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Output, Productivity and Earnings: The Informal Manufacturing Sector in the Greater Manila Area, 1976

by

Dante B. Canlas

ABSTRACT

A sketch of the informal manufacturing sector in the Greater Manila area is presented using information drawn from a 1976 sample survey of informal enterprises. Estimates of regression models designed to explain variations in output and value added of enterprises and earnings of enterprise head show the insignificance of human capital-related variables. Low quality of workers and production techniques interact to produce low output and wages trapping workers in poverty and underemployment: A possible public policy measure is retraining these workers for more productive jobs in the formal sector.

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1. Introduction:

This note is a sketch of the informal manufacturing sector in the Greater Manila area. Interest in the study arises from economists' concern with those groups of workers who choose market work to meet their income needs yet experience economic hardships. Traditionally, public policy has aimed at reducing the numerical size of the unemployed. Employment generation, however, appears hollow if a number of workers, while choosing work, are unable to meet minimum standards of living.

The informal sector has played a central role in the analysis of urban labor markets which feature a dual structure (see, e.g., Harberger 1971, Fields 1975). The underlying theme presents a formal and protected, alongside an informal and unprotected sector. The former has entry restrictions and a noncompetitive wage rate (due maybe to minimum wage legislation and strong union power). The latter possesses no barriers to entry and has a market clearing wage. In this setup, unemployment is mostly voluntary - workers line up for scarce jobs in the formal sector, choosing to be unemployed to engage in job search. Some will be fortunate

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**Assistant Professor, School of Economics, University of the Philippines.

to land a protected job while others will have to take a job in the informal sector.

To understand the economic plight of workers who choose employment in the informal sector, we examine in this note the factors influencing output of enterprise, labor productivity, and earnings of enterprise head in the informal manufacturing sector. We use data drawn from a sample survey of informal manufacturing establishments in the Greater Manila area in 1976.

We proceed as follows: section 2 is a descriptive presentation using information from the survey; the regression models are discussed in section 3 and the results are shown in section 4; concluding remarks are made in section 5.

2. The Informal Manufacturing Sector Survey

The survey yielded 402 enterprises in the manufacturing sector. Using a 4-digit ISIC classification, we obtained 30 industry groups which are shown in Table 1. Further classification using a 2-digit grouping yielded 9 industry groups: textile, wearing apparel, and leather industries have the largest, 273; there are 44 enterprises in the manufacture of fabricated metal products; machinery and equipment has 32, and manufacture of wood and wood products has 23 firms.

For the sample of informal manufacturing enterprises, only one reported a variable location. About 95% are housed in permanent structures. Most enterprises have their structures equipped with water and

electricity. Government permits have been sought by 96 percent of these firms in order to build their necessary structures (see Tables 2, 3, 4, and 5).

The two major reasons for the present location is the proximity to buyer and availability of transportation (see Tables 6, 7, and 8). Approximately 96 percent are accessible by motorable roads but not one reported as owning a vehicle for its operations (see Table 9).

Government regulation of their activities is quite apparent with 98 percent reporting that permission from government is necessary to operate the business and 81 percent are subject to inspection on both a regular and irregular basis (see Tables 10 and 11).

There does not seen to be a move towards diversification of the enterprises' output. Table 12 shows that about 75 percent have not sold and produced new goods and services different from what was in the past. In Table 13, we note that the quantity of goods produced is stagnant: only about 9 percent reported a substantial increase in output, with 39 percent showing a slight increase and 40 percent experiencing no change at all. The rest of the enterprises experienced a decrease in output. There appear no bright prospects in sales either. In Table 14, we find that about 74 percent reported that sales during the survey week were about the same as in preceding weeks. Forty-six percent reported lower sales than preceding weeks. About 48 percent experienced higher sales than the preceding week.

With such a performance of stagnant and declining sales, it is easy to picture the weak effects on the level of employment of this sector. We note in Table 15 that of the 402 enterprises only 9 firms reported a substantial increase in the number of persons associated with the enterprise. Fifty-three (53) firms increased somewhat while 273 reported as having the same during the year. Sixty-one (61) firms reported a decrease.

For most of the enterprises sampled, we notice the regular participation of the owners on a full-time basis. About 87 percent have the owner or owners engage in the various activities of their firms (see Table 16). The mean number of full-time males employed on a regular basis is 1.6 and 0.8 for females. The mean number of part-time workers is almost negligible. Most of the enterprises do not hire part-time workers (see Table 17).

