



# Asia-Pacific Labour Market Update

ILO Regional Office for Asia and the Pacific | September 2017



International  
Labour  
Organization

## Overview

Asia and the Pacific achieved uneven progress in the labour market during the first half of 2017.<sup>1</sup> With an uncertain global economy and facing varied demographic challenges, employment growth was weak or slowed in some key markets. Efforts to improve job quality had mixed results as vulnerabilities persisted. Young people throughout the region continue to encounter considerable obstacles in finding decent jobs.

Moreover, in parts of the region, the rise of casual and non-standard forms of work is weighing down labour market prospects and could undermine efforts towards social progress and sustainable development. In this context, there is a need for policies that focus on fostering demand to create more good jobs. Other critical measures include improving minimum wage and compliance systems, adapting and extending coverage of social protection regimes, and strengthening social dialogue and the capacity of trade unions to organize workers in casual and other non-standard forms of employment.

## *Employment growth was uneven overall, with sizeable contraction in some economies*

Across Asia and the Pacific, employment trends differed considerably during the first half of 2017 as a result of various economic and demographic factors (see figure 1). Among the developing economies in the region, gains in employment were robust in Sri Lanka, reaching 3.3 per cent on a year-on-year basis. This expansion was spurred by a large increase of 238,000 industrial jobs (or 11.5 per cent), which offset a contraction in agricultural employment.

In Indonesia, employment increased annually by 3.3 per cent (3.9 million), as sizeable gains in agriculture helped to counter a fall in construction jobs. In Malaysia, employment growth reached 1.8 per cent in May, helping to absorb labour force expansion of 1.7 per cent.

By contrast, employment growth in Viet Nam slowed to just 0.1 per cent, as declines in agriculture weighed down robust expansion in manufacturing and construction. In the Philippines and Thailand, employment levels decreased by 1 per cent and 0.6 per cent, respectively. Contraction in the Philippines was driven by

significant employment loss in wholesale and retail trade. In Thailand, employment dynamics reflect the country's ageing labour force and shrinking demand in agriculture and construction.

In the industrialized economies, employment trends were moderate overall with only a few exceptions. In New Zealand, employment expansion was robust at 3.1 per cent – albeit a deceleration from 4.5 per cent in the previous year – prompted by notable demand in construction, retail trade and transportation. In Australia, employment grew by 2 per cent as the economy kept pace with the increasing labour force of 242,000.

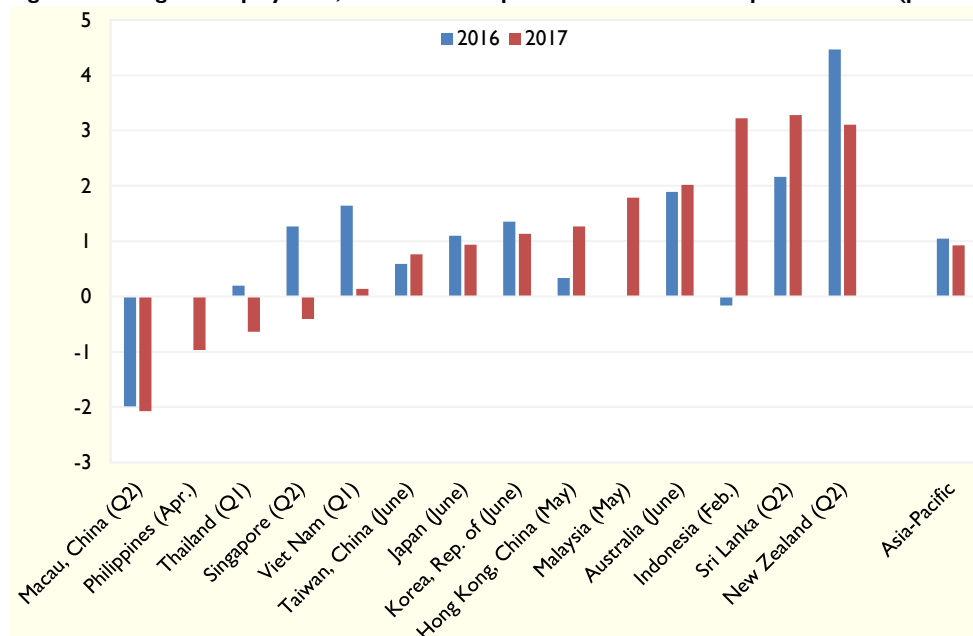
On the other hand, in Hong Kong (China), Japan, the Republic of Korea, and Taiwan (China), the rate of employment expansion varied from just 0.8 per cent to 1.3 per cent, partly driven by weak labour force growth. Meanwhile, Macau (China) and Singapore experienced a decline in the employed population by 2.1 per cent and 0.4 per cent, respectively. In Macau (China), waning demand in gaming, construction and restaurants

