



REPUBLIC OF THE PHILIPPINES

PHILIPPINE STATISTICS AUTHORITY

PSA Board Resolution No. 02 Series of 2014

APPROVING AND ADOPTING THE OFFICIAL METHODOLOGY FOR GENERATING LABOR PRODUCTIVITY STATISTICS

WHEREAS, labor productivity is an important indicator that serves as a key measure of national and industry competitiveness, reference in the minimum wage determination and basis for formulating labor market policies;

WHEREAS, it is one of the key indicators used in monitoring the Millennium Development Goal 1, Target 1B- *Achieve full and productive employment and decent work for all including women and young people*;

WHEREAS, the Philippine Statistics Authority (PSA) was established on 12 September 2013, merging the National Statistical Coordination Board (NSCB), National Statistics Office (NSO), Bureau of Labor and Employment Statistics (BLES), and Bureau of Agricultural Statistics (BAS);

WHEREAS, various government/non-government agencies are generating labor productivity statistics in the country using different methodologies, namely the former NSCB, the former BLES, National Wages and Productivity Commission (NWPC) and the Asian Productivity Organization (APO);

WHEREAS, there is a need for official estimates of labor productivity to ensure that there will be one standard reference for the various programs of the government;

WHEREAS, 10 consultative meetings were conducted between July 2008 to July 2013 (i.e., six meetings of the Technical Working Group on Labor Productivity Statistics (TWGPS) and four meetings of the Interagency Committee on Labor and Productivity Statistics (IACLPS), which have been coordinated by the former NSCB, to discuss issues/concerns on the possible methodology for generating labor productivity;

WHEREAS, the following were reviewed and evaluated to come-up with official estimates of labor productivity: (1) using the Gross Value Added (GVA) as labor output; and (2) using number of hours worked or number of employed as labor input;

WHEREAS, as a result of the consultation meetings and discussions, the IACLPS has considered the following as labor input and output:

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- GVA would measure the value of economic output in a particular area and reflects the goods and services produced by the workforce;
- Total number of hours worked as labor input will be able to take into consideration various work arrangements, e.g. full time, part-time work or the effect of variations in overtime, absence from work or shifts in normal hours, and takes into account the actual contribution to productivity of the underemployed, however, at present, there is no prescribed official methodology in estimating annualized hours of work;
- Number of employed as labor input is readily available from the Labor Force Survey (LFS), and easier to report even if the respondent is not the one employed; official methodology on the annualized number of employed is available and currently used in the computation of the MDG indicator for labor productivity;

WHEREAS, the IACLPS, in its meeting last 18 July 2013, while recognizing that hours worked is the more appropriate labor input, recommended the following:

- To use the number of employed persons as labor input until 2015 taking into consideration that the official methodology in annualizing hours worked is not yet available;
- To adopt an Action Plan, which will include a submission of a proposal to study the methodology that may be adopted to estimate and annualize hours worked to the Philippine Statistical Research and Training Institute (PSRTI) and have an official methodology by 2015;
- To use number of hours worked as labor input once an official methodology for annualizing hours worked is approved;

WHEREAS, the proposed methodology was presented and approved in principle by the former NSCB Executive Board during its 23 August 2013 meeting;

WHEREAS, with the establishment of the PSA on 12 September 2013, the proposed methodology was presented to the PSA Board during its 14 April 2014 meeting, and was consequently approved.

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that the PSA Board approve the methodology for generating official estimates of labor productivity (Annex BR-02-20140314-01) and the Action Plan (Annex BR-02-20140314-02) as recommended by the IACLPS, for adoption by all concerned government agencies, until such time that the particular methodology on annualizing hours worked is also approved;

BE IT RESOLVED FURTHER, THAT:

1. The official labor productivity estimates be released with the following disaggregation: national, regional and the major sectors, i.e.,

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agriculture, hunting, forestry and fishing sector, industry sector and service sector;

2. The PSA to regularly compile the official statistics on labor productivity;
3. The official preliminary labor productivity estimates at the national level and by major sectors be released two months after the reference year while the final labor productivity estimates be released every six months of the reference year and the regional estimates be released every nine months of the reference year; and
4. The PSRTI lead a study on the methodology on annualizing number of hours worked using its research funds.

Approved this 14th day of March 2014, in Quezon City.


ARSENIO M. BALISACAN
PSA Board Chairperson
Socioeconomic Planning Secretary and
Director General, NEDA

Attested by:


LINA V. CASTRO
Interim National Statistician
Interim Chair, PSA Board Secretariat
18 March 2014

Methodology on Estimating Labor Productivity

Labor Productivity Methodology to be adopted until 2016

$$LP_i = \frac{GVA_i}{E_i}$$

where: LP_i = Labor Productivity at region/sector i
 GVA_i = Gross Value Added at region/sector i
 E_i = Total number of employed persons at region/sector i

Labor Productivity Methodology to be adopted after 2016

$$LP_i = \frac{GVA_i}{HW_i}$$

where: LP_i = Labor Productivity at region/sector i
 GVA_i = Gross Value Added at region/sector i
 HW_i = Total number of hours worked at region/sector i

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Action Plan for Further Improvement of the Estimation of Labor Productivity

Activity	Target Date		Agency Responsible
	Start Date	End Date	
1. Generation of time series estimates of labor productivity	April 1, 2014	June 30, 2014	PSA
2. Preparation of proposal to the PSRTI on the generation of annualized number of hours worked	July 1, 2014	July 31, 2014	PSA-established Committee on Labor and Productivity Statistics
3. Submission of the Research Proposal to PSRTI	August 1, 2014	August 1, 2014	PSA-established Committee on Labor and Productivity Statistics
4. Research on the annualized number of hours worked	October 1, 2014	March 1, 2015	PSRTI
5. Presentation of the study results to the PSA-established Committee on Labor and Productivity Statistics	April 2015	June 2015	PSRTI
6. Review of the recommendation of the PSRTI study	July 2015	August 2015	PSA-established Committee on Labor and Productivity Statistics
7. Consultative meeting/s and/or forum	August 2015	September 2015	PSA-established Committee on Labor and Productivity Statistics
8. Recommendation of the PSA-established Committee on Labor and Productivity Statistics to the PSA Board	October 2015	November 2015	PSA-established Committee on Labor and Productivity Statistics

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