



**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

*Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority*



Addressing the deficiency in informal employment statistics in the Philippines

Emily Christi A. Cabegin

Professor, University of the Philippines

Labor, Employment and Productivity Statistics (Informal Statistics)

Crowne Plaza Manila Galleria

04 October 2022, 10:30am-12:00pm

Addressing the deficiency in informal employment statistics in the Philippines

Importance of the informal economy

- Contributes about 80% to total employment and one-third of GDP
- Informal economy is a policy challenge. It is characterized by:
 - poor and unsafe working conditions,
 - low productivity and wages,
 - limited access to credit and training, and
 - lack of legal and social protection

PSA does not produce annual informal employment statistics

- Regular Labor Force Survey does not include questions on the dimensions of informality in work or enterprise
- Special surveys on informal employment (e.g., 2008 Informal Sector Survey) are both very costly and time-consuming

Objective of the paper

- Discuss conceptual issues on the measurement of informal employment and informal sector enterprises
- Recommend the inclusion of questions that captures informality in both employment and production units



15TH NATIONAL CONVENTION ON STATISTICS

03-05 OCTOBER 2022

*Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority*



Definition of informal employment : 17th ICLS

- refers to “all remunerative work that is not registered, regulated or protected by existing legal or regulatory frameworks, as well as non-remunerative work undertaken in an income-producing enterprise”.

The application of labor laws and statutes is determined by the presence of an employer-employee relationship

- An employer in the private sector is legally and morally obligated to provide their employees with the statutory-mandated social benefits and must pay a monthly contribution to the following funds:
- Social Security System (SSS);
- Philippine Health Insurance Corporation (Philhealth), and
- Home Development Mutual Fund or Pag-IBIG (*Pagtutulungan sa kinabusan: Ikaw, Bangko, Industriya, Gobyerno*) Fund



*Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority*



SSS benefits:

- Sickness benefit
- Maternity benefit
- Disability benefit
- Retirement benefit
- Death benefit
- Funeral benefit
- Unemployment benefit
- Employee compensation program benefits

Philhealth & Pag-IBIG benefits

- Philhealth benefits to members and their qualified dependents (e.g., spouse, children below 21 years old, dependent parents):
 - subsidized medical care costs including room and board fees during hospital confinement;
 - physician fees, medicines, laboratory tests and surgical procedures, and
 - treatment of catastrophic illnesses (e.g., end-stage renal disease, prostate cancer, breast cancer, cervical cancer, TB, malaria, and HIV-AIDS).
- Pag-IBIG members are entitled to dividends from a savings program, and housing and multi-purpose loans

The application of the employee entitlements for security of tenure, collective representation, wage-related benefits depends on:

Employment status

- Regular employee
- Project employee
- Seasonal employee
- Casual employee
- Fixed-term employee



Entitlement to security of tenure

Regular/permanent employee	Project/ seasonal employee	Fixed-term employee	Casual employee
Employee cannot be terminated except for just or authorized causes provided by law and only after observance with the procedural due process for termination of employment	Employee can be legally terminated at the end of the specified duration of the project or season	Employee can be legally terminated after the expiration of the contract	Employee can be terminated anytime subject to availability of funds or need for the service



**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

*Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority*



Entitlement to separation pay

Regular/ permanent employee	Project/ seasonal employee	Fixed-term employee	Casual employee
✓	X (unless the worker is dismissed prior to the end of the project/ season)	X (unless the worker is dismissed prior to expiration of the contract)	X

Addressing the deficiency in informal employment statistics in the Philippines



Entitlement to SSS benefits, parental & service incentive leaves

Regular/ permanent employee	Project/ seasonal employee	Fixed-term employee	Casual employee
√	√	√	X



**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

*Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority*



Exemption of workers in micro establishments (with less than 10 employees) from the following entitlements:

- Wage orders
- Holiday pay

Definition of informal sector: NSCB Resolution No. 16, Series of 2003

- Legal organization: household enterprises or unincorporated enterprises owned by households
- Type of accounts: No complete set of accounts
- Production destination: At least some market output, hence not entirely for own consumption

Definition of informal sector: 20th ICLS recommended criteria

- (a) size of the unit below a specified level of employment, or
- (b) non-registration of the enterprise under specific forms of national legislation



15TH NATIONAL CONVENTION ON STATISTICS

03-05 OCTOBER 2022

Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority



Criteria: employment size

Classification of enterprise	Employment size	Asset size (PHP)
Micro	1-9	Up to 3,000,000
Small	10-99	3,000,000-15,000,000
Medium	100-199	15,000,001-100,000,000
Large	200 and above	Above 100,000,000