offset some job growth in the wholesale and retail trade and hotel sectors. In Singapore, employment gains in the service sector were negated by contraction in manufacturing and construction.

In the region's two most populous countries, economic trends are having a mixed impact on the labour market. In China, robust economic

activity helped create an estimated 3.3 million jobs in the first quarter, although concerns are rising in regard to slowing wage growth.<sup>2</sup> In India, economic growth of 6.1 per cent during the first three months of the year was the slowest in two years and raised apprehensions about the capacity of the economy to create enough decent jobs for its rapidly expanding labour force.<sup>3</sup>

**Figure 1. Change in employment, latest available period in 2017 and same period in 2016 (per cent, year-on-year)**



Note: Non-seasonally adjusted; ages 15+ except Macau, China (ages 16+); regional figures are annual estimates; People's Republic of China, India, and the Pacific Island countries are not included due to a lack of comparable survey data.

Source: ILO estimates based on labour force survey data from national statistical offices; ILO: Trends Econometric Models, Apr. 2017 (forthcoming).

### **Unemployment trending downward overall, but situation for youth still mixed**

Unemployment in the region as a whole in 2017 is expected to remain unchanged from 2016 at 4.2 per cent. At the country level, the unemployment rate slightly decreased year-on-year in eight of the 14 economies with recent 2017 estimates (see figure 2, panel A). In Japan, unemployment declined to a near historical low of 2.8 per cent, helped by strong domestic demand. The industrialized economies of Hong Kong (China) and New Zealand also recorded falling unemployment rates of 0.3 percentage points.

Among emerging economies in the region, the Philippines witnessed the sharpest decline with an

unemployment rate of 5.7 per cent in April 2017, down from 6.1 per cent in the same period in 2016, partly reflecting a significant number of the unemployed leaving the labour force. In Indonesia unemployment fell by 0.2 percentage points to 5.3 per cent in February 2017, while the rates in Malaysia and Viet Nam remained steady at 3.4 per cent and 2.1 per cent, respectively.

Conversely, the unemployment rate rose in only four economies, with the largest increase of 0.5 percentage point in Singapore where the bulk of retrenchments were in the services sector.<sup>4</sup> Smaller increases of 0.2 percentage point were seen in the Republic of Korea and Thailand, and

Macau (China) saw a nominal rise of 0.1 percentage point.

Although unemployment remained low across Asia and the Pacific overall, young people continue to face considerable challenges finding decent jobs. At the regional level, the youth unemployment rate increased slightly from 10.9 per cent in 2016 to an estimated 11.0 per cent in 2017, but remained below the global average of 13.1 per cent.<sup>5</sup>

