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**Session 3– Invited paper**

**MEASURING EXCESSIVE HOURS OF WORK, LOW HOURLY PAY, AND  
INFORMAL EMPLOYMENT THROUGH A LABOUR FORCE SURVEY:  
A PILOT SURVEY IN THE PHILIPPINES**

Submitted by International Labour Office (ILO)\*

1. The ILO Statistical Development and Analysis Unit, Department of Policy Integration, is engaged in a series of pilot surveys conducted in different parts of the world, in Bangladesh, Guatemala, Mali, Moldova, Philippines, and Ukraine, to examine the feasibility of measuring certain indicators of decent work as part of national labour force survey programmes. These results combined with the experience obtained from the measurement of quality of employment in the European Union and other countries, will be the subject of an international seminar planned by ILO for Fall 2005 in Geneva. Depending on the degree of success of this project, the ILO envisages to prepare draft international guidelines on this topic for submission to a future session of the International Conference of Labour Statisticians (ICLS) to supplement the existing international standards concerning the statistics of the economically active population, employment, unemployment and underemployment adopted by the 13<sup>th</sup> ICLS (Geneva, 1982).

2. The Philippines pilot survey was conducted in May 2004 by the National Statistical Office (NSO) on the basis of a representative sample of 800 households in the province of Laguna, in a way that the results of the pilot test could be compared with the provincial results of the regular labour force survey conducted by the NSO in the April 2004 round. The pilot survey

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was also designed to examine the effect of revisions of the job-search period and the criterion of “currently available for work” in the measurement of unemployment and the statistical treatment of discouraged workers and overseas contract workers in the calculation of the unemployment rate.

3. The indicators of decent work being tested in the Philippines Pilot Survey have been formulated on the basis of the ILO concept of decent work based on the four pillars: acceptable productive employment, social protection, social dialogue and rights at work.<sup>1</sup> More specifically, the pilot survey questionnaire was designed to test the following selected indicators:

- Hours of work at all jobs during the reference week
- Hourly pay among time-rated wage and salary earners
- Informal employment among wage and salary workers (nature of work contract, paid sick leave, paid annual leave and employer's contribution to a social insurance scheme) and among the self-employed (size of economic unit, type of income tax filing, and bank loans possibility)
- Membership in trade unions and other professional associations
- Hazardous occupation
- Employment of women with school-age children
- Job-search of young unemployed (15-24 years old)
- Pension benefits among economically inactive persons (65 years old and over)
- School attendance and economic activity among children (5-14 years old)

4. The present note is limited to an evaluation of the data on the first three indicators listed above. The results are compared with those obtained in a similar pilot survey conducted in Mali in 2004.

## I. Long hours of work

5. Hours of work constitute a significant indicator of the quality of employment from different points of view. Low hours of work for involuntary reasons indicate time-related underemployment and labour underutilisation. Long hours of work, on the other hand, are often a sign of low hourly wages, and income-related underemployment. Also, excessive and atypical hours of work put workers' physical and mental health at risk, and interfere with the balance between work and family life. Finally, a nation in which a large percentage of paid jobs require long hours of work suggests low respect of labour laws and rights at work.

6. In the Philippines pilot survey, the currently employed household members are asked about their usual hours of work at their main job and actual hours worked at all jobs. The question on usual hours of work is meant to be used in connection with the information on basic pay to calculate hourly pay of the time-rated wage and salary workers. The question on actual hours worked is preceded by a question on multiple jobholding to emphasise that the response on hours worked should concern all jobs held during the reference week. There are follow-up questions on reason for working long hours (more than 48 hours during the week), and on desire for change.

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<sup>1</sup> Anker, Richard, Igor Chernyshev, Philippe Egger, Farhad Mehran, and Joseph A. Ritter, “Measuring decent work with statistical indicators,” *International Labour Review*, Volume 142, Number 2, ILO, Geneva, 2003/2, pp. 147-177.

Bescond, David, Anne Châtaignier, and Farhad Mehran, “Seven indicators to measure decent work: An international comparison,” *International Labour Review*, Volume 142, Number 2, ILO, Geneva, 2003/2, pp. 179-211.

7. Actual hours worked at a particular job include hours actually worked during normal periods of work; over-time; time spent at the place of work on activities such as the preparation of the workplace, repairs and maintenance, the preparation and cleaning of tools, and the preparation of receipts, time sheets and reports, time spent at the place of work waiting or standing-by for customers or for such reasons as lack of supply of work, breakdown of machinery, or accidents, or time spent at the place of work during which no work is done but for which payment is made under a guaranteed employment contract; and time corresponding to short rest periods at the workplace, including tea and coffee breaks. Actual hours worked exclude hours paid for but not worked, such as paid vacation leave, paid public holidays, or paid sick leave; meal breaks; and time spent on travel from home to work and vice versa.