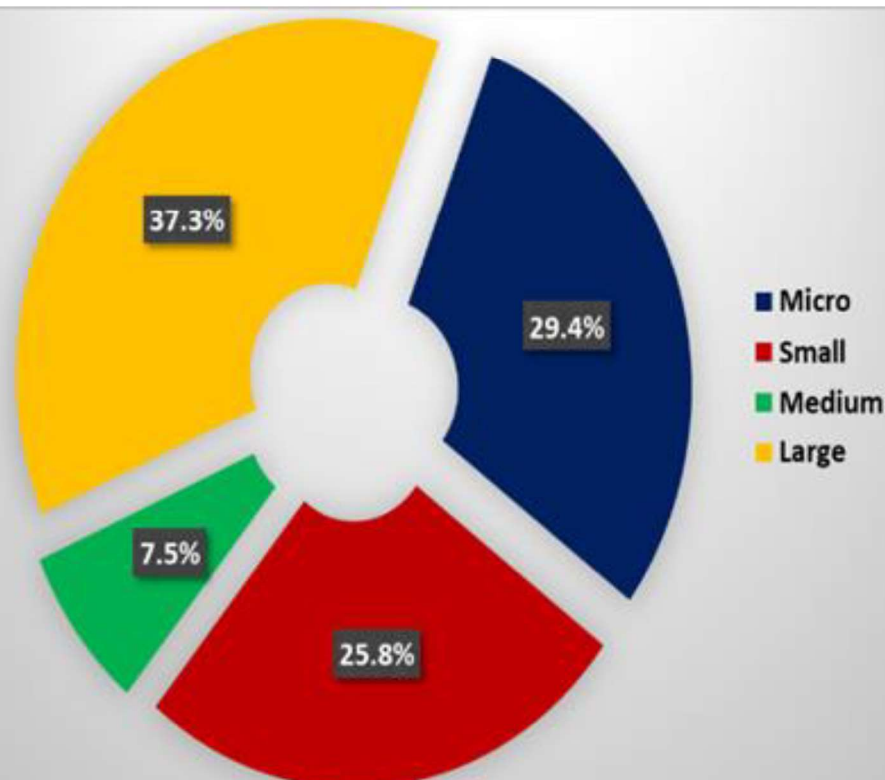
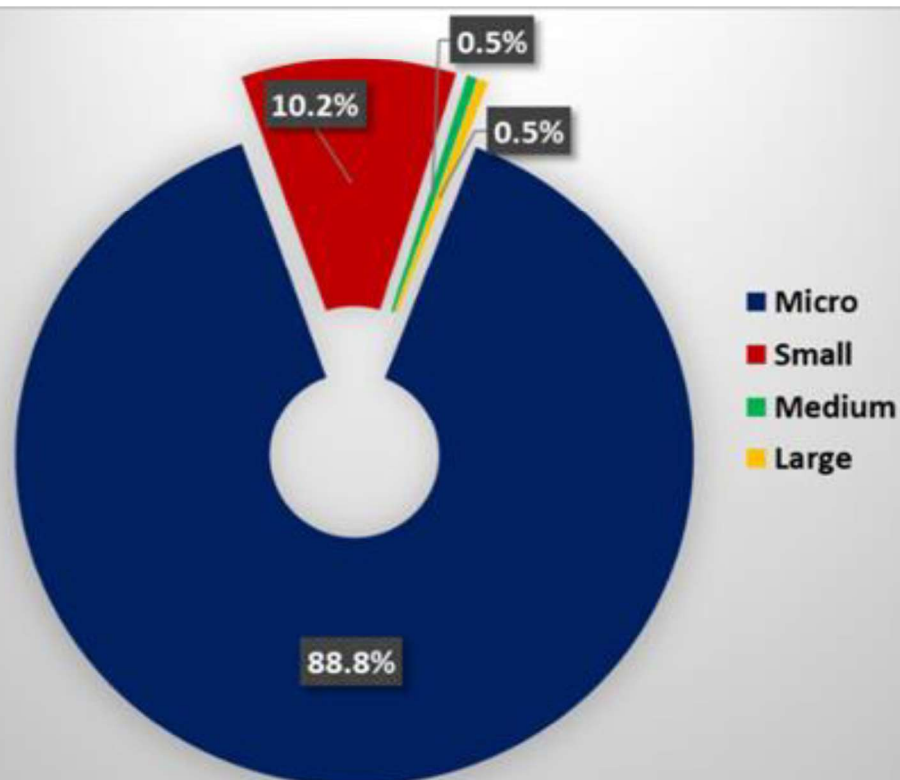
**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority



Share to total number of establishments and total employment by MSME classification





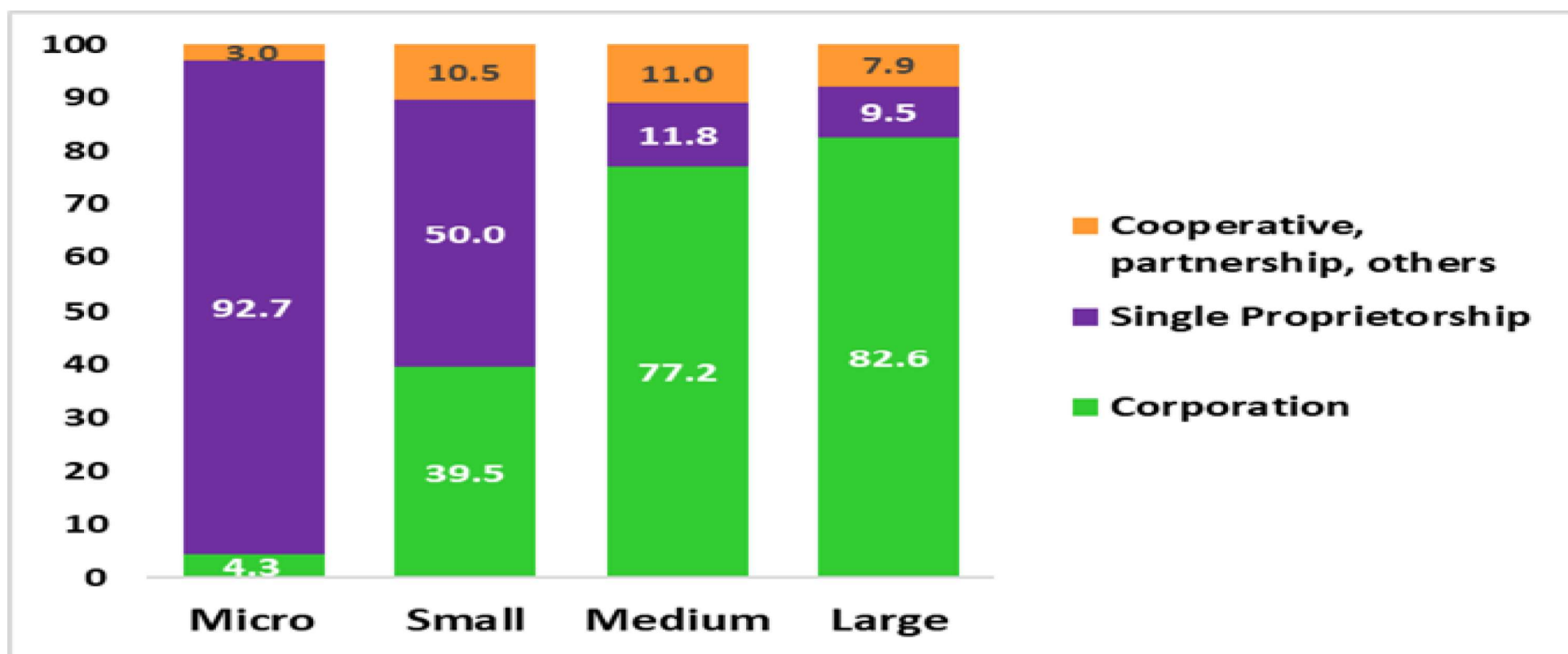
**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority



% of salaried workers without SSS coverage by legal status & MSME classification





Recommended question on employment size

Question	2008 ISS	Proposed addition in LFS
Eligible respondents	All workers	Salaried workers in private establishments & own-family operated farm or business
Size of employment	How many persons (including yourself) usually work in the place where you work/your business/your production unit Total _____ Male _____ Female _____	How many persons (including yourself) usually work in the place where you work/your business/your production unit 1-less than 10 2-10-99 3-100-199 4-200 and above



**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

*Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority*



Recommended question on bookkeeping system

Question	Proposed addition in LFS
Eligible respondents	Workers in micro enterprises, self-employed workers and employers in own family-operated farm or business, and family workers in own family-operated farms or enterprises
Bookkeeping system	<p>How does your enterprise/business maintain its records or accounts? (Question 25 of the 2008 ISS)</p> <ol style="list-style-type: none">1-No written accounts kept2- Informal records for personal use3- Simplified accounting format required for tax payment4-Detailed formal accounts (balance sheet)5-Others (specify)