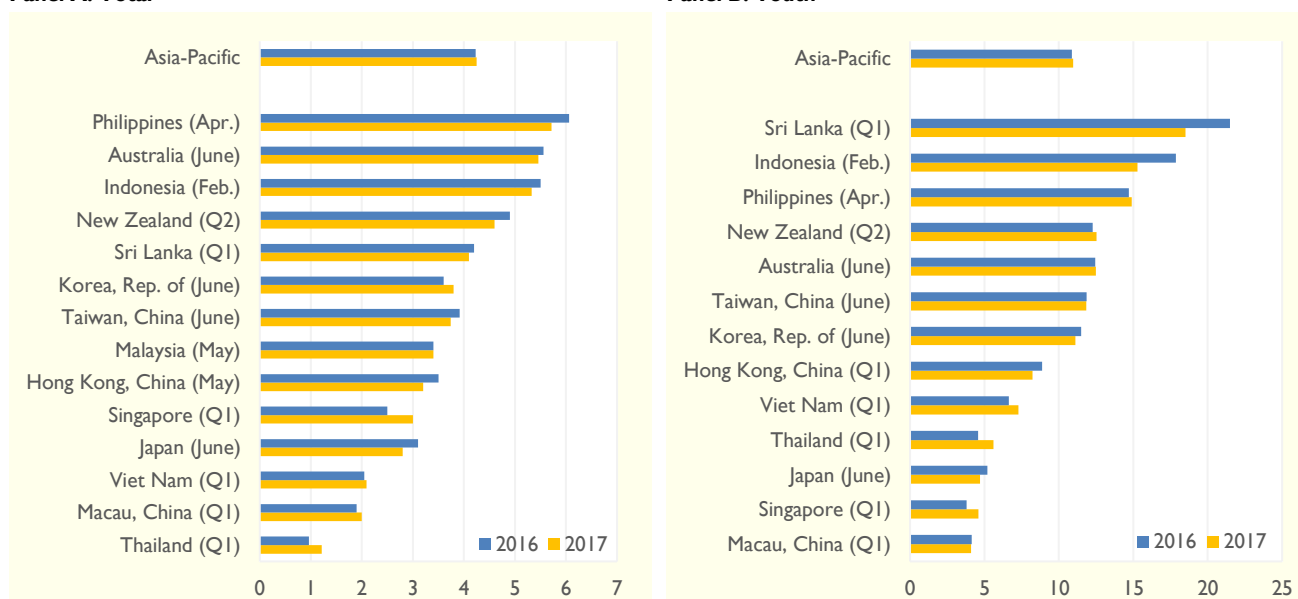
For countries with recent data, trends in youth unemployment across Asia and the Pacific remained mixed (see figure 2, panel B). In Indonesia, the youth unemployment rate fell by 2.6 percentage points to 15.3 per cent in February, with notable gains for young female jobseekers in particular. In Sri Lanka, the drop was even more impressive at 3 percentage points, where the rate was 18.5 per cent in the first quarter of 2017. However, unemployment remained considerably higher for young women (23.1 per cent) compared to young men (15.6 per cent), partly reflecting status-related perceptions and attitudes.<sup>6</sup>

By contrast, in the Philippines, the youth unemployment rate increased slightly from 14.7 per cent to 14.9 per cent in April 2017. The situation for young Filipino women especially deteriorated as the female rate climbed from 15.8 per cent to 17 per cent. In Thailand and Viet Nam, the youth unemployment rate also increased by 1 percentage point and 0.7 percentage point, respectively.

In most of the industrialized economies, progress for youth either stagnated or reversed. In New Zealand and Singapore, for example, the youth unemployment rate edged up respectively by 0.3 percentage point and 0.8 percentage point.

In the Pacific Island countries, creating decent work for young people remains a key challenge. In Fiji, for instance, the youth unemployment rate was 18.2 per cent in 2016.<sup>7</sup> Moreover, among young women and men who were able to find work, nearly three in ten were employed in the informal sector with limited earnings and security.

**Figure 2. Unemployment rate, latest available period in 2017 and same period in 2016 (per cent)**  
**Panel A. Total** **Panel B. Youth**



Note: Total unemployment covers the labour force ages 15 and above except Macau, China (ages 16 and above); youth unemployment covers the labour force ages 15-24 except Macau, China (ages 16-24) and Singapore (Residents ages 15-29); regional figures are annual estimates; People's Republic of China, India, and the Pacific Island countries are not included due to a lack of comparable survey data.

Source: ILO estimates based on labour force survey data from national statistical offices; ILO: Trends Econometric Models, Apr. 2017 (forthcoming).