8. Although actual hours worked should in principle be confined to hours spent on economic activities, in practice this distinction may be difficult in the case of agricultural activities in family farms that are intermingled with domestic chores, and in the case of home-based workers and workers in household enterprises, as well as apprentices and trainees, whose activities may combine elements of learning with productive work, performed at the same place and during the same reference period. Reported hours of work are difficult to interpret in the case of workers with unconventional patterns of work such as security guards, body guards and domestic workers who work extremely long hours during duty period, followed sometime by longer than usual rest period. Some 418 persons (24%) reported more than 60 hours of work during the week.

9. Notwithstanding these measurement difficulties, the results of the Philippines pilot survey on the distribution of hours of work indicate that a low percentage of people are working short hours, against a large proportion working long hours. Time-related underemployment (i.e., working less than 35 hours during the reference week, and looking for another job or wanting more or hours of work) is only 3% of total employment, while the percentage working excessive hours (i.e., working more than 48 hours during the week for economic or involuntary reasons) is more than 34%. This result reinforces the proposition that the employment problem in developing countries is more related to long hours of work than to short hours.

10. Table 1 below shows the results on long hours of work according to combination of jobs held and compares them with those obtained in the Mali pilot survey. Of the total number of persons classified as employed (1718), some 586 are reporting more than 48 hours worked at all jobs during the reference week, representing 34.1 percent of total employment. Of these workers with long hours of work, the great majority were working long hours in their only job (516), or in their main job (28). The number of workers exceeding 48 hours of work as the result of their secondary jobs are in fact small (42).

11. It is instructive to note that the incidence of long hours of work is significantly higher in the Mali survey than in the Philippines' (41.1% versus 34.1%), but the higher incidence is almost totally explained by the larger proportion of multiple jobholders in Mali than in the Philippines. Results of both surveys show that about 30% of the employed are working long hours at their only job. By contrast, the incidence of long hours of work among persons with more than one job is significantly higher in Mali (10.1% = 4.8+5.3%) than in the Philippines (4.0% = 1.6+2.4%). The extent to which this differential result is due to possible underreporting of multiple jobs in the Philippines relative to Mali is not clear. Because in the Mali survey usual hours of work rather than actual hours worked are measured, the comparison has been limited to usual hours of work at the main job measured in both surveys.<sup>2</sup>

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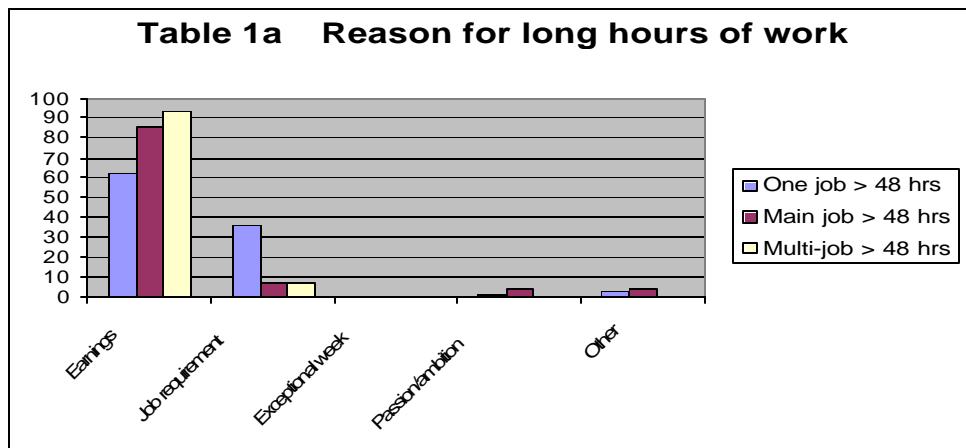
<sup>2</sup> Usual hours of work refer to the number of hours of work during a typical week. It may differ from actual hours worked if the reference week does not reflect the typical situation. The difference may be due to illness, vacation,

**Table 1 Long hours of work (> 48 hrs in week)**

	Philippines (Actual hours worked at all jobs)	Philippines (Usual hours of work at main job)	Mali (Usual hours of work at all jobs)
<u>Total employed</u>	<u>1718</u>	<u>100.0</u>	<u>100.0</u>
Long hours of work	586	34.1	-
- One job > 48 hrs	516	30.0	30.0
- Main job > 48 hrs <sup>1</sup>	28	1.6	1.6
- Multi job > 48 hrs <sup>1</sup>	42	2.4	-
Economic or involuntary reasons	571	33.2	-

<sup>1</sup> Usual hours of work at main job > 48 hrs.

12. Table 1a shows the number of persons working long hours by reason. By far the most important reason for working long hours is the desire for more earnings. The highest percentage (more than 90%) is among persons whose long hours of work are the result of their additional jobs. These are people who are working normal hours in their main job, but surpass than the 48 hours limit because of their other job. About 86% other multiple jobholders are working long hours for more earnings already in their main job. Among those with only one job, about 62% are working long hours to earn more income.



