

## MDGs INDICATORS ON EMPLOYMENT

### Proportion of Self-employed and Unpaid Family Workers in Total Employment (Third 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

##### 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 the MDG Employment Indicator 1.7 *Proportion of own-account and contributing family workers in total employment*. Translated to national terminology as used in the Labor Force Survey, this refers to the proportion of self-employed and unpaid family workers

in total employment. This indicator measures the portion of the employed population working under relatively precarious circumstances. These are persons who are less likely to have formal work arrangements, access to benefits or social protection programs and are more "at risk" to economic cycles.

**PSUFW in the country exhibited a dramatic downtrend**

The proportion of self-employed and unpaid family workers (PSUFW) dramatically dropped from 50.3 percent in 1995 to 41.1 percent in 2011. These figures translate to a moderate average yearly reduction of 1.1 percent during the 17-year period, indicating an improvement in wage employment. However, though the proportion has decreased over time, it remained significantly high (Figure 1).

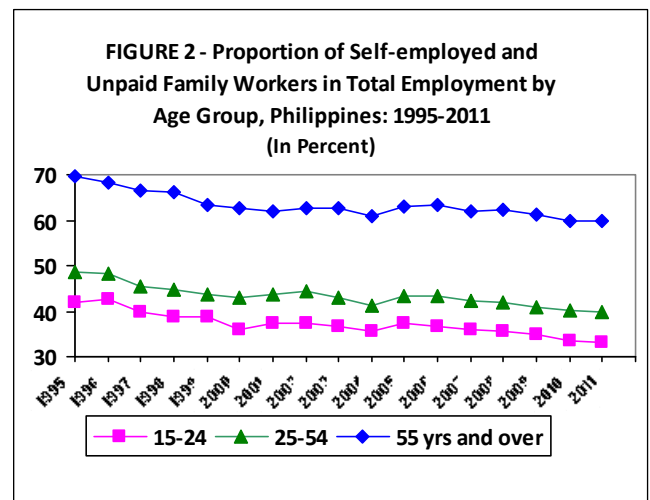
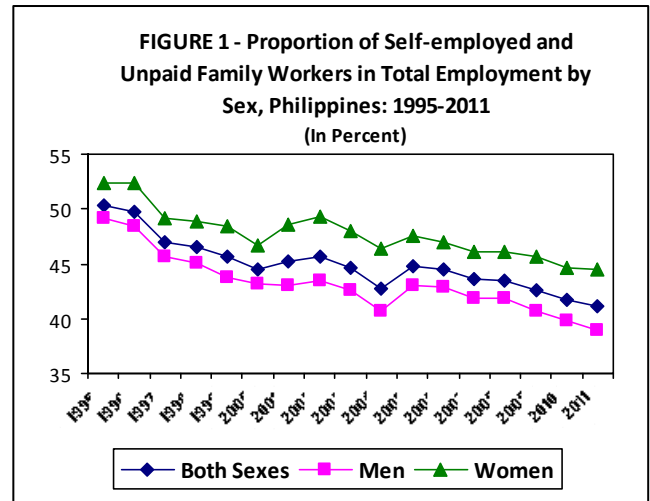
Self-employed and unpaid family workers made-up over two-fifths (44.0%) of the total underemployed and more than half (53.5%) of the visibly underemployed in 2011.

**Wage employment opportunities for both men and women improved**

PSUFW was consistently higher for women than for men with sex differentials ranging from 3.2 to 5.9 percentage points for the period 1995 to 2011. Similar to the national trend, men and women experienced a downtrend in their proportions with men (1.3% yearly on the average) declining slightly faster than women (0.9% yearly on the average). These decreasing patterns for either men or women indicate improving wage employment opportunities for them (Figure 1).

**Higher proportions for older age group**

Employed persons tended to settle in self-employment and unpaid family work as they got older. This was reflected across age groups where the youth (15-24 years old) had the lowest proportion ranging from 33.0 percent to 42.5 percent. Employed persons in their



prime ages (25 to 54 years old) had slightly higher proportions (ranging from 39.7% to 48.7%). As the employability of the elderly (55 years and over) to wage employment dwindles due to age limit set by employers, they are inclined to self-employment or to work without pay on own family-operated farm or business. Hence, this age group had the highest proportion of 59.9 percent to 69.8 percent from 1995 to 2011.

PSUFWs for all the age groups generally decelerated over time with age group 15 to 24 years decreasing annually at a rate of 1.1 percent on the average; 25 to 54 years old, 1.3 percent; and 55 years and over, 0.9 percent during the period 1995 to 2011 (Figure 2).