## ***Mixed progress in enhancing job quality, as vulnerabilities persist***

Poor quality employment is pervasive in the developing economies of Asia and the Pacific and hinders prospects to boost living standards and eradicate poverty. This is illustrated by the high share of own-account and contributing family workers, who usually are employed in informal arrangements, lack income stability and job security, and are not covered by legal and social protection systems. By contrast, employment for wage employees is commonly more productive and better paid, although concerns are rising about temporary and casual wage employees.

An estimated 925 million women and men in Asia and the Pacific are engaged as an own-account worker or contributing family worker, or the equivalent of 47.8 per cent of total employment.<sup>8</sup> By sub-region, nearly 54 per cent of these vulnerable workers are concentrated in South Asia alone. Women were more likely than men to be an own-account worker or contributing family worker with the gender disparity ranging from 5.3 percentage points in East Asia to 7.3 percentage points in South Asia.

Recent estimates from the region's developing economies with survey data in 2017 show mixed trends in reducing the share of own-account and contributing family workers (see figure 3, panel A). Sri Lanka recorded positive gains as the share decreased year-on-year by 1.7 percentage points to 38.7 per cent, spurred by a decline of 144,800 own-account workers in agriculture.

Conversely, in Indonesia, the share of own-account workers and contributing family workers increased from 48.1 per cent in 2016 to 49.2 per cent, as robust job growth overall was

concentrated in agriculture where employment tends to be more vulnerable in nature. In the Philippines, Thailand and Viet Nam, progress in decreasing the share of own-account workers and contributing family workers was mostly stagnant.

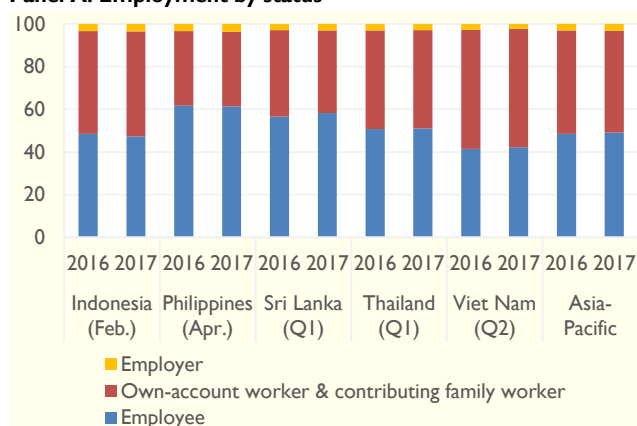
Improving the quality of employment requires stimulating demand in higher-value economic sectors. In addition, upgrading the education and training of the workforce is critical as workers with higher skills and technical competencies can fill more productive and better paid jobs as managers, professionals and technicians.

In nine of eleven Asia-Pacific economies with recent data, the share of high-skill occupations in total employment increased in 2017 compared to the previous year (see figure 3, panel B). Indonesia, for instance, added 1.3 million high-skill jobs (mostly outside agriculture), while in Japan and Viet Nam the number of managers, professionals and technicians expanded by around 340,000. Conversely, progress reversed in the Philippines as high-skilled employment contracted by 434,000.

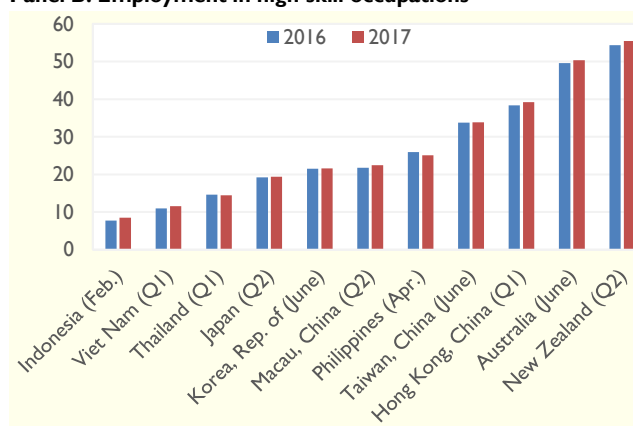
Despite these improvements overall, high-skill employment remains relatively low in most of the developing Asia-Pacific economies. In Indonesia, the rate was just 8.5 per cent of total employment and even lower for men (7 per cent) than women (10.7 per cent). Likewise, in both Thailand and Viet Nam, the share was less than 15 per cent. By contrast, in the industrialized economies of Australia and New Zealand, one in two workers was a high-skilled manager, professional or technician.