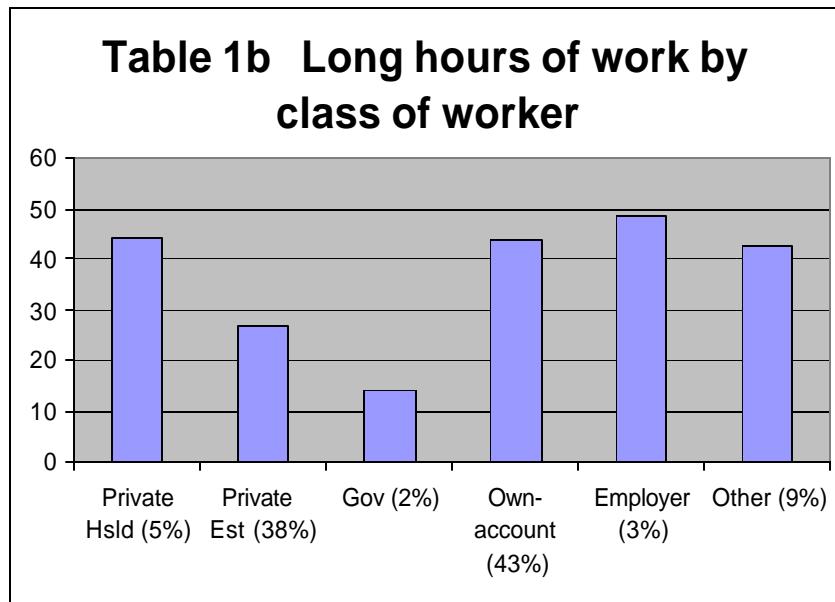
13. Job requirement is the second reason for long hours of work reported by the survey respondents. The percentage is highest among persons working long hours in their single job (more than 30%) and about equal among the other two groups of persons working long hours (both about 7%). The 30-percent result among single jobholders indicates the existence of a relatively large number of jobs that require more than 48 hours of work. This result should be further analysed in terms of the nature of the job, paid or self-employment.

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holidays during the reference week, reduction in economic activity, strike, lockout, flexible working hours, overtime work, a change of job or similar reasons. Usual hours of work differ also from that of normal hours of work, which refers to contractual arrangements.

14. Less than 3% of persons working long hours were reporting reasons other than job requirement or desire for more earnings. The reported reasons for working long hours were “exceptional week” (less than 1%), “ambition or passion for work” (also less than 1%), or still other reasons (less than 2%).

15. The following figure (Table 1b) shows that long hours of work are more prominent among the self-employed (more than 40%) than the paid employed, except for the paid domestic workers in private households (44%). The incidence of long hours of work is lowest among government employees (14%) and paid workers in private establishments (27%).



## II. Low hourly pay

16. Most people work to earn a living, to ensure the economic well-being of themselves and members of their family. An adequate pay, therefore, is one of the most important characteristics of employment. A convenient measure of adequate pay for statistical purposes is a relative measure, defined as half the median value of the distribution of hourly pay among time-rated employees or an absolute minimum, whichever is greater (Anker, et. al., 2003). Time-rated wage and salary workers whose hourly pay is lower than this value would be considered as low paid, and a national indicator of adequate pay would be the percentage of low paid workers in the country.

17. Formulating the indicator in terms of a fraction of the median makes it independent of national currencies and greatly facilitates international comparisons. The choice of half the median has the virtue of simplicity, but it is also consistent with empirical results showing that national minimum wages established through social dialogue are often close to this half-median value. Another advantage of the proposed definition is its wide applicability, including in countries that have either not adopted minimum wage legislation, or which have set the statutory minimum wage far below the prevailing market wage or multiple minimum wages for different sectors or categories of workers.

18. In the analysis of the Philippines pilot survey, the low hourly pay indicator has been calculated for the main job of time-rated wage and salary workers using the reported information on the basic pay received in cash for the pay period and the usual hours of work per week. Time-rated wage and salary workers are those employees who are receiving their wage or salary per unit of time (by the hour, per day, or monthly) as opposed to those who receive it per piece, by result (pakyaw), on a commission basis, or other non time-related forms of payment. Basic pay, or basic wage, is the pay received for normal time of work, prior to deductions of social security contributions, withholding taxes, etc. It excludes allowances, bonuses, commissions, overtime pay, benefits in kind, etc.

19. According to Table 2 below, the Philippines pilot survey included some 888 time-rated wage and salary workers in their main job, representing 82% of the sample employees and about 52% of total employment. Their median hourly pay is calculated to be 30 Pesos. Half the median is thus 15 Pesos per hour, a value that corresponds to 120 Pesos per day, assuming eight hours of work per day.<sup>3</sup> The table further shows that about 15% of the time-rated wage and salary workers were low paid, receiving less than 15 Pesos per hour.

**Table 2 Low hourly pay workers in main job**

	Philippines survey	Mali
Time-rated wages and salary workers <sup>1</sup>	888 sample	396,200 pop
- Median hourly pay <sup>2</sup>	30 Pesos	573 FCFA
- Half median hourly pay	15 Pesos	287 FCFA
Low hourly pay workers in main job	15.1 %	37.7 %

<sup>1</sup> Note: Status in main job.

