2010 Liberia Labour Force Survey

Key Indicators

Towards Evidence Based National Vision 2030 and PRSII

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Outline of Presentation

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- Objectives
- Definition of Concepts
- Sample design/Methodology
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- Calculation of Key Indicators
- Labour Force Classification Scheme
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- Recommendations
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Background

• National survey conducted by LISGIS and MOL from February to May 2010
  
• PRS deliverable for both LISGIS and the MOL of Labour
  
• Sample size (after data cleaning): 523 EAs – 6233 eligible households
  
• Estimates available at county level
  
• Urban/Rural estimates available at regional level
Background (contd)

• Survey report covers all the key employment areas:

  • Education, vocational training, employment, hours worked, wages and earnings, underemployment, informal sector, vulnerable employment, unemployment, etc.
Objectives

- Determine the size and composition of the labor force, classified by key variables such as sex, age, County, education, skill levels, institutional sector, industry, occupation and employment status

- Provide details on the various components of the labor force (the employed, unemployed, with special information on those who are underemployed)
Objectives (cont’d)

- Provide details on the informal sector
- Determine labor force participation rates and unemployment rates classified by age and sex
- Give an insight into the job search activities of the unemployed and underemployed
- Determine the extent of child labor in the country, and the activities in which children are engaged
- Provide details of inactive persons classified by age, sex, county and type
Definition of Concepts

- Eligible Population: Persons aged 15 years and over who spent at least 4 nights per week with this household over the last four weeks. It is calculated as: Eligible Popn. = E+U+N, where
  
  \[ E = \text{Employed}; \quad U = \text{Unemployed}; \quad N = \text{Inactive} \]

- Labor Force: Persons who contribute, or are available to contribute, to the production of goods and services. Often referred to as the economically active population. It is calculated as : Labor Force = E+U. It includes both employed and unemployed persons.
Definition of Concepts (cont’d)

- Labor Force Participation Rate: Labour force as a percentage of eligible population. It is calculated as: 
  \[ \text{LFPR} = \left( \frac{E+U}{E+U+N} \right) \times 100 \]

- Employed (E): Persons who spent at least one hour last week, paid or unpaid, on any activities.

- Employment to Population Ratio: Employed persons, as a percentage of the total eligible population. Calculated as: 
  \[ \text{Emp to Pop} = \left( \frac{E}{E+U+N} \right) \times 100 \]
Unemployed (U): Persons who have no jobs in the past seven days but were willing and available to work. This is the ILO ‘relaxed’ definition of unemployment, since it did not require that they seek work. This relaxed definition is the most appropriate one to use in Liberia, because the labor market is not developed, there is no system of social security for those without work, and people are likely to become discouraged after having spent some time looking for work without success.
Definition of Terms (cont’d)

• Unemployment rate: The unemployed as a percentage of the labour force. Calculated as:
  Unemp rate = \[\frac{U}{(E+U)}\]*100
Definition of Concepts (cont’d)

• Inactive Population: Persons who were neither employed nor unemployed last week (i.e. they were not included in the labour force). Those engaged only in non-economic activities were counted as inactive, such as full-time students.

• Inactivity rate: The inactive as a percentage of the eligible population. Calculated as: Inactivity rate = \[ \frac{N}{(E+U+N)} \times 100 \]
Definition of Terms (cont’d)

• Those in vulnerable employment: Persons who report that their status in employment is either own account worker (OAW) or contributing family worker (CFW). This is one of the employment target indicators for MDG 1.

• Vulnerable employment rate: Persons in vulnerable emp, as percentage of total emp. Calculated as: \( \text{VER} = \left( \frac{\text{OAW} + \text{CFW}}{\text{E}} \right) \times 100 \)
Informal employment: All persons in employment except the following:

- Persons coded as professionals (ISIC group 2)
- Persons working in establishments registered with the Min of Commerce or Foreign Affairs
- Persons working in establishments with 5+ workers
- Persons receiving benefits from employer (e.g. pension contribution, paid leave) or where employer deducts income tax from salary/wage)
Informal employment rate (IER): Persons in informal employment, as a percentage of total employment. Calculated as: \( IER = \left( \frac{\text{Informal emp}}{E} \right) \times 100 \).
Sampling Design/Methodology

• The design of the sample was based on the national sampling frame developed from the recently conducted 2008 Population Census.