**Figure 3. Employment by status and occupation, latest available period in 2017 and same period in 2016 (per cent)**

**Panel A. Employment by status**



**Panel B. Employment in high-skill occupations**



Note: Ages 15 and above except Macau, China (ages 16 and above). High-skill occupations are defined as International Standard Classification of Occupations (ISCO) groups 1 (managers), 2 (professionals) and 3 (technicians and associate professionals); Australia and New Zealand include trades workers. Regional figures are annual estimates.

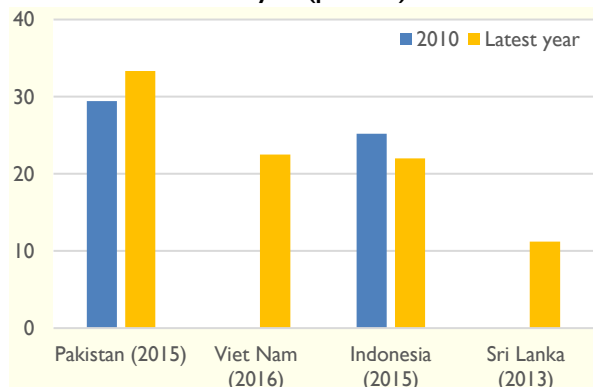
Source: ILO estimates based on labour force survey data from national statistical offices; ILO: Trends Econometric Models, Apr. 2017 (forthcoming).

### Casualization of work exacerbating concerns about job quality

A critical dimension of job quality is the stability and security of employment. Workers in non-standard employment – including temporary, part-time and casual workers – often have limited expectations of a secure employment relationship. In fact, for many in the region the precarious nature of employment is a normal phenomenon to be endured as had previous generations. By definition, these workers lack the regularity and security afforded to regular employees (see box 1). In developing Asia, and especially in South Asia, the presence of casual work is common.<sup>9</sup>

Across four countries with data on casual employment, namely Indonesia, Pakistan, Sri Lanka and Viet Nam, nearly one in four wage employees were employed casually, equivalent to around 25 million in total.<sup>10</sup> Pakistan exhibited the highest rate of casual work, at 33.3 per cent in 2015, up from 29.4 per cent in 2010 (see figure 4). Likewise, casual work accounted for 22.5 per cent of wage employment in Viet Nam in 2016. By comparison, in Indonesia, the share of casual employees declined from 25.2 per cent in 2010 to 22 per cent in 2015, and in Sri Lanka, the share was 12 per cent of all employees in 2013.

**Figure 4. Casual workers as a share of paid employees, 2010 and latest available year (per cent)**

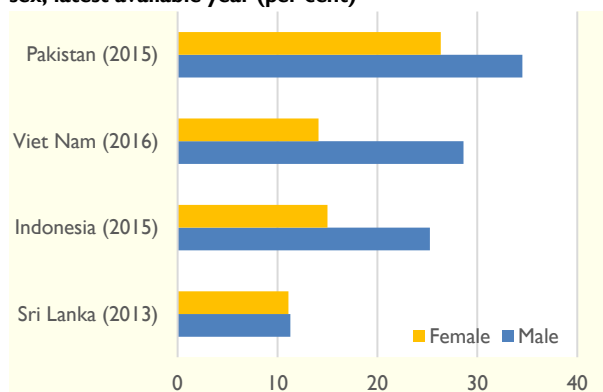


Note: Ages 15 and above. Casual workers are defined according to survey definitions used in respective countries. Latest years are identified in parentheses.

Source: ILO estimates based on labour force survey data from national statistical offices.