<sup>2</sup> Philippines survey: Average hourly pay = 50 Pesos; Standard deviation = 113; Min = 1; Max = 2400; First quartile (Q1) = 20; Third quartile (Q3) = 44; Inter-quartile range = 24.4.

20. The percentage of low pay workers in the Philippines survey (15%) is considerably lower than the corresponding percentage in Mali, found to be more than 37%. As indicated in the next table (Table 2a) in both countries, the incidence of low pay workers is higher among women than men, also higher among the young than adult workers (25 + years). The Philippines survey shows that although there are relatively less female low pay workers than male (47.8% versus 52.2%), they have a higher incidence of being low paid, 20.6% of female workers are low paid, as opposed to 12.1% among men. A similar result is found for the youth (15-24 years old). Although they form less than one-third of the low pay workers, they have a higher incidence of being low paid, 19.8% versus 13.5% among the adult workers (25 years old and over). The survey in Mali shows the same pattern although the low-pay incidence is much higher and the gap between the different categories of workers much wider.

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<sup>3</sup> The minimum wage in Region IV where Laguna is located ranges from 147 to 237 Pesos per day.

**Table 2a Characteristics of low hourly pay workers<sup>1</sup>**

	Philippines survey		Mali
	%	Incidence	Incidence
Total	100.0	15.1	37.7
Male	52.2	12.1	21.6
Female	47.8	20.6	64.1
15-24 yrs	33.6	19.8	68.0
25+ yrs	66.4	13.5	10.9
Private household	17.9	40.7	-
Private establishment	72.4	13.3	-
Government	7.5	11.6	-
Own family business	2.2	23.1	-

<sup>1</sup> In main job

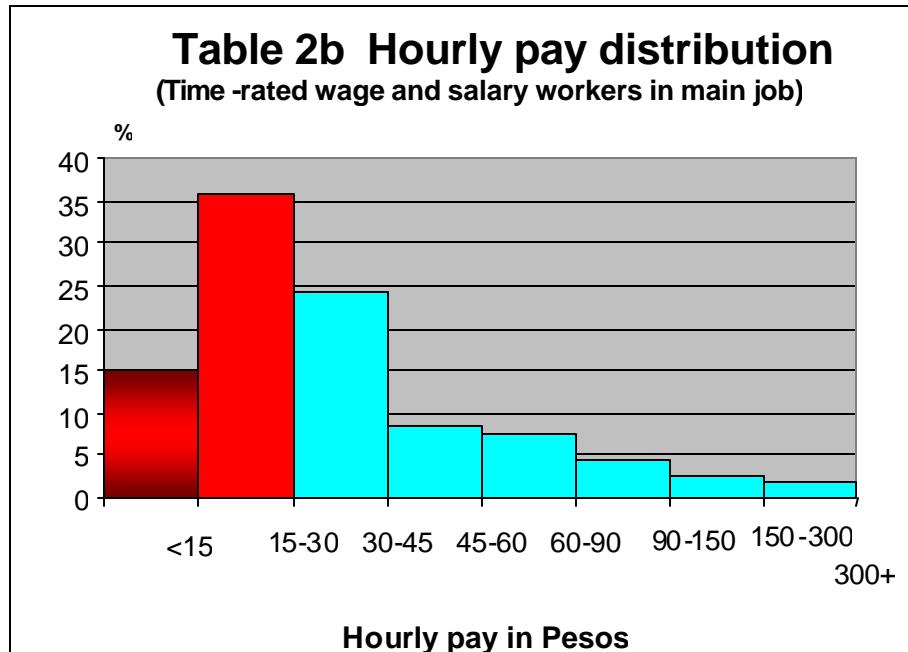
21. It is instructive to note that close to three-fourths of the low pay workers in the Philippines survey are in private establishments. The highest incidence of being low paid, however, is among domestic workers in private households followed by paid workers in own family enterprises. Government employees have the lowest low-pay incidence (11.6%), and form less than 8% of the low pay workers.

22. The measurement of hourly pay involves notoriously difficult concepts to measure in surveys, namely, earnings for the numerator of the ratio and hours of work for the denominator.<sup>4</sup> Cursory examination of the data shows only a few extreme cases which could be due to errors in data entry. An in-depth examination of the accuracy of the data should be undertaken in a separate paper. The present study limits itself to an exhibit of the distribution of the hourly pay data derived by first converting the basic pay responses to a common weekly unit and then dividing the result to the reported hours of work during the reference week. The conversion assumes 8 hours of work per day and 6 days of work per week for workers reporting hourly and daily pay, respectively. For workers reporting monthly earnings the conversion assumes 52/12 weeks of work per month. The resulting standardized hourly pay distribution is shown in Table 2b below.