• This sample allowed for the presentation of estimates at the county level, which are required for assessing progress under the Poverty Reduction Strategy (PRS)
Artificial regional groupings were constructed as follows:

1. North Central - Bong, Nimba, Lofa
2. North Western - Bomi, Grand Cape, Mount, Gbarpolu
3. South Central - Montserrado (outside GM), Margibi, Grand Bassa
4. South Eastern A - River Cess, Sinoe, Grand Gedeh
5. South Eastern B - River Gee, Grand Kru, Maryland
6. Greater Monrovia – Monrovia (GM)
Key Indicators of the Labor Force Survey

<table>
<thead>
<tr>
<th>LFS Results</th>
<th>Labor Force Participation Rate (%)</th>
<th>Inactivity Rate (%)</th>
<th>Employment-to-Population Ratio(%)</th>
<th>Unemployment Rate (%)</th>
<th>Vulnerable Employment Rate (%)</th>
<th>Informal Employment Rate (%)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberia</td>
<td>62.8</td>
<td>37.2</td>
<td>60.5</td>
<td>3.7</td>
<td>77.9</td>
<td>68.0</td>
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<td>Urban Liberia</td>
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<td>5.5</td>
<td>67.5</td>
<td>53.6</td>
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<td>Rural Liberia</td>
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<td>2.3</td>
<td>86.1</td>
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<td>63.8</td>
<td>3.4</td>
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<tr>
<td>Female</td>
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<td>57.7</td>
<td>4.1</td>
<td>57.5</td>
<td>72.1</td>
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<tr>
<td>Monrovia</td>
<td>52.8</td>
<td>47.2</td>
<td>49.3</td>
<td>6.5</td>
<td>49.3</td>
<td>55.2</td>
</tr>
</tbody>
</table>
Calculation of Key Indicators of the Labor Force Survey

- Labour Force Participation Rate (15+) = \( \frac{1,124,400}{1,802,600} \times 100 \) = 62.3%

- Inactivity Rate = \[ \frac{N}{(E+U+N)} \times 100 \]
  \[ = \frac{671,000}{(1,091,000+42,00+671,000)} \times 100 \]
  = 37.2%
Employment-to Population Ratio = \[ \frac{E}{E+U+N} \times 100 = \left( \frac{1,091,000}{1,804,000} \right) \times 100 = 60.5 \]

Unemployment Rate = \[ \frac{U}{E+U} \times 100 = \left( \frac{42,000}{1,133,000} \right) \times 100 = 3.7 \]

Vulnerable Employment Rate = \[ \frac{OAW+CFW}{E} \times 100 = \left( \frac{850,000}{1,091,200} \right) \times 100 = 77.9 \]
Calculation of Key Indicators of the Labor Force Survey (cont’d)

- Informal Employment Rate = \( \frac{\text{Informal emp}}{\text{E}} \times 100 = \left( \frac{742,000}{1,091,000} \right) \times 100 = 68 \)
Labour force classification scheme

- Working age population
  - Working (at work or temp. absent)
    - Currently active population (labour force): E
  - Not working
    - Available for work: U
    - Not available for work: N
      - Inactive population
Labour force classification scheme

Eligible population 15+  
1,804,000

Working  
1,091,000

Not working  
713,000

Available for work  
42,000

Not available for work  
671,000

Currently active population (labour force)  
1,133,000

Inactive population  
671,000

EU LIGIS - Labor Survey 2010
Key points to Consider

- LFS estimate for Liberia is calculated as \[ \frac{U}{(E+U)} \times 100 = 3.7 \text{ percent} \]
- LFS estimate is in line with other West African countries, e.g.
  - Sierra Leone: 5.9% in 2007
  - Ghana: 3.6% in 2006
  - Cote d’Ivoire: 4.6% in 1998
  - Nigeria: 4.9% in 2007
- LFS estimate is also in line with CWIQ 2007 estimate in Liberia (5.5%)
- Since most people in developing countries cannot afford to remain unemployed and not do any work at all, the level of unemployment is not a good indicator of the state of the labour market.
- Other more useful indicators are the ‘vulnerable employment rate’ and the ‘informal employment rate’.
Recommendations

- Labor force survey in Liberia must be conducted every five years.
- Alert policy makers at the sub-national level about the availability of data for regions and counties.
- LISGIS to make data available to other researchers for more in-depth analysis of the LFS data.
Conclusion

- The Liberia LFS is providing for the first time a complete “panorama” of the employment situation in the country.

- Most of the results are highlighting the major challenges that remain six years after the end of the civil war (low salary, high informal employment and vulnerable employment rates...)

- The challenges are even more relevant for women and/or in rural areas.

- But some good news are also revealed like school attendance among the young generation (for both men and women).

- The key in the future will be to provide to this young educated generation decent work in line with their expectations.