Men are more likely to be in casual work than their female counterparts (see figure 5). The gender gap in casual work was most marked in Viet Nam, where the share of men in casual work at 28.6 per cent was 14.5 percentage points higher than the rate for women, at 14.1 per cent. In Indonesia, the share of male employees in casual work was 25.2 per cent, compared to 15 per cent for female employees. The incidence for men was also higher in Pakistan (34.5 per cent for men and 26.3 per cent for women). By contrast, in Sri Lanka, the difference was negligible.

**Figure 5. Casual workers as a share of paid employees by sex, latest available year (per cent)**



Note: Ages 15 and above. Casual workers are defined according to survey definitions used in respective countries. Latest years are identified in parentheses.

Source: ILO estimates based on labour force survey data from national statistical offices.

Regarding the age-breakdown of casual workers, results are mixed with two countries showing youth aged 15 to 24 with a higher propensity to be in casual work compared to adults aged 25 and above and two countries showing the contrary. The youth disadvantage was most stark in Pakistan, where 40.2 per cent of young employees were in casual work compared to the adult rate of 30.7 per cent. In Sri Lanka, 15 per cent of young employees were casual while the share was only 10.6 per cent for adults. Conversely, in Indonesia, the rate for adults (23.6 per cent) exceeded that for youth (15 per cent). This held for Viet Nam also, although the difference was smaller at 21.5 per cent for youth and 22.7 per cent for adults.

### Box 1: Measuring casual employment

Casual workers are defined as those who have an explicit or implicit (written or oral) contract of employment which is not expected to continue for more than a short period, whose duration is to be determined by national circumstances. Due to the existence of an implicit or explicit contract, these workers are treated as employees. To date there is no standardized methodology for measuring casual work in labour force surveys which creates a challenge in the production of internationally comparable statistics. Given the lack of a standardized measure, for the purpose of this report, the identification of casual workers is drawn from national labour force survey questionnaires which explicitly specify the term “casual”. The limitation of this approach is that definitions are not necessarily consistent or comparable. The 20th International Conference of Labour Statisticians, to be held in 2018, will discuss harmonizing the definition of casual work towards an international standard.

Source: ILO: *Revision of the International Classification of Status in Employment (ICSE-93)*, 19th International Conference of Labour Statisticians, Geneva, 2013.

### Casual workers more likely to have lower education and earnings

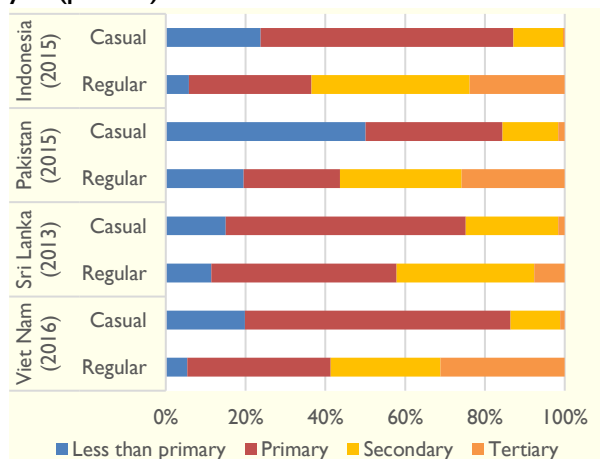
A key determinant of casual employment is education. In all four countries, casual workers were more likely to have lower levels of education than regular employees (see figure 6). In each case, the share with primary or less education was lower among regular employees than casual employees. This was most apparent in Indonesia where nearly 90 per cent of casual employees achieved at most primary level education compared to 37 per cent of regular employees. Similarly, in Viet Nam 86 per cent of casual workers had at most completed the primary level, compared to 41 per cent of regular employees.

While casual workers in the countries analyzed are found in all industries, the majority could be accounted for in the same four sectors in all cases, namely agriculture, manufacturing, wholesale and retail trade, and construction. These four industries accounted for more than 85 per cent of casual jobs in Indonesia, Pakistan and Viet Nam and around 60 per cent in Sri Lanka.