Addressing the deficiency in informal employment statistics in the Philippines



Recommended question on registration with national authorities

Question	Proposed addition in LFS
Eligible respondents	Workers in micro enterprises, self-employed workers and employers in own family-operated farm or business, and family workers in own family-operated farms or enterprises
Registration with national tax authorities	<p>Is your business /the business in which you work registered with the:</p> <p>a. BIR? 1__Yes 2__No</p> <p>b. SSS? 1__Yes 2__No</p>

Definition of informal employment: 17th ICLS

- Self-employed workers with no paid employees in their own informal sector enterprises
- Employers in own-family operated farm or business in their own informal sector enterprises
- Unpaid family workers
- Other salaried workers not covered by national labor legislation (e.g., workers in informal micro enterprises)



Recommended question on nature of employment

Question	2008 ISS/LFS	Proposed revision in LFS
Nature of employment (proposed revision of categories in the LFS)	<p>What is the nature of your employment?</p> <p>1-Permanent job/business/unpaid family work</p> <p>2-Short-term or seasonal or casual job/business/unpaid family work</p> <p>3-Worked for different employers on a day-to-day or week-to-week basis</p>	<p>What is the nature of your employment?</p> <p>1-Permanent or regular employee</p> <p>2- Project/seasonal employee</p> <p>3-Contractual/fixed term employee</p> <p>4-Casual employee</p> <p>5-Hired as an independent contractor/ freelancer</p> <p>6-Work for different employers on a day-to-day or week-to-week basis</p>



**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

*Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority*



Recommended question on written employment contract

Question	2008 ISS/LFS	Proposed addition in LFS
Presence of a written contract	<p>Are the terms of your employment covered by a written contract?</p> <p>1-Yes 2-No, verbal only</p>	<p>Are the terms of your employment covered by a written contract?</p> <p>1-Written contract with an indefinite duration or with no predetermined termination date 2-Written contract with a predetermined termination date (e.g., project/seasonal/fixed-term contract, etc.) 3-No written contract, working for the same employer for at least one year</p>



Recommended question on social security coverage

Question	Proposed additional question (to be asked of all salaried workers) in the LFS
Social security coverage	<p>Does your employer pay for your contribution to the SSS/GSIS?</p> <p>1. Yes 2. No</p>



Definition		All remunerative employment		Salaried workers in micro (less than 10 workers) private enterprises		Self-employed workers & employer and family workers in own family-operated farm or business	
		Written contract for regular employment (1)	Social security coverage? (2)	Registration with BIR/SSS (3)	Complete accounts (4)	Registration with BIR/SSS	Complete accounts
		At least one "No"		At least one "No"		At least one "No"	
Definition 1							
Definition 2							



Definition	All remunerative employment		Salaried workers in micro (less than 10 workers) private enterprises		Self-employed workers & employer and family workers in own family-operated farm or business	
	Written contract for regular employment (1)	Social security coverage? (2)	Registration with BIR/SSS (3)	Complete accounts (4)	Registration with BIR/SSS	Complete accounts
	At least one "No"		At least one "No"		At least one "No"	
Definition 3						
Definition 4						
Definition 5						