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<sup>4</sup> Rodgers, Willard L., Charles Brown, and Greg J. Duncan, "Errors in Survey Reports of Earnings, Hours Worked, and Hourly Wages," *Journal of the American Statistical Association*, Vol.88, No. 424, December 1993, pp. 1208-1218.

- Studdard, Nigel, and Lames Jenkins, "Measuring low pay using the New Earnings Survey and the Labour Force Survey," *Labour Market Trends*, Office of National Statistics, UK, January 2001, pp. 55-66.  
- Skinner, Chris, Nigel Studdard, Gabriele Beissel-Durrant, and James Jenkins, "The Measurement of Low Pay in the UK Labour Force Survey," *Oxford Bulletin of Economics and Statistics*, 64, Supplement, 2002, pp. 653-676.  
- Berger, Yves G., and Chris J. Skinner, "Variance estimation for a low income proportion," *Applied Statistics*, 52, Part 4, 2003, pp. 457-468.



23. As expected, the shape of the distribution is skewed to the left with a long tail to the right. It indicates a slowly declining proportion of more and more highly paid workers relative to the bulky proportion of mid and low paid workers. The median hourly pay (30 Pesos) is situated at the border of the red and green colour rectangles. It divides the distribution into two equal parts. The shaded red rectangle on the far left represents the proportion of the low hourly pay workers as defined in this study (time -rated wage and salary workers receiving less than 15 Pesos per hour, i.e., half the median hourly pay in main job).

24. The next table (Table 2c) examines the relationship between low hourly pay and long hours of work. The margins of the table show that among the total number of time -rated wage and salary workers in the sample (888), 267 reported long hours of work at all jobs (30%) and 134 had low hourly pay at their main job (15%). Some 82 had both long hours of work and low hourly pay. This number (82) is significantly larger than the number than one would expect if long hours of work and low hourly pay were independent ( $40 = 267 * 134 / 888$ ). This result suggests that long hours work and low hourly pay are dependent of each other, most likely, low hourly pay influencing hours of work rather than the other way around.

**Table 2c Long hours of work and low hourly pay**  
(Time-rated wage and salary workers in main job)

	Long hours of work	-	Total
Low hourly pay	82 (40) <sup>1</sup>		134
-			
Total	267		888

<sup>1</sup> Expected number underassumption of independence between long hours of work and low hourly pay.

25. Long of hours of work are a reasonably good predictor of low hourly pay for time-rated wage and salary workers, but up to a point. In the absence of any predictor, the probability that a time-rated wage and salary worker has low hourly pay is 15% (=134/888). This probability increases by more than two-fold to 31% (=82/267) for persons reporting long hours of work. The additional information on the reason for working long hours does not, however, increase further this probability as one would have expected. The conditional probability of low hourly pay given long hours of work for economic reason remains about constant or even slightly lower (30% = 36/120) than the corresponding probability with no information on the reason for working long hours.

26. The relationship between long working hours and low hourly pay should be explored further using other additional information, for example, by considering family responsibility, educational level, or simply under-reporting of pay or over-reporting of hours worked. The construction of an accurate predictor of low pay would ease the collection of data on basic pay for time-rated wage and salary earners and perhaps generate substitute variables permitting the measurement of low pay among other categories of workers, including the employers and own-account workers, without asking questions on their actual earnings.

27. It is instructive to note from Table 2d below that the median hourly pay calculated for the totality of the time-rated employees corresponds exactly to the median of the hourly pay reported by workers paid on a hourly basis. The table also shows that the calculated median hourly pay has a declining relationship with mode of payment.

**Table 2d Reported and calculated time-rated pay by period of payment**

Period of payment	Number of workers	Median reported Basic pay	Median calculated Hourly pay
- Hourly	8	30	42.2
- Daily	461	200	30.0
- Monthly	<u>419</u>	6000	<u>28.8</u>
Total	888	-	30.0

### **III. Informal employment**

28. Informal employment<sup>5</sup> concerns the relationship of the employee with his or her employer, in practice, measured in terms of the nature of the contract, the employer's contribution to a social security fund, and entitlements to paid sick leave or to paid annual leave. For the self-employed, the employee-employer relationship is confounded, and the formal or informal nature of the employment is defined in terms of the formal or informal nature of the economic unit. An economic unit is in the informal sector depending on its legal organisation and accounting obligation.<sup>6</sup> For operational purposes, it may be defined in terms of the size of the unit, and registration of the enterprise or its employees.

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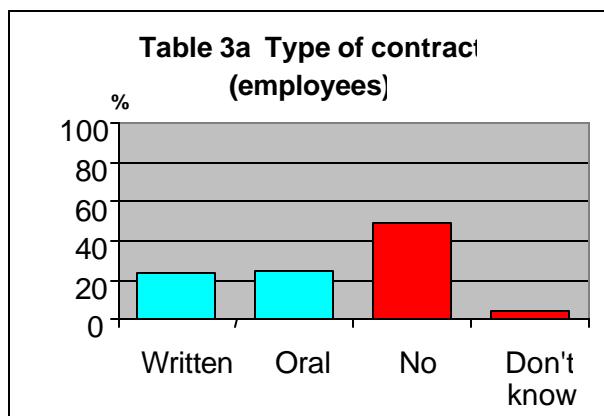
<sup>5</sup> ILO, "Guidelines concerning a statistical definition of informal employment", in *Bulletin of Labour Statistics*, 2004-2, Geneva, pp. 43-46.

