

MDGs INDICATORS ON EMPLOYMENT

Employment-to-Population Ratio

(Second of a Series)

Background

In 2000, member countries of the United Nations adopted the Millennium Declaration which was translated into a roadmap setting out goals, known as the Millennium Development Goals (MDGs). The eight MDGs, set to be achieved by 2015, are 1) eradicate extreme poverty and hunger; 2) achieve universal primary education; 3) promote gender equality and empower women; 4) reduce child mortality; 5) improve maternal health; 6) combat HIV/AIDS, malaria and other diseases; 7) ensure environmental sustainability; and 8) develop a global partnership for development. Each goal is accompanied by certain targets with time-bound and measurable indicators.

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 1.B), bringing to five (5) the total employment indicators in the MDG.

MDGs EMPLOYMENT INDICATORS

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

Indicators:

- 1.4 Growth rate of labor productivity (GDP per person employed)
- 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 3.1: 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

This issue of LABSTAT Updates focuses on MDG Employment Indicator 1.5 *Employment-to-Population Ratio*. This indicator 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. It is often considered a basic

yardstick for understanding the overall demand for labor in an economy as it provides information on the ability of an economy to generate employment. It also gives a picture of the equality of employment opportunity across different population groups.

Employment-to-population ratio at national level remained steady

For more than a decade, from 1995 to 2011, employment-to-population ratio (EPR) in the Philippines was almost stationary at a level not exceeding 61.0 percent with a sluggish average annual growth of 0.2 percent over the period covered. The constant trend of EPR implies that employment and working age population grew at almost the same rate. The highest EPR of 61.0 percent was observed in 1996 and the lowest, at 56.5 percent, was noted in 2000 (Figure 1).

Decreasing disparity of employment-to-population ratio between men and women

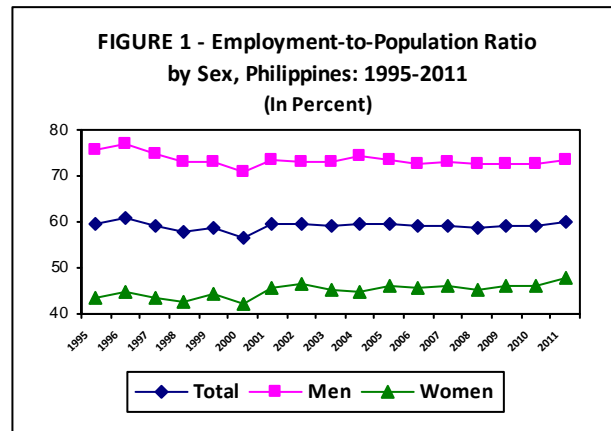
EPR for men, which ranged from 70.9 percent to 77.0 percent, was higher than that for women whose EPR ranged from 42.1 percent to 47.0 percent. This reflects the Filipino culture that men are the primary breadwinners for the needs of their families while women are confined at home to perform household chores and child rearing.

Men generally exhibited a subtle downtrend of EPR over the period 1995 to 2011 while EPR for women depicted a slow uptrend during the same period, resulting to the narrowing of EPR disparity between men and women from 1995 to 2011. Increasing participation of women in the labor market implies that women’s role is gradually changing in that they are now more able to balance work and family responsibilities.

Similar to what was noted at the national level, EPR for men was highest in 1996 (77.0%) and lowest in 2000 (70.9%). For women, the highest (47.0%) EPR

was recorded in 2011 while the lowest (42.1%) was noted in 2000.

Refer to Figure 1.



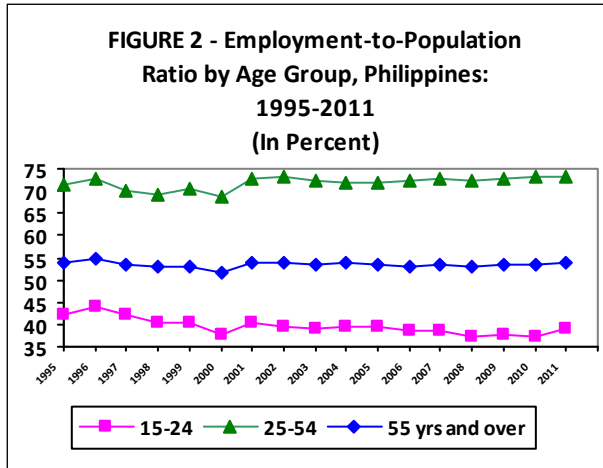
Employment-to-population ratio of 15 to 24 years old gradually decreased over time

EPR for persons aged 15 to 24 years or the so called “youth,” as defined by the United Nations, ranged from 37.4 percent to 43.9 percent for the period 1995 to 2011. It showed a moderate downtrend over time with the lowest in 2008 and 2009. The EPR for this age group was consistently the lowest among age groups during the period 1995 to 2011, as most of the population in this age group are the school age population.

The population aged 25 to 54 years (prime age) consistently had the highest EPR ranging from 68.6 percent to 73.4 percent from 1995 to 2011 with the highest in 1996 and the lowest in 2010. EPR for the age group was virtually stagnant over the period 1995 to 2011.

