

Appendix A

Household surveys used

Table A.1 summarizes the labor force and living standards surveys used throughout this book. In countries where both types of data are available (Bangladesh, Nepal, and Pakistan), labor force surveys were the primary source of data, as they tend to be better suited for the analysis of the labor market. For these countries, living standards surveys were used to complement labor force survey data and to analyze poverty and employment (household consumption is not available in most labor force surveys). These living standard surveys were also used for examining specific issues for which they

were better suited, such as education provision or educational attainment by socioeconomic group. The most recent labor survey in Bangladesh is a welfare-monitoring survey, which differs from a typical labor force survey. It was used in order provide the latest estimates. This survey does not allow for the calculation of all indicators used in this book. Finally, either due to coverage or year of surveys, only particular national surveys were suitable for the analysis of labor market outcomes and conflict. Table A.1 provides a summary of the different national surveys used, and identifies when a particular survey was used to examine selected issues only.

TABLE A.1 Labor force and living standards surveys used

Country	Survey	Year	Comments
Afghanistan	National Risk and Vulnerability Assessment	2007/08	
Bangladesh	Labor Force Survey	2002/03	
	Labor Force Survey	2005/06	
	Monitoring of Employment Survey (MES)	2009	Core indicators only
	Household Income and Expenditure Survey	2000	Poverty analysis and education analysis only
	Household Income and Expenditure Survey	2005	Poverty analysis only
Bhutan	Household Income and Expenditure Survey	2010	Poverty analysis and education analysis only
	Living Standards Survey	2003	
India	Living Standards Survey	2007	
	National Sample Survey (Employment Schedule)	1983	
	National Sample Survey (Employment Schedule)	1993/94	
	National Sample Survey (Employment Schedule)	1999/2000	
	National Sample Survey (Employment Schedule)	2004/05	
	National Sample Survey (Employment Schedule) (Thin Round)	2007/08	
Maldives	National Sample Survey (Employment Schedule)	2009/10	
	Vulnerability and Poverty Assessment	1998	
Nepal	Vulnerability and Poverty Assessment	2004	
	Labor Force Survey	1998/99	
	Labor Force Survey	2007/08	
	Living Standards Survey	1995/96	Poverty analysis, education analysis, and conflict analysis only
Pakistan	Living Standards Survey	2003/04	Poverty analysis, education analysis, and conflict analysis only
	Labor Force Survey	1999/2000	
	Labor Force Survey	2007/08	
	Labor Force Survey	2008/09	
	Social and Living Standards Measurement Survey	2001/02	Poverty analysis and education analysis only
Sri Lanka	Social and Living Standards Measurement Survey	2007/08	Poverty analysis and education analysis only
	Labor Force Survey	2000	
	Labor Force Survey	2004	Education analysis and conflict analysis only
	Labor Force Survey	2006	Education analysis only
	Labor Force Survey	2008	
	Household Income and Expenditure Survey	1995/96	Poverty analysis only
	Household Income and Expenditure Survey	2006/07	Poverty analysis and education analysis only

Source: Authors' compilation.

Appendix B

Methodology used to analyze labor transitions

The book is interested in labor transitions—specifically, the ability of workers to move across sectors and types of employment over time and the extent to which they move from less desirable to more desirable jobs (and vice versa). Such transitions are typically measured with panel data on individuals or households over time. Such panel data are only rarely available in South Asia, however. To compensate for the absence of true panel data, the authors constructed synthetic panel data from multiple rounds of cross-sectional surveys for Bangladesh, India, and Nepal, adapting a technique developed by Lanjouw, Luoto, and McKenzie (2011) for studying poverty transitions.

The key idea behind the method is to exploit the relationship between an individual's employment status, which varies from period to period, and time-invariant individual and household characteristics in order to examine labor transitions over time. Individual time-invariant characteristics can be obtained from cross-sectional surveys (with certain assumptions). They thus form the connectors that help convert cross-sectional data into synthetic panel data.

The following (minimal) econometric expression illustrates the method. Let y_{ij} be binary variables that represent the various labor outcomes of interest for individual i , $i = 1, \dots, N$, in survey round (or period) j , where $j = 1$ or 2 . The main labor outcomes of interest are the employment statuses of individuals: for workers in rural areas, being employed in the rural nonfarm sector (versus agriculture); for workers in urban areas, being employed as casual or low-end self-employed workers (versus regular wage or salaried workers or high-end self-employed workers). Although the same subscript i is used to index individuals, the only data available are cross-sectional.