Addressing the deficiency in informal employment statistics in the Philippines



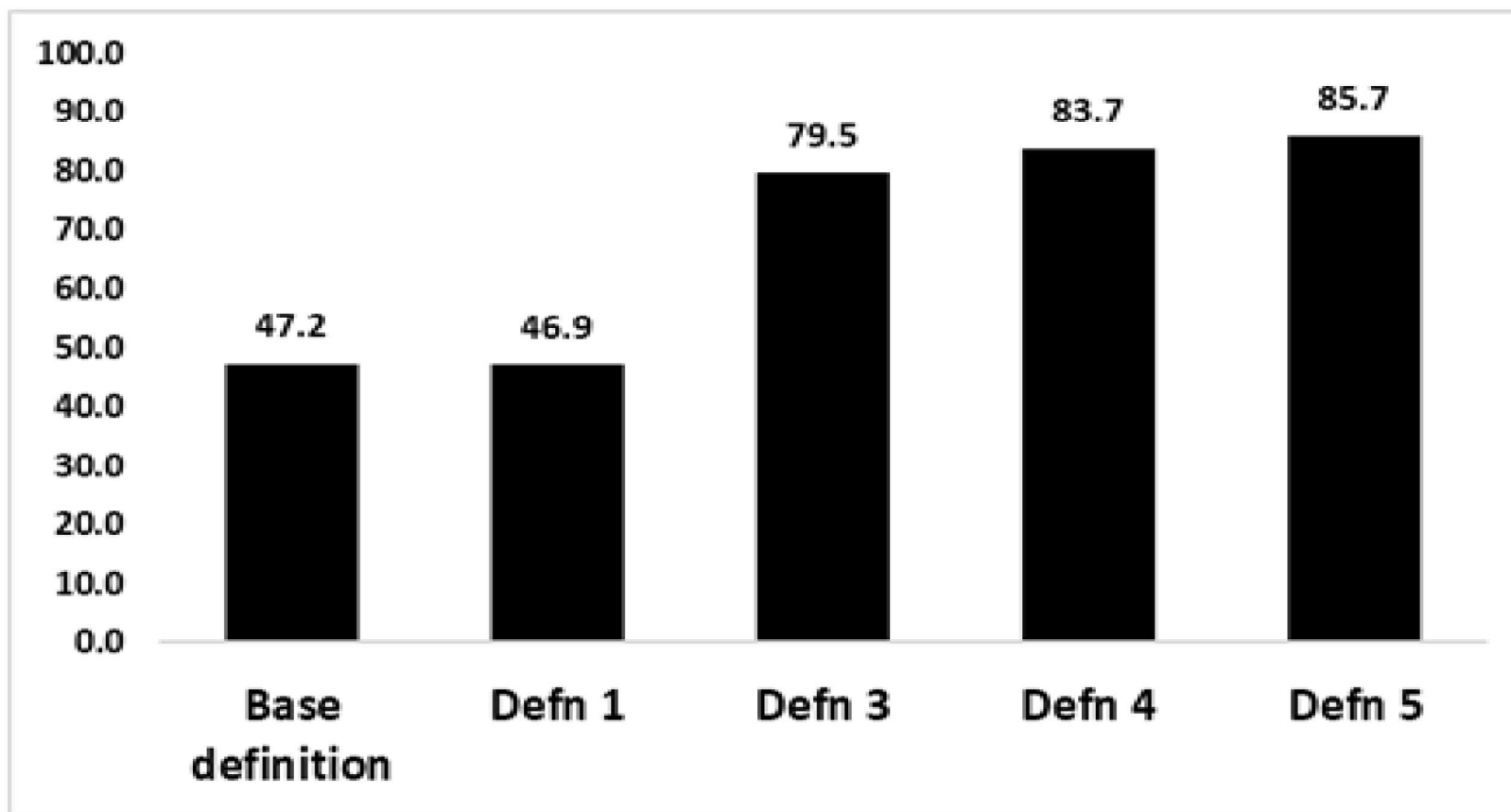
**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

*Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority*



% informally employed by alternative definitions





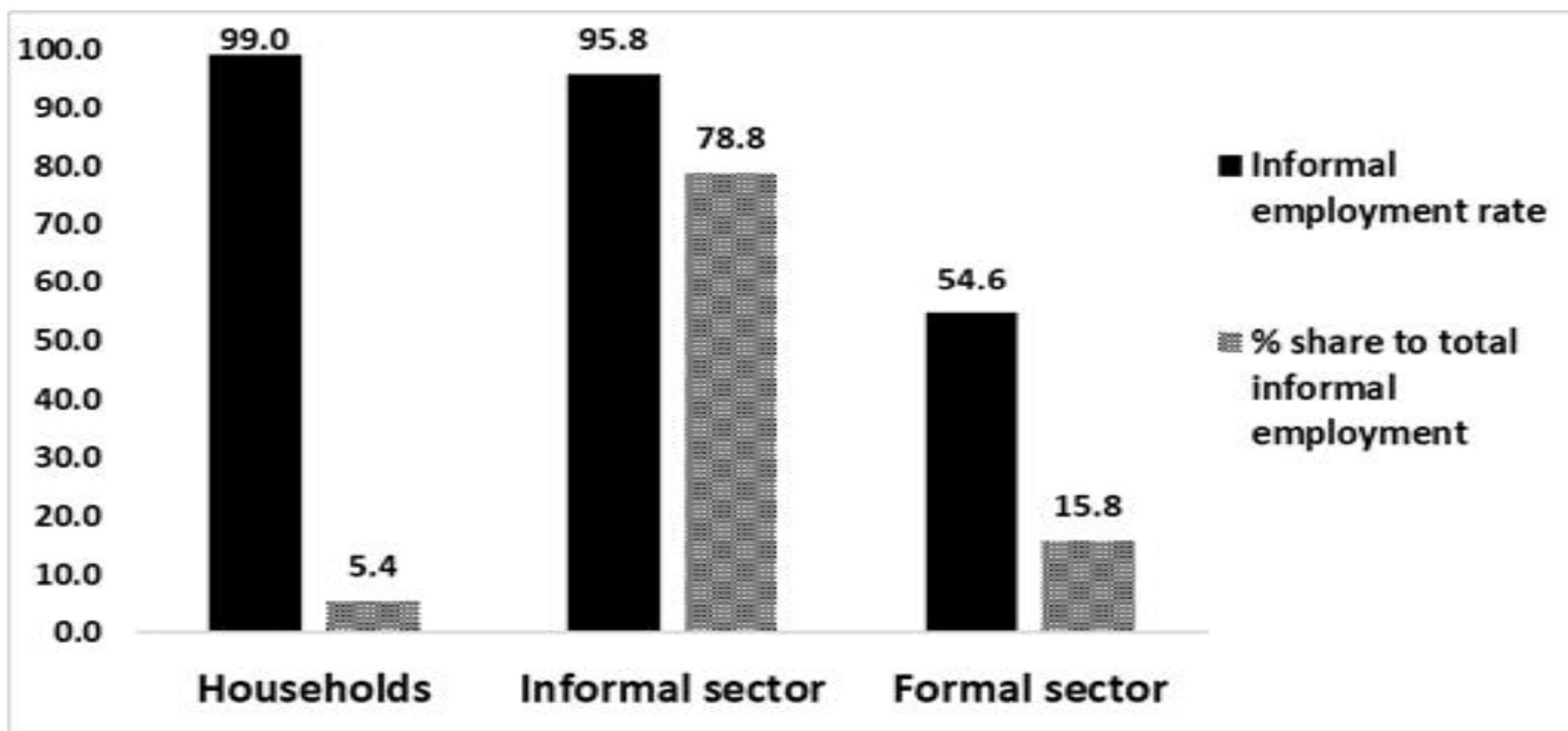
**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

*Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority*



% informally employed (Definition 5) by sector



Addressing the deficiency in informal employment statistics in the Philippines



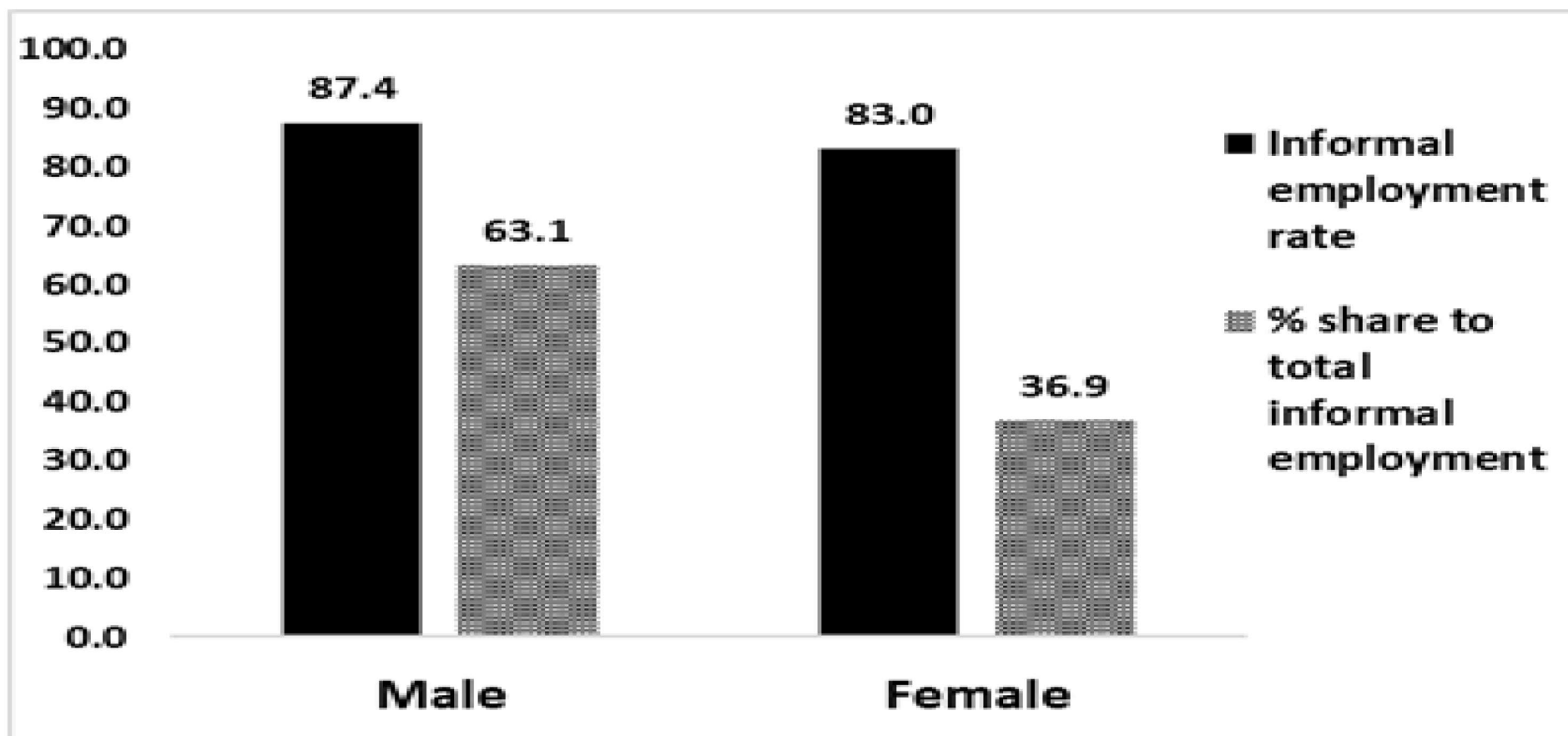
**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

*Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority*



% informally employed (Definition 5) by sex



Addressing the deficiency in informal employment statistics in the Philippines



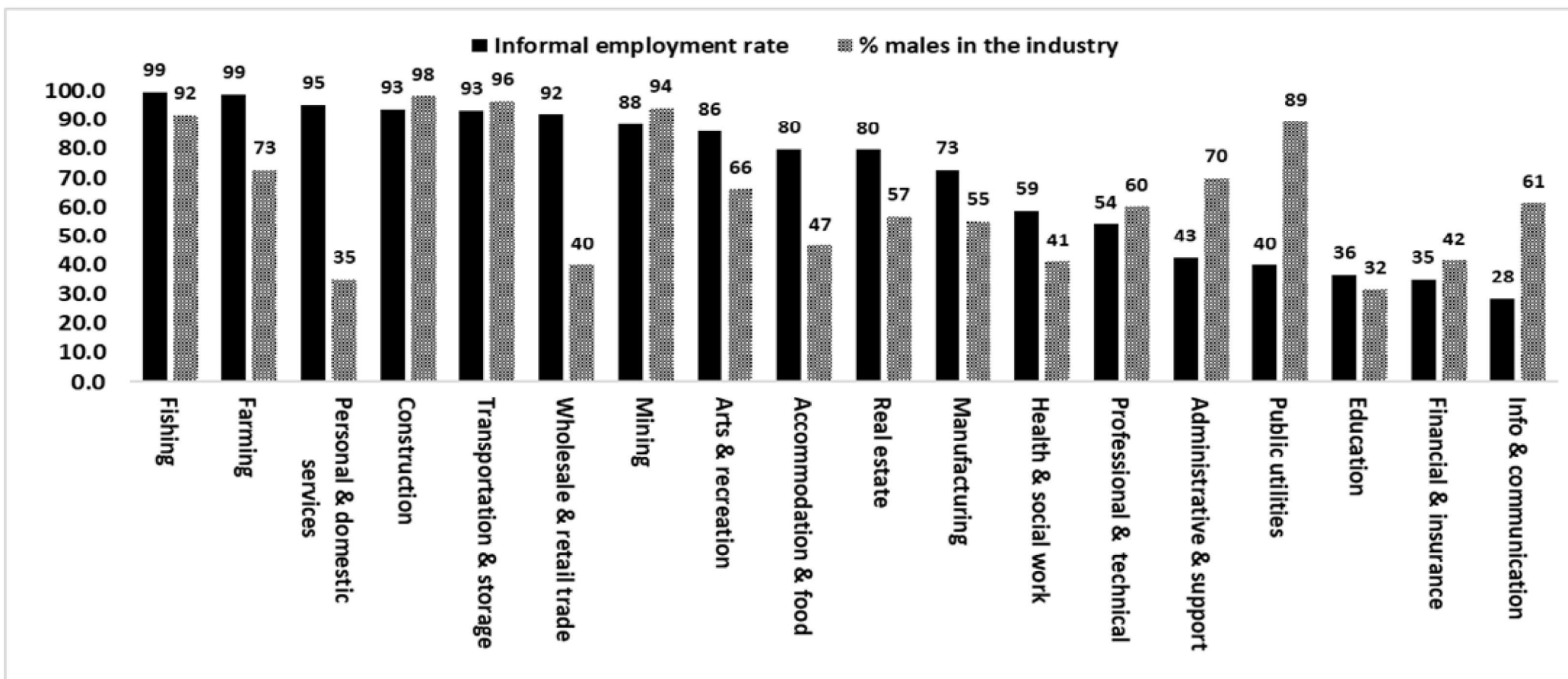
**15TH NATIONAL
CONVENTION
ON STATISTICS**