<sup>6</sup> ILO, "Resolution concerning statistics of employment in the informal sector", adopted by the Fifteenth International Conference of Labour Statisticians (January 1993), in *Current International Recommendations on Labour Statistics*, Geneva, 2000 Edition, pp. 32-38.

- Contract

29. In the Philippines pilot survey, all employees in their main job were asked about their employment contract for the purpose of distinguishing between workers with a written or oral contract, from those without contract, written or oral. A worker was defined to have a contract, written or oral, if there exists an agreement between the worker and the employer regarding at least the following four elements: (i) the tasks that the worker should perform; (ii) the number of normal hours of work per day; (iii) the duration of the engagement of the worker; and (iv) the pay that he or she will receive.

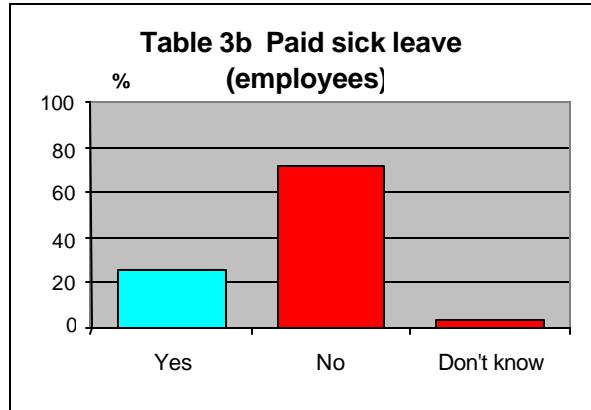
30. According to the results of the survey (Table 3a) more than half of the employees did not have a contract (48%) or did not know whether they had one or not (3%). Only about 24% reported to have a written contract, and 25% an oral contract.



- Paid sick leave

31. Paid sick leave refers to the situation where there is an agreement that the worker will continue to be paid while absent from work due to sickness, even if the period of sickness that is compensated may be less than the total duration of sickness, or the compensation is less than full-pay. However, the situation where a worker becomes sick and the employer by pity or other personal considerations decides to continue paying the worker during his or her absence is not considered as “paid sick leave”. Also, absences for taking care of a family member or another person who is sick are not considered as “sick leave.” Similarly, work-related injuries are excluded from the notion of “sickness”, because in certain industries, work-related injuries are compensated by a central insurance fund, independently of the employer’s contribution.

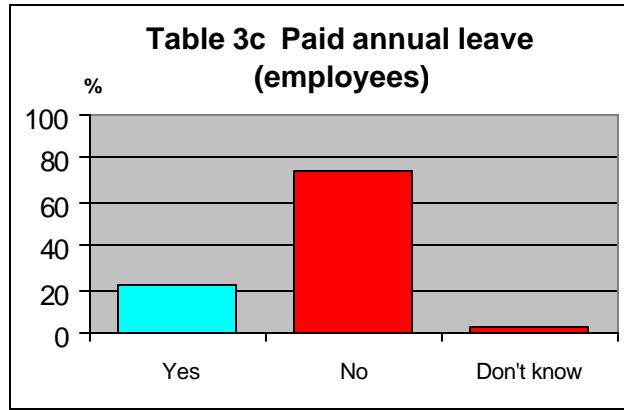
32. In the Philippines pilot survey, it was found that (Table 3b) close to three-fourths of the employees were not entitled to paid sick leave (72%) or did not know whether they were entitled or not (3%). Only about 25% reported to be entitled to paid sick leave.



- Paid annual leave

33. Paid annual leave refers to the situation where the worker is entitled to a vacation period of a specified minimum length during the year with pay. Public and customary holidays, whether or not they fall during the annual holiday, are not to be counted as part of the minimum annual vacation with pay. Also, periods of incapacity for work resulting from sickness or injury are, in principle, not counted as part of the minimum annual vacation with pay. Where the worker may choose to forgo in part or in full his or her paid annual leave and obtain compensation for it, the worker is considered to have “paid vacation leave.” Paid vacation leave does not refer to benefits given by some employers to certain employees to a free vacation where the cost of travel and other expenses are paid by the employer.

34. Similar to the results on paid sick leave, the Philippines pilot survey shows that (Table 3c) about three-fourth of the employees were not entitled to paid annual leave (74%) or did not know whether they were entitled or not (3%). Only about 22% reported to be entitled to paid annual leave.