In agriculture, the incidence of casual work among all employees was highest in Indonesia (59 per cent) and Viet Nam (52 per cent) (see figure 7). Notably, the construction sector exhibited

excessively high rates of casualization especially in Pakistan, where 84 per cent of employees were casual workers, in Viet Nam where the share was around 61 per cent and Indonesia (58 per cent). By comparison, among employees in wholesale and retail trade in Pakistan, nearly 30 per cent were in casual work and in Viet Nam and Sri Lanka, this was close to 20 per cent.

**Figure 6. Distribution of paid employees by educational attainment and casual or regular status, latest available year (per cent)**



Note: Ages 15 and above. Casual workers defined according to survey definitions used in respective countries. Regular employees defined as non-casual in the case of Indonesia, Sri Lanka and Viet Nam. Latest years are identified in parentheses.

Source: ILO estimates based on labour force survey data from national statistical offices.

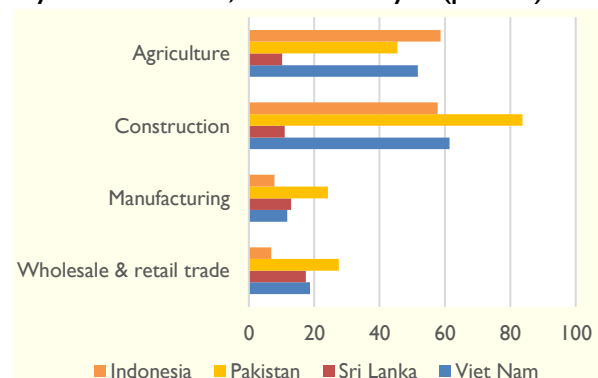
Casual workers are, on average, paid considerably less than regular employees (see figure 8). In Indonesia, casual workers earned around 43 per cent less than regular employees. Similarly, in Pakistan casual workers were paid nearly 39 per cent less than regular workers, in Viet Nam, about 36 per cent less and in Sri Lanka, approximately 28 per cent less. Moreover, when controlling for differences in a variety of demographic and employment characteristics such as locality, sex, education and industry, casual employees still earn less than regular

### Targeted policies needed to support casual workers

Around the world, non-standard forms of work such as casual employment are on the rise.<sup>11</sup> This reflects a combination of factors, including globalization, the increased role of women in the world's labour force and also regulatory changes. Workers employed under these arrangements

can face greater insecurity, poorer earnings and working conditions, and reduced rights at work. In low-income countries, including in Asia and the Pacific, non-standard forms of employment are largely composed of casual work.

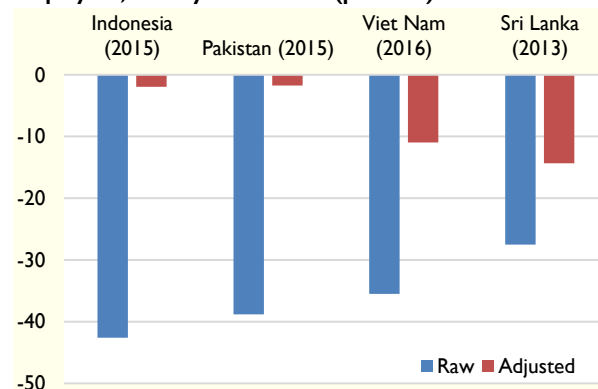
**Figure 7. Casual workers as a share of paid employees in key economic sectors, latest available year (per cent)**



Note: Ages 15 and above. Casual workers defined according to survey definitions used in respective countries.

Source: ILO estimates based on labour force survey data from national statistical offices.

**Figure 8. Earnings gap between casual and regular employees, latest year available (per cent)**



Note: Raw gap indicates the difference in estimated natural log of monthly earnings of employees aged 15 and above, while controlling for only casual or regular work status. The adjusted gap controls for additional independent variables including sex, age, marital status, education, province or region, urban-rural, industry and occupation. A negative gap value denotes lower monthly earnings for casual employees relative to regular employees. Latest years are identified in parentheses.

Source: ILO estimates based on labour force survey data from national statistical offices.