More than half of the population 55 years and over (elderly) were employed as indicated by the EPR of this age group which was also generally constant from the period 1995 to 2011.

Refer to Figure 2.



Higher employment-to-population ratio for majority of the regions than the national figure

EPR variation among regions was analyzed starting 2004 instead of 1995 since it was in July 2003 when the National Statistics Office adopted the new regional grouping in the design of the Labor Force Survey. Included in the new regional grouping were Regions IV-A and IV-B, as a result of the splitting of Region IV into two regions as per Executive Order 103 signed on May 17, 2002.

With an EPR ranging from 66.3 percent to 69.3 percent for the period 2004 to 2011, Region X consistently registered the highest EPR, except in 2009 and 2011. Taking its place in those years was Region IV-B with slightly higher EPR of 67.0 percent and 67.4 percent, respectively.

From 2004 to 2009, the National Capital Region (NCR) posted the lowest EPR of less than 55.0 percent, lower than the national EPRs in those years. In 2010 and 2011, however, the Autonomous Region in Muslim Mindanao (ARMM), recorded the lowest EPR among regions.

Other regions with consistently lower EPR than the national EPR from 2004 to 2011, aside from NCR, were Regions I, III, IV-A and ARMM. Region VII had EPRs lower than the national figures from 2004 to 2006 but surpassed the national level for the rest of the years. The rest of the regions consistently displayed a higher EPR than the national EPR.

Refer to Table 1.

DEFINITION OF TERMS	
<i>Employment-to-Population Ratio</i>	- the proportion of employed persons in the working-age population to the total number of persons in the working-age population.
<i>Working-age Population</i>	- population 15 years old and over
<i>Total Employment</i>	- total persons in the labor force who are reported either at work or with a job or business although not at work. Persons at work are those who did some work, at least for an hour during the reference period. - average number of employed persons for a given year, that is, sum of employed persons for the four survey rounds quarters divided by four (4), which is the official methodology for estimating annual Labor Force Survey data; the average number of working age population is computed the same way.

INTERPRETATION GUIDELINES

An increasing trend in the Employment-to-Population Ratio (EPR) usually indicates increasing employment demand within the economy in terms of the quantity of workers.

A high ratio is not necessarily a positive result, as it may signal, for example, limited education options for young people, minimal or non-existent unemployment assistance or other social benefits and/or economic hardship. Ratios above 80 percent often indicate an abundance of low quality jobs. Sharp increases could point to decreasing levels of labor productivity if not matched by increases in Gross Domestic Product (GDP).

A low ratio means that a large share of the working-age population is unemployed and/or not attached to the labor force. Persons may not be in the labor force for reasons such as enrolment in an educational institution, retirement, carrying out domestic chores in their own household, illness or incapacity for work. Still others in this group may express a desire to work and be available to work but may not be seeking work for various reasons, both economic and non-economic. This kind of information is essential for interpreting the EPR of various demographic groups, including youth, women and older persons.

There is no optimal value and the EPR alone is not sufficient for assessing the employment opportunities dimension of decent work. For a better understanding of the labor demand and labor supply dynamic, changes in the indicator should be analyzed jointly with changes in other key employment opportunities indicators (especially the unemployment rate and the labor force participation rate).

The EPR is relatively stable in the short term as compared with the unemployment rate and may vary over the medium-to-long term thus reflecting the impact of social, cultural, technological and economic changes as well as employment policy initiatives. Short-term changes in the EPR should be evaluated using seasonally-adjusted data.

Employment elasticity seeks to measure the employment intensity of output growth and may provide insights regarding changes in the EPR vis-à-vis GDP growth. Such elasticity can be disaggregated by economic activity for a more targeted analysis. Elasticity volatility may be an issue, which requires caution in the interpretation of results.

Reference: International Labour Office. (2012) *Decent Work Indicator: Concepts and Definitions*, ILO Manual First Edition, Geneva.

FOR INQUIRIES

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TABLE 1 - Employment-to-Population Ratio by Sex, Age Group and Region: 1995-2011
(In Percent)