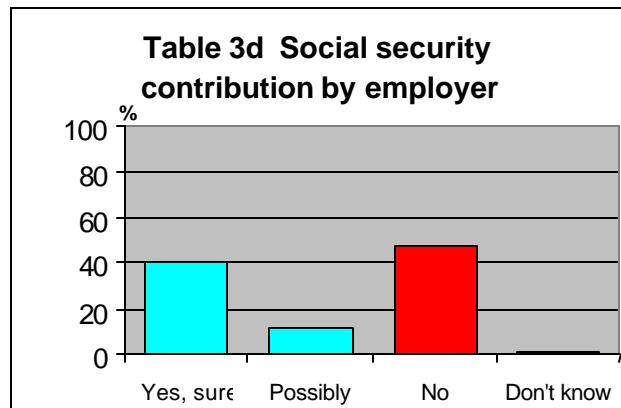


- Employer's contribution to social security

35. In the Philippines, like in certain other countries, employers of enterprises of certain size in a range of industries are required by law to make contributions to social security schemes, private funds or other special reserves on the account of their employees. The contributions may concern pension and family allowances, lay-off and severance pay, work accidents or injuries, maternity leave or illness. In certain enterprises, the employer may be contributing to a social

security scheme or other similar schemes on the account of some of the workers, but not of others.

36. The results of the pilot survey (Table 3d) show a relatively high proportion of positive responses on the employer's social security contribution (40%), with some additional 11% being unsure about the employer's contribution. These results should be interpreted with caution as interviewers did not emphasise the point of the question which required recording a positive response only if the employer participated in the social security contribution.



37. As it happened, during the survey period, the government had announced the PhilHealth programme which provided one-year benefits from social security to eligible persons. Many respondents affiliated to this government programme responded positively to the pilot survey question on this basis.

38. Nevertheless, more than 47% respondents reported that their employer is not contributing to a social security fund on their behalf and about 1% did not know about it.

- Combined analysis

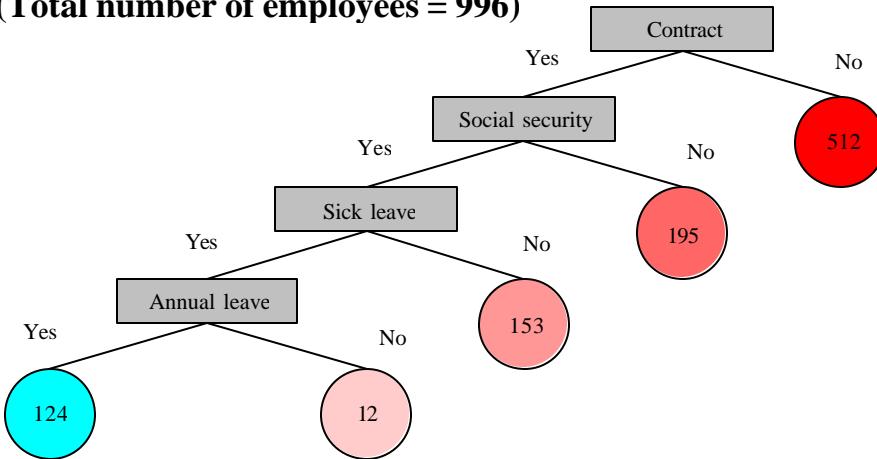
39. A joint analysis of the four criteria suggests that the most basic is *contract*. A worker not having a contract, whether written or oral, is unlikely to have entitlements to paid annual leave (83%), paid sick leave (80%) or social security contribution by the employer (65%).

40. The next criterion in the context of the Philippines is *employer's contribution to social security*. A worker who is not having social security contributions paid by the employer is almost surely not entitled to paid annual leave (99%) or paid sick leave (97%).

41. Among the two remaining criteria, *paid sick leave* is more basic than *paid annual leave* in the sense that a worker who is not entitled to paid sick leave is slightly more unlikely to be entitled to paid annual leave (92%) than vice versa.

42. This hierarchical pattern of workers' social benefits is shown schematically in Table 3e below. It can be formally tested using log-linear models applied to the counts of all possible combinations of the four criteria.

**Table 3e Hierarchical pattern of employees' social benefits**  
(Total number of employees = 996)



43. The hierarchical pattern of the employees' social benefits defines degrees of informality of employment.<sup>7</sup> Workers with no contract, written or oral, have the most informal type of employment. Next are workers with contract but no social security contribution by their employer. Then are workers with contract and social security but no entitlement to paid sick leave. The final group are workers with contract, social security and paid sick leave, but with no paid annual leave. Workers with all four types of protection are not having an informal type of employment, but clearly a formal one.

- Informal employment among the self-employed

44. According to the international guidelines on statistical definition of informal employment (ILO 2003), informal employment among self-employed persons includes:

- own-account workers employed in their own informal sector enterprises;
- employers employed in their own informal sector enterprises;
- contributing family workers, irrespective of whether they work in formal or informal sector enterprises.