In this regard, a number of policy priorities would help support casual workers in the region.<sup>12</sup> First, governments can promote macroeconomic and fiscal stability through a range of supportive policy interventions to stimulate economic growth as the prerequisite for private investment and job creation. Then transitions to regular, standard forms of work should be facilitated through labour and social policies as well as incentive schemes for employers.

Second, where casual employment is inevitable due to the nature of the output (for example, agriculture and construction), casual workers should be extended similar treatment as more regular workers through the reshaping and enforcement of labour regulations. This can include the provision of minimum wages for casual employees.

Third, extending and adapting social protection systems would help to provide coverage without discrimination of employment status. Fourth,

strengthening social dialogue and the capacity of unions to organize workers in casual and other non-standard employment relationships could help to improve working conditions. Finally, despite the prevalence of casual employment, surveys in the region that enable the measurement of casual workers remain limited. To this end, official statistical agencies should aim to define and collect data on casual work, including incorporation into regular labour force surveys.

### **For more information, please contact**

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<sup>1</sup> This update was prepared by Sara Elder, Richard Horne and Phu Huynh of the Regional Economic and Social Analysis Unit, with contributions from Matthieu Cognac, Tite Habiyakare, Makiko Matsumoto and Owais Parray. It provides a snapshot of labour market trends for selected Asia-Pacific economies, based on official data available as of 3 August 2017. Due to variations in national definitions, data presented for different economies are not strictly comparable.

<sup>2</sup> The State Council of the People's Republic of China: "China adds 3.34m jobs in Q1, jobless rate falls", 25 Apr. 2017, <http://bit.ly/2wnXiZF> [accessed 3 Aug. 2017]; "China's workers are saying goodbye to double-digit pay raises", in *Bloomberg News*, 20 June 2017, <https://bloom.bg/2rxmgE5> [accessed 3 Aug. 2017].

<sup>3</sup> S. Srivastava: "India economy trails forecasts as cash ban continues to weigh", in *Bloomberg News*, 31 May 2017, <https://bloom.bg/2rlyUnr> [accessed 3 Aug. 2017]; ILO: *India Labour Market Update* (New Delhi, 2017).

<sup>4</sup> Republic of Singapore, Ministry of Manpower: *Labour Market Advance Release: Second quarter 2017* (Singapore, 2017), <http://bit.ly/2x34ieZ> [accessed 16 Aug. 2017].

<sup>5</sup> Global estimate is based on ILO: *Global Employment Trends for Youth 2017* (Geneva, forthcoming).

<sup>6</sup> R. Gunatilaka: "Factors holding women back from market work in Sri Lanka: To work or not to work", In S. Dasgupta and S. Verick (eds): *Transformation of women at work in Asia: An unfinished development agenda* (Geneva and New Delhi, Sage Publications and ILO, 2016), pp. 155-186.

<sup>7</sup> Fiji Bureau of Statistics: *2015-16 Employment and Unemployment Survey: Preliminary findings* (Suva, 2017), <http://bit.ly/2taajr0> [accessed 16 Aug. 2017].

<sup>8</sup> ILO: *Trends Econometric Models*, Apr. 2017 (forthcoming).

<sup>9</sup> For example, see: World Bank: *More and better jobs in South Asia* (Washington, DC, 2011).

<sup>10</sup> Based on a review of national practices in the measurement of status in employment conducted by the ILO in 2012, only two countries in Asia and the Pacific explicitly captured casual work within the respective labour force survey: Indonesia and Pakistan. In a further nine countries, casual workers could be identified using other variables. See ILO: *Revision of the International Classification of Status in Employment (ICSE-93)*, 19th International Conference of Labour Statisticians (Geneva, 2013). Revisiting these surveys found that variables needed to calculate casual work in more recent surveys was even less present so that the focus in this brief is on four countries only: Indonesia, Pakistan, Sri Lanka and Viet Nam.

<sup>11</sup> ILO: *Non-standard employment around the world: Understanding challenges, shaping prospects* (Geneva, 2016).

<sup>12</sup> For further discussion on effective policies, see: ILO: *Non-standard employment around the world: Understanding challenges, shaping prospects*, op. cit.