The labor transitions of interest can be represented by

$$P(y_{i1} < z_1 | y_{i2} < z_2) \quad (\text{B.1})$$

$$P(y_{i1} < z_1 | y_{i2} > z_2) \quad (\text{B.2})$$

$$P(y_{i1} > z_1 | y_{i2} < z_2) \quad (\text{B.3})$$

$$P(y_{i1} > z_1 | y_{i2} > z_2) \quad (\text{B.4})$$

The first quantity represents the probability that individual i stays in the same employment status (for example, working in agriculture) in both survey rounds (that is, no labor transition takes place over the

time spanned by the two survey rounds). The second quantity represents the probability that individual i improves his or her employment status in the second time period (for example, by moving from agriculture in the first survey round to the rural nonfarm sector in the second survey round). The cut-off point is z_i , set at 0.5. Below this point (indicated by <), workers are in the less desirable employment status; above this point indicated by >), they are in the more desirable employment status. An analogy can be made to poverty analysis, where a similar cut-off point is known as the poverty line: households are considered poor if their consumption falls below this cut-off point.

The synthetic panel data are constructed from repeated rounds of cross-sectional data by applying estimated coefficients and error terms obtained from the regressions of individual labor outcomes on individual time-invariant characteristics in one survey round to a second round. These data can then be used to predict lower-bound and upper-bound estimates of labor transitions (B.1–B.4) overall and for various population groups. Estimates are made

using both nonparametric and parametric methods.

The method for analyzing poverty transitions was validated with true panel data (including data on Bosnia-Herzegovina, Lao People’s Democratic Republic, Peru, and Vietnam). The method for labor transitions was validated with true panel data from Nepal. The estimates of the lower and upper bounds for poverty and labor transition rates largely encompass the true rates, providing empirical support for the validity of this method. (For more technical details on the methodology used to construct pseudo-panel data, see Dang and Lanjouw 2011 and Lanjouw, Luoto, and McKenzie 2011.)

References

- Dang, H.-A., and P. Lanjouw. 2011. “Measuring Poverty Dynamics with Pseudo-Panels Based on Cross-Sections: An Application to Vietnam.” Working paper, Development Research Group, World Bank, Washington, DC.
- Lanjouw, P., J. Luoto, and D. McKenzie. 2011. “Using Repeated Cross-Sections to Explore Movements in and Out of Poverty.” Policy Research Working Paper 5550, World Bank, Washington, DC.

ECO-AUDIT

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Saved:

- 32 trees
- 13 million British thermal units of total energy
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- 14,691 gallons of waste water
- 931 pounds of solid waste



South Asia Development Matters

South Asia, which is home to more than 40 percent of the world's absolute poor, will contribute nearly 40 percent of the growth in the world's working age population over the next several decades. *More and Better Jobs in South Asia* attempts to answer three questions:

- Has South Asia been creating an increasing number of jobs and better jobs?
- What has determined the quality of job creation and what is the employment challenge going forward?
- What demand- and supply-side bottlenecks need to be eased to meet South Asia's employment challenge in the face of intensifying demographic pressure?

The region has created just under 800,000 jobs per month during the past two decades, a rate that broadly tracks growth in its working age population. The quality of jobs—measured in terms of higher wages for wage workers and lower poverty for the self-employed—has been improving, thanks to strong economic growth in some countries and massive out-migration and workers' remittances elsewhere. But there is absolutely no room for complacency. South Asia will add between 1 million and 1.2 million new entrants to the labor force every month for the next two decades. Absorbing them into the labor force at rising levels of labor productivity is the crux of the employment challenge.

Meeting the employment challenges calls for a reform agenda that cuts across sectors. It includes enhancing access to reliable electricity supply for firms in urban and rural settings, reducing corruption in dealings between firms and the state, facilitating access to land, strengthening transport links between town and country, focusing on better nutrition in early childhood, improving the quality of education to equip workers with relevant skills for the world of work, and protecting workers in both informal and formal sectors rather than protecting jobs for the few in the formal sector of the economy.

Recognizing that South Asia is the most conflict-affected of the major regions in the world, the book also includes a chapter on how the challenges of job creation are magnified in such environments as well as some priorities going forward for labor market policies and programs.

More and Better Jobs will be of interest to policy makers and their advisers, not only in South Asia but also in other parts of the world where creating better jobs is a significant challenge, as well as to the international development community and students of economics.



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