Concerning the quality of its work force, it is generally held that the informal manufacturing sector recruit workers from members of the labor force who by dint of low years of schooling and lack of skills cannot find jobs in the formal sector. We find some support for this notion. The enterprise was asked if it experienced difficulty in recruiting various types of labor. Table 18 shows that majority (163) reported difficulty in recruiting skilled labor. The relatively low number of firms encountering difficulty in recruiting unskilled labor seems to underscore the existence of a large pool of unskilled workers with generally low wages. Accordingly, it seems reasonable to conjecture that variation in average wages across enterprises is owing to differences in the proportion of unskilled laborers hired.

We would also expect a low equilibrium wage to prevail. The mean maximum daily wage per male worker ranges from ₱5.52 to ₱8.97 while for the female worker, it lies in the interval of ₱3.98 to ₱5.86. For both sexes, the maximum daily wage falls short of the minimum wage of about ₱10 per day. Majority of workers are concentrated in the lowest tail of the wage distribution (see Table 19).

In such a situation, one would expect techniques of production not to change much. About 61 percent did not change their methods while 36 percent cited some changes for the better with 13 percent reporting change for the worse (see Table 20).

The fostering of the unskilled-labor intensive type of technology is likely to make the employer less prone to invest in on-the-job training. The rate of labor turnover is expected to be higher for unskilled workers than skilled ones. In view of this, employers would be less inclined to invest in on-the-job training since they might not recover their investments in such activities. In the survey, the enterprise was asked if it was willing to share in the cost of such training programs. Two hundred twenty-nine (229) were willing provided the share is small. One hundred twenty-two (122) declined outright to share the cost of training program (see Table 21).

The difficulty involved in recruiting skilled labor might eventually affect the actual operation of the enterprise as employers tend to adjust to the work traits of its employees. It may well be that the employers would purchase low-cost equipments which are relatively less intensive in maintenance and repair: unskilled workers may be viewed as less likely to

care for tools and equipment. For our sample, the approximate mean value of capital goods purchased is ₱800. The source of raw figures for this mean value is Table 22.

Most of these capital goods are either new or second-hand and are financed from own savings (see Table 23). Rarely would an enterprise be renting such goods. Most of the workers do not bring tools and equipment with them.

In Table 24 we find that majority of the enterprises cited lack of credit from banks and government regulations as major barriers to expanding their operations. Most of them desire to expand if credit were made available to them (see Table 25). However, a large number have not been successful in obtaining loans from financial agencies: the major reason has been the complicated and stringent nature of the lending procedures (see Table 26). We note, with regard to their use of credit, rare borrowing from banks and other similar institutions. Majority resorted to their own savings for their large financial needs and for their relatively smaller day to day financial transactions (see Tables 27 and 28).

From the above facts, it would not be implausible to expect an interaction of various worker's and enterprise's characteristics that would perpetuate low output for the enterprises. The mean gross value added per week is about ₱420 (see Table 29).

3. Regression Models

The variables determining output of enterprise, labor productivity and earnings can be inferred from the underlying production function. The production function is a technical relationship between the various factors of production or inputs and the amount of output which they yield, i.e., $Y = f(I_1, I_2, \ldots I_k)$ where Y is output and I_k is the amount of the kth output.

By differentiating the production function with respect to labor, one obtaines the marginal productivity of labor. If firms are profit-maximizers and competitive, labor will be paid a wage equal to the value of its marginal product. The three variables of interest can therefore be inferred from a production function framework.

3.1. Output of Enterprises

In examining the output of enterprises, we consider traditional methods of production function estimation by considering inputs of labor and a measure of capital in our estimation. The dependent variable used is value added per enterprise, VAE. For labor, we used number of laborers employed LFE, and an additional variable to reflect quality of the labor for QLF. Recent studies in human capital have shown that the amount of human capital an individual brings to the market, e.g., years of schooling, training, health, etc., affects his productivity. In the regression model, the only quality variable that we found it possible to work with is a dummy

variable which takes the value 1 if most or few of the workers have had formal schooling and zero otherwise. The coefficients of LFE and QLF are expected to be positive.

