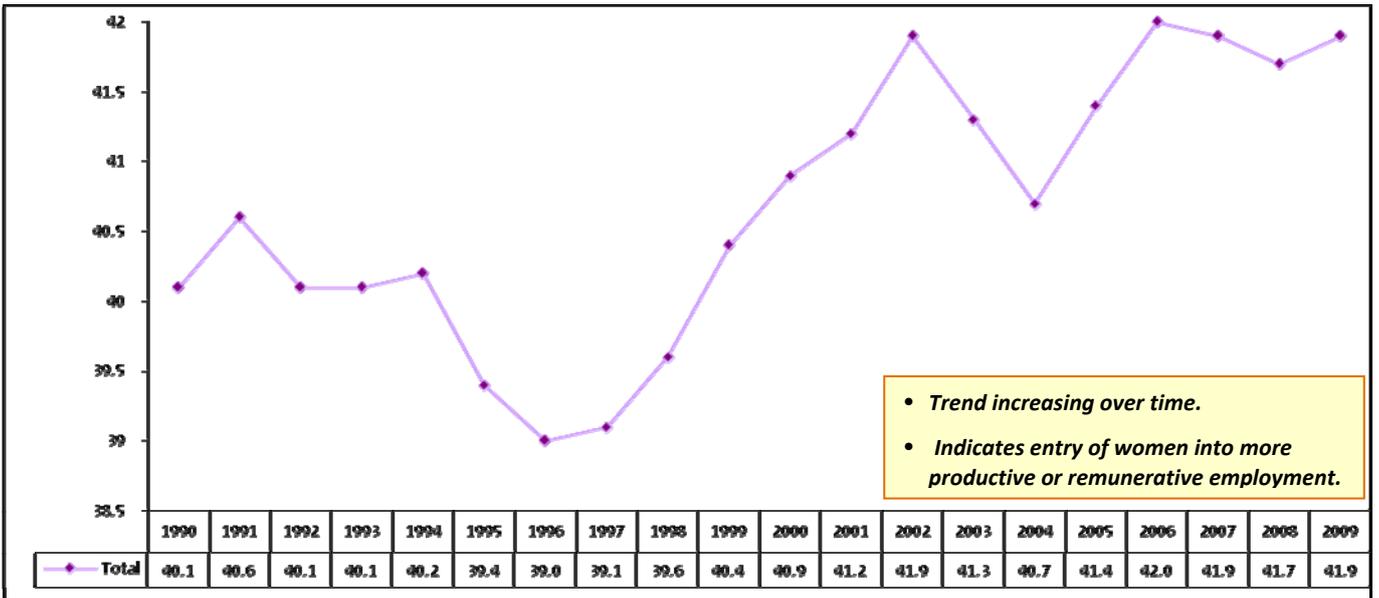
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3. In ILO status in employment, unpaid family workers are classified as contributing family workers.

Source of basic data: National Statistics Office, Labor Force Survey.

**GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN**

**Target 3.A:** Eliminate gender disparity in primary and secondary education preferably by 2005, and in all levels of education no later than 2015

**Indicator 3.2** Share of Women in Wage Employment in the Non-agricultural Sector (%)



**Notes:**

1. Data from the Labor Force Survey (LFS) refer to averages of quarterly data, i.e., January, April, July and October except for 1990 which is the average of January, July and October data as April round not conducted due to 1990 Population Census.
  2. LFS data from 1990-1996 were adjusted based on the 1980 Census-based population projections, those from 1997-2005 were adjusted based on the 1995 Census-based population projections and those from 2006 onwards were adjusted based on the 2000 Census-based population projections.
- Source of basic data: National Statistics Office, Labor Force Survey.

# BLES Products and Services

## SURVEYS

- Occupational Wages Survey (OWS)
- BLES Integrated Survey (BITS)
- Labor Turnover Survey (LTS)

## PUBLICATIONS

- LABSTAT Updates
- Yearbook of Labor Statistics
- Current Labor Statistics
- Philippine Industry Yearbook of Labor Statistics
- Gender Statistics on Labor and Employment
- EasyStat
- LFS Primer
- Primer on MDG Employment Indicators
- Glossary of Terms Commonly Used in Labor and Employment Statistics

## SERVICES

- Data Banking Services
- Technical Assistance on Statistics
- Statistical Capacity Building for DOLE Employees
- Statistical Research Collaboration
- Standards Setting and Prescription
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