03-05 OCTOBER 2022

Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority



% informally employed (Definition 5) by industry



Addressing the deficiency in informal employment statistics in the Philippines



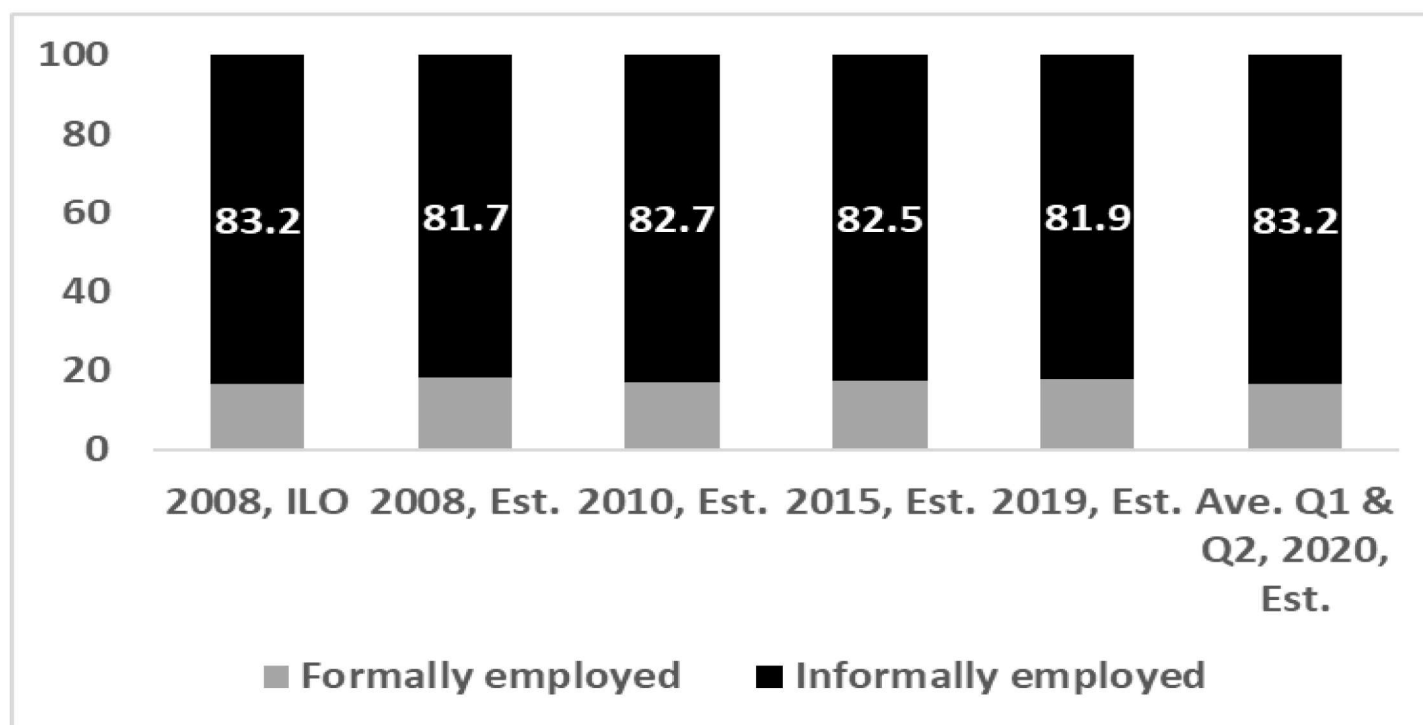
15TH NATIONAL CONVENTION ON STATISTICS

03-05 OCTOBER 2022

Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority



High and persistent informal employment



Need to monitor and address the high and persistent rate of informal employment

- Weakens resource mobilization and dampens human capital development.
- Reversing informality and transitioning to formality is crucial for a more sustainable economic recovery & attainment of inclusive economic growth.
- Support the enactment of the MACWIE guaranteeing the informal workers the right to work and earn a living, and the right to a just and favorable work conditions.



15TH NATIONAL CONVENTION ON STATISTICS

03-05 OCTOBER 2022

Organized by the Philippine Statistical System
Spearheaded by the Philippine Statistics Authority



Thank you!



<http://www.psa.gov.ph/ncs>



<http://openstat.psa.gov.ph>



<https://twitter.com/PSAgovph>



<https://www.facebook.com/PSAgovph>