DEMOGRAPHIC CHARACTERISTICS/ REGION	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
BOTH SEXES	59.5	61.0	59.0	57.9	58.7	56.5	59.6	59.7	59.1	59.5	59.4	59.1	59.3	58.9	59.2	59.3	60.1
Men	75.7	77.0	74.7	73.2	73.2	70.9	73.5	72.9	73.2	74.2	73.4	72.7	72.9	72.8	72.6	72.5	73.3
Women	43.3	44.9	43.5	42.8	44.2	42.1	45.8	46.6	45.2	44.9	45.5	45.6	45.9	45.2	45.9	46.3	47.0
ALL AGE GROUPS	59.5	61.0	59.0	57.9	58.7	56.5	59.6	59.7	59.1	59.5	59.4	59.1	59.3	58.9	59.2	59.3	60.1
15 - 24 Years	42.2	43.9	42.2	40.2	40.6	37.6	40.2	39.6	39.1	39.7	39.3	38.5	38.4	37.4	37.6	37.4	39.1
25 - 54 Years	71.5	72.8	70.1	69.3	70.3	68.6	72.6	73.0	72.3	72.0	72.0	72.2	72.6	72.5	72.8	73.0	73.4
55 Years and Over	54.0	54.8	53.4	52.8	53.2	51.6	53.7	54.0	53.4	53.7	53.6	53.0	53.4	52.9	53.3	53.6	53.8
PHILIPPINES	59.5	61.0	59.0	57.9	58.7	56.5	59.6	59.7	59.1	59.5	59.4	59.1	59.3	58.9	59.2	59.3	60.1
National Capital Region	50.9	54.0	53.4	52.9	52.6	50.3	53.5	53.7	53.7	53.7	53.3	53.4	54.2	53.4	53.6	55.2	55.9
Cordillera Administrative Region	64.4	67.6	62.9	61.5	61.0	59.3	61.2	60.7	61.8	63.4	62.1	63.7	64.6	63.5	63.6	64.0	65.1
Region I - Ilocos Region	57.9	59.3	59.1	56.9	57.5	56.2	58.4	57.2	56.6	56.8	55.6	55.6	55.7	55.8	56.5	56.6	57.2
Region II - Cagayan Valley	69.5	69.8	65.7	63.4	66.3	63.1	67.8	67.5	66.4	63.9	65.1	65.5	65.9	64.0	65.3	63.8	65.8
Region III - Central Luzon	55.1	56.0	53.9	53.8	54.9	53.0	56.6	56.0	56.4	55.8	55.5	54.1	54.8	54.7	55.0	55.6	56.1
Region IV - Southern Tagalog	58.5	60.2	57.4	56.6	57.0	55.0	58.9	59.0	-	-	-	-	-	-	-	-	-
Region IV - A - CALABARZON	-	-	-	-	-	-	-	-	56.6	56.9	57.2	57.2	57.4	56.1	56.6	57.5	58.4
Region IV - B - MIMAROPA	-	-	-	-	-	-	-	-	64.4	64.8	66.4	65.6	66.2	66.3	67.0	66.1	67.4
Region V - Bicol Region	65.5	65.2	63.2	62.0	61.4	59.6	63.2	62.7	62.1	63.7	63.7	61.9	61.8	61.6	60.7	60.6	60.4
Region VI - Western Visayas	59.9	60.4	59.1	58.0	59.3	56.3	58.9	60.9	60.9	61.9	61.5	60.8	60.5	59.5	59.9	60.2	60.6
Region VII - Central Visayas	59.0	59.3	59.0	57.9	58.4	57.4	58.4	58.6	56.0	57.6	58.7	59.0	59.7	59.9	59.3	60.8	62.0
Region VIII - Eastern Visayas	62.8	64.7	63.0	61.5	62.2	59.7	64.0	66.4	65.9	65.6	65.0	63.9	62.8	61.9	62.6	60.5	62.0
Region IX - Zamboanga Peninsula	59.9	60.2	58.4	56.7	58.3	56.9	58.0	59.8	59.2	61.7	61.0	62.2	62.8	63.4	64.4	63.5	63.5
Region X - Northern Mindanao	63.3	68.4	68.6	68.1	71.4	67.3	72.1	69.6	69.3	69.3	68.9	67.8	66.7	67.1	66.9	66.3	66.8
Region XI - Davao Region	65.0	67.3	66.5	63.9	64.2	61.3	63.8	63.0	61.7	62.5	61.7	62.0	61.8	62.4	61.8	61.1	63.2
Region XII - SOCCSKSARGEN	66.9	66.8	62.5	61.4	62.7	59.2	62.6	63.5	62.4	61.8	62.3	62.2	62.8	63.1	63.9	63.0	63.7
Caraga	-	66.2	63.5	61.8	64.0	61.6	64.6	62.8	63.0	62.4	63.1	63.0	62.0	62.1	62.1	61.1	61.8
Autonomous Region in Muslim Mindanao	57.2	57.0	52.7	52.6	54.3	52.8	54.3	53.9	54.1	54.0	54.0	54.8	56.1	55.7	55.9	54.9	53.7

Notes: 1. The Caraga Region was created through Republic Act No. 7901 on February 25, 1995.

2. Starting with the April 2002 round of LFS, the NSO adopted the regional grouping under E.O.36 signed on September 19, 2001. It provides the reorganization of the Administrative Regions in Mindanao, hence, Region IX (Western Mindanao), XI (Southern Mindanao) and XII (Central Mindanao) were renamed Zamboanga Peninsula, Davao Region and SOCCSKSARGEN, respectively. Meanwhile, Region X retained its name as Northern Mindanao.

3. Starting July 2003 round of LFS, the NSO adopted the new regional grouping per E.O. 103 signed on May 17, 2002 wherein Region IV was divided into Region IV-A as CALABARZON and Region IV-B as MIMAROPA while Aurora province was transferred to Region III.

4. Data from 1995-1996 were adjusted based on the 1980 Census-based population projections, those from 1997-2005 were adjusted based on 1995 Census-based population projections and those from 2006 onwards were adjusted based on 2000 Census-based population projections.

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