45. The international standards on statistics of employment in the informal sector stipulates that for operational purposes,

- informal own-account enterprises may comprise, depending on national circumstances, either all own-account enterprises or only those which are not registered under specific forms of national legislation. Registration may refer to registration under factories or commercial acts, tax or social security laws, professional groups' regulatory acts, or similar acts, laws, or regulations established by national legislative bodies.

<sup>7</sup> In the Mali pilot survey the hierachal order was, respectively, contract, paid sick leave, paid annual leave and social security contribution by employer. The differential position of social security in the Philippines pattern is probably due to the misinterpretation of the concept by the interviewers and the introduction of the government PhilHealth programme just during the survey operations as mentioned earlier.

- (b) Enterprises of informal employers may be defined, depending on national circumstances, in terms of one or more of the following criteria:
- i. Size of unit below a specified level of employment
  - ii. Non-registration of the enterprise or its employees.

46. In the Philippines pilot survey, tax filing or bank borrowing in the name of the enterprise (as opposed to tax filing or bank borrowing on personal capacity) have been used as basic distinguishing elements. Size of the economic unit is also used, and defined in terms of number of employees employed on a continuous basis, including apprentices, part-time workers and other regular employees engaged on a continuous basis.

47. Tables 4a and 4b provide the basic results. Most own-account workers (83%) are reporting that they cannot borrow from a bank, whether in the name of their business or in their own name. Only 5% can borrow in the name of their business. Among employers,

**Table 4a Bank borrowing among the self-employed**

	Total	Bank borrowing			
		Business	Personal	Cannot	Don't know
Total	619	36	37	509	37
Own-account workers	578	29	32	482	35
Employers	41	7	5	27	2
- 1-4 wkr	34	5	4	23	2
- 5-9 wkr	5	0	1	4	0
- 10+ wkr	2	2	0	0	0

the proportion who can borrow in the name of their business is significantly higher (17%), and generally increases with the size of the unit (15% in small enterprises with 1 to 4 workers, and 28% among larger enterprises with 5 workers or more).

48. The tax filing pattern is similar to that of bank borrowing, with slightly more accentuated differences. The fraction of own account workers filing tax in the name of their business is only 3%. The corresponding ratio among employers is 29%. Tax filing in the name of the business increases with the size of enterprises, from 3% in small units with 1-4 workers, to 20% in middle size units (5-9 workers), and 50% in larger enterprises (10 or more workers).

**Table 4b Tax filing among the self-employed**

	Total	Tax filing			
		Business	Personal	No tax	Don't know
Total	619	31	47	517	24
Own-account workers	578	19	36	501	22
Employers	41	12	11	16	2
- 1-4 wkr	34	10	7	16	1
- 5-9 wkr	5	1	3	0	1
- 10+ wkr	2	1	1	0	0

49. It is instructive to note that the number of “don’t know” responses is not large either questions, although the question on bank borrowing appears to have a slightly higher non-response rate than the question on tax filing (6% versus 4%)

50. In the context of decent work indicators, the bank borrowing criterion appears to be more relevant for defining informal own-account workers and informal employers of small enterprises. The results show that more than 83% of the own-account workers are informal in the sense that they cannot borrow from the bank whether in the name of their business or in their own name. In the case of employers, the bank borrowing criterion is applied only to those with small enterprises. The result shows that about 66% of the employers have informal employment in this sense.

**Table 4a Informal employment**

Status in employment	Number of workers	Incidence %
Total	1322	76.9
Informal employees <sup>1</sup>	707	71.2
Informal own-account workers <sup>2</sup>	482	83.4
Informal employers <sup>3</sup>	27	65.9
Unpaid family workers	106	100.0

<sup>1</sup> Employees with no contract or social security

<sup>2</sup> Own-account workers cannot borrow from bank whether in the name of their business or in their own name

<sup>3</sup> Employers with 1-9 workers who cannot borrow from bank whether in the name of their business or in their own name

51. To obtain a complete picture of informal employment, Table 4a lists also the situation of unpaid family workers and paid employees. In line with the international definition of informal employment, all unpaid family workers whether engaged in an informal or formal sector unit are considered as having informal employment. Regarding employees, those with no contract or social security are classified here as having informal employment. The results show that they form about 71% of total employees. Thus, the incidence of informal employment among employees is between that of the own-account workers and the employers.

52. Overall, the results of the pilot survey show that about 77% of total employment is informal, either as unpaid family work, or paid work with no contract (written or oral), or social security, or own-account work, or work as employer of small enterprise with no possibility to borrow from bank in the name of their business or in their own name.

\* \* \*

53. The pilot survey covered other employment issues not discussed in the present paper. The issues include unemployment and discouragement, underemployment, membership in trade union and workers' association, pension from past employment and school attendance and economic activity of children. These other issues will be examined in a separate paper where it is envisaged to summarize the overall findings in a decent work balance sheet. The balance sheet will attempt to quantify the different elements of the employment problem in an organized manner, from unemployment and its halo, to underemployment and over-employment, and to different degrees of what one may call soft-employment, including low pay, informal employment and retirement without pension.