**Highest PSUFW eyed in agriculture sector**

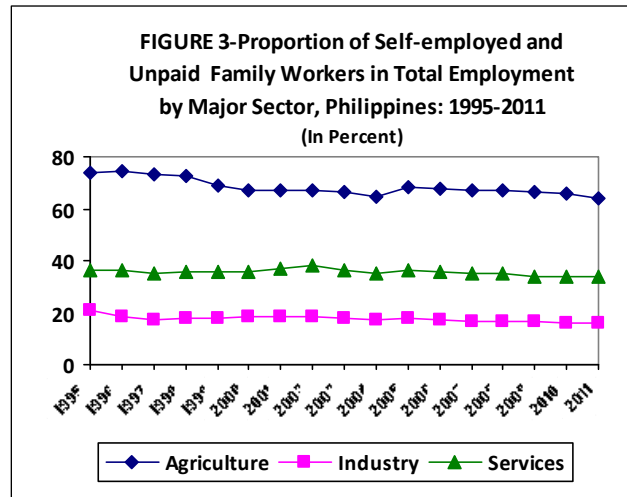
Among sectors, agriculture, which is the dominant means of livelihood and source of employment for the rural poor, had the highest proportion of self-employed and unpaid family workers. The sector posted the largest reduction in the proportion (from 74.0% to 64.0% of the total employed in agriculture) but the rate of decrease was weak, averaging 0.84 percent per annum during the period 1995 to 2011.

Industry sector, which has the least share to total employment, remained to have the lowest proportion (15.8% to 20.7%). The proportion of this group of workers dropped moderately at an average of 1.5 percent annually during the period under review.

Services has been the dominant sector when it comes to employment since 1997. The PSUFW for this sector was 36.6 percent in 1995 and had nominally dropped to 33.9 percent in 2011, indicating a lean decrease of 0.46 percent per annum on the average (*Figure 3*).

**ARMM consistently exhibited the highest proportion**

PSUFWs across 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.

For the period 2004 to 2011, the Autonomous Region in Muslim Mindanao (ARMM) consistently posted the highest proportion which was virtually stagnant at around 84 percent. The lowest proportion, at about 21 to 22 percent, was noted in the National Capital Region (NCR).

Employed persons in all regions, except Regions IV-B and XII, experienced a sluggish improvement in wage employment opportunities. This is manifested in the generally slow diminishing trend of PSUFW in these regions with Region VIII having the sharpest downturn.

Regions with PSUFW that were consistently below the national rates were NCR, Regions II, III, IV-A and VI (*Table2*).

**DEFINITION OF TERMS**

<i>Own-account Worker (ILO)</i>	- is a person who, working on his own account or with one or more partners, holds the type of jobs defined as a "self-employment jobs" (i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced) and has not engaged on a continuous basis any employees to work for him.
<i>Contributing Family Worker (ILO)</i>	- is a person who work at home or in a market-oriented establishment operated by a related person living in the same household.
<i>Self-employed Person</i>	- is a person who is self-employed without any paid employee.
<i>Unpaid Family Worker</i>	- is a person who worked without pay on own family-operated farm or business.
<i>Underemployed Person</i>	- is an employed person who wants additional hours of work in their present job; or to have additional job; or a new job with longer working hours.
<i>Visibly Underemployed</i>	- underemployed person who worked less than 40 hours during the reference week.

**INTERPRETATION GUIDELINES**

As stated under indicator EMPL-8, Employment by status in employment (ESE), contributing family workers (CFW) (workers who hold a self-employment job in a market-oriented establishment operated by a related person living in the same household) are viewed as having the highest economic risk and least authority of all the status in employment groups, and are therefore at greatest risk of decent work deficits in this dimension.

By virtue of their status in employment, CFW are classified in informal employment reflecting the fact that they are likely to hold jobs without clearly agreed working conditions or social protection. In many economies, CFW tend to be women, warranting disaggregation and analysis of the indicator by sex.

Some own-account workers (that is, workers holding self-employment jobs who may be working alone or with one or more partners have not hired any employees on a continuous basis) may have inadequate employment conditions (for example, inadequate employment-related income and excessive hours) and jobs of short duration. This may be especially true in developing countries among many own-account informal sector enterprises and own-account subsistence agriculture production units.

Thus, high level of the indicator may point to inadequate employment conditions. However, in order to establish *actual decent work deficits* among own-account workers and CFW, the indicator should be analyzed together with other indicators, including informal employment of own-account workers and CFW, employment-related income of such workers relative to cost of living, excessive hours and social protection coverage. To the extent that the indicator is associated with decent work deficits, progress in the indicator would be achieved by a declining trend over time and/or by progress made as regards the complementary indicators which establish decent work deficits in specific dimensions.

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

**FOR INQUIRIES**

Regarding this report, contact **TECHNICAL SERVICES DIVISION** at 527-3000 loc 317  
 Regarding other statistics and technical services contact **BLES DATABANK** at TELEFAX: 527-9311  
 Or Write to BLES c/o **Databank**, 3/F DOLE Bldg. Gen. Luna St., Intramuros, Manila, 1002  
 E-mail: bles\_tsd@dole.gov.ph or bles\_tsd@yahoo.com Website: <http://www.bles.dole.gov.ph>

**TABLE 1 – Proportion of Self-Employed and Unpaid Family Workers in Total Employment  
by Sex, Age Group and Sector, Philippines: 1995-2011**  
(In Percent)

DEMOGRAPHIC CHARACTERISTICS/ SECTOR	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>PHILIPPINES</b>	<b>50.3</b>	<b>49.8</b>	<b>46.9</b>	<b>46.5</b>	<b>45.6</b>	<b>44.5</b>	<b>45.2</b>	<b>45.7</b>	<b>44.6</b>	<b>42.8</b>	<b>44.8</b>	<b>44.5</b>	<b>43.6</b>	<b>43.5</b>	<b>42.6</b>	<b>41.7</b>	<b>41.1</b>
Men	49.1	48.4	45.6	45.1	43.8	43.2	43.0	43.4	42.6	40.7	43.1	42.9	41.9	41.8	40.7	39.8	39.0
Women	52.3	52.3	49.2	48.8	48.5	46.7	48.6	49.3	48.0	46.4	47.6	47.2	46.1	46.1	45.6	44.6	44.5
15 - 24 Years	42.0	42.5	39.7	38.6	38.6	36.1	37.2	37.5	36.8	35.5	37.2	36.8	35.9	35.6	35.0	33.4	33.0
25 - 54 Years	48.7	48.3	45.3	44.7	43.8	43.0	43.7	44.3	43.1	41.4	43.4	43.2	42.2	42.0	41.0	40.2	39.7
55 Years and Over	69.8	68.4	66.4	66.1	63.3	62.5	62.0	62.6	62.5	60.9	62.9	63.4	62.0	62.3	61.2	60.0	59.9
Agriculture	74.0	74.5	73.4	72.6	68.7	67.1	66.9	67.0	66.6	64.7	68.2	67.9	67.2	67.0	66.4	65.6	64.0
Industry	20.7	18.7	17.1	17.7	17.7	18.5	18.4	18.6	18.1	17.0	17.6	17.5	16.6	16.4	16.7	15.8	15.8
Services	36.6	36.4	34.8	35.4	35.6	35.6	37.1	38.0	36.6	34.9	36.2	35.9	35.1	34.8	34.0	33.8	33.9

*Note: 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.*

**TABLE 2 – Proportion of Self-Employed and Unpaid Family Workers in Total Employment  
by Region, Philippines: 2004-2011**

(In Percent)

REGION	2004	2005	2006	2007	2008	2009	2010	2011
<b>PHILIPPINES</b>	<b>42.8</b>	<b>44.8</b>	<b>44.5</b>	<b>43.6</b>	<b>43.5</b>	<b>42.6</b>	<b>41.7</b>	<b>41.1</b>
National Capital Region	21.6	23.1	22.4	22.0	22.0	21.0	21.0	21.0
Cordillera Administrative Region	62.6	62.0	63.5	61.7	61.9	60.5	57.9	58.2
Region I - Ilocos Region	45.6	48.9	48.1	46.5	46.5	46.5	45.9	44.9
Region II - Cagayan Valley	36.1	38.5	39.0	37.7	38.0	37.5	36.2	35.5
Region III - Central Luzon	32.5	35.0	34.6	34.0	33.2	31.8	31.1	31.5
Region IV - A - CALABARZON	34.2	35.9	36.4	35.0	34.0	34.5	34.1	33.0
Region IV - B - MIMAROPA	53.7	57.8	58.8	56.9	56.9	54.7	54.0	55.2
Region V - Bicol Region	55.4	58.8	57.3	55.6	58.0	55.3	52.3	51.5
Region VI - Western Visayas	39.8	42.6	42.1	41.1	40.5	39.1	39.0	37.4
Region VII - Central Visayas	48.4	48.3	48.1	46.8	47.1	47.3	46.5	45.3
Region VIII - Eastern Visayas	58.1	58.0	57.9	56.5	53.9	53.6	50.8	51.0
Region IX - Zamboanga Peninsula	57.2	58.0	58.4	57.9	57.5	55.1	55.0	53.2
Region X - Northern Mindanao	52.6	55.1	52.3	49.8	50.1	49.1	47.4	48.0
Region XI - Davao Region	43.8	44.9	42.8	41.7	43.4	40.8	40.1	39.1
Region XII - SOCCSKSARGEN	40.7	44.4	44.7	47.5	45.7	46.9	46.2	47.0
Caraga	52.0	55.9	56.1	54.5	54.4	53.8	53.4	51.7
Autonomous Region in Muslim Mindanao	84.5	84.2	84.2	84.4	84.9	84.5	84.3	84.0

*Note: Data from 2004-2005 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.*