Concerning the other factors of production, a proxy measure of capital we used is the value of fixed assets, VFA. One would expect such variable to have a possible marginal product and under assumptions of a well-behaved production function would be subject to a diminishing marginal return.

It might be that those enterprises who manage to secure loans from banks and other financial agencies have better records of profitability, hence output, than those borrowing from other sources. For credit source SCR, we used a dummy variable which takes the value 1 if the credit source is banks and other big financial agencies, and zero otherwise.

Additional control variables included dummy variables for forward FLK and backward linkages BLK and legal status LST. We hypothesize that the size of the economic units from which the firm purchase goods for its operations and where it sells its output is positively related to the enterprise's output. Age of the enterprise AOE was included together with a quadratic term. Age of the enterprise appears related to productivity in a nonlinear manner. It would seem that the older the enterprise, the greater would be its output. However, it may be that in view of the depreciation of capital equipments, which are low in maintenance, a lower level of output is produced as the enterprise ages. Those with legal status are expected to have better output than those without. We estimate a linear

regression model of the form:

$$(1)\quad VAE = \alpha_0 + \alpha_1 LFE + \alpha_2 QLF + \alpha_3 VFA + \alpha_4 SCR + \alpha_5 FLK + \alpha_6 BLK + \alpha_7 LST + \alpha_8 AOE + \alpha_9 AOE^2 + \varepsilon$$

where ε is the standard error term.

3.2. Labor Productivity

Value-added per worker VAW, which serves as our measure of labor productivity, is made to depend on the capital-labor ratio KL, proportion of part-time workers PTW, years of formal schooling of the head AFE, and age of the enterprise head AGH.

We hypothesize that factors associated with the owner of the enterprise may account for interfirm differences in labor productivity as most of the owners participate on a full-time basis in the activities of the enterprise. The years of formal schooling and age of the enterprise head are included as explanatory variables: higher years of schooling may reflect better management abilities and may lead to a more efficient production technique while the age of the enterprise head, as a proxy for experience, would seem to be positively correlated with skill level. We estimate a linear regression model of the function:

$$(2)\quad VAW = \beta_0 + \beta_1 KL + \beta_2 PTW + \beta_3 AFE + \beta_4 AGH + \varepsilon$$

3.3. Earnings of Enterprise Head

In this paper we also look at the impact of person-related characteristics and enterprise-related characteristics on earnings of the enterprise head YHE. Several studies in human capital have pointed out that the amount of human capital an individual brings to the market affects his productivity, his market earnings and his money income. Years of formal schooling AFE and presence of formal training FIF are deemed reasonable proxies for human capital-related variables with expected positive signs. To account for enterprise-related characteristics we included value added per enterprise VAE which is expected to have a marginal positive effect on the earnings of the enterprise head. To complete the model, we control for sex of the enterprise head SXH, age AGH, hours of work HWE and income from property YHP.

$$(3) \quad YHE = \partial_0 + \partial_1 AFE + \partial_2 FIF + \partial_3 VAE + \partial_4 SXH + \partial_5 AGH + \partial_6 HWE + \partial_7 YHP + \varepsilon$$

4. Results

The results of using a step-wise regression technique to estimate the parameters of equations (1), (2), (3) are shown below in (4), (5), (6):

$$(4) \quad VAE = -194.7837 + \underset{(7.651)}{0477}\ VFA + \underset{(1.027)}{264.0237}\ LST$$

$$+ \underset{(1.085)}{38.3459}\ AOE - \underset{(0.919)}{0.9638}\ AOE^2 + \underset{(0.382)}{95.0203}\ BLK$$

$$\underset{(0.442)}{-139.7193}\ SCR + \underset{(0.329)}{78.3955}\ QLF + \underset{(0.272)}{1.3634}\ LFE$$

$$\underset{(0.114)}{-50.9328}\ FLK$$

$$R^2 = 0.1524$$
$$s.e.e. = 1952.4790$$
$$n = 402$$

(5) VAW = 41.1861 + 0.0222 KL + 65.6765 PTW
(4.891) (.819)

+ 6.3413 AFE + 6.9555 AGH
(.557) (.390)

R^2 = 0.0543
s.e.e. = 396.5721
n = 402

(6) YHE = 100.6876 + 0.1541 VAE + 31.2527 AFE
(8.481) (1.305)

- 94.9619 SXH + 32.7112 AGH
(1.207) (0.592)

- 92.8168 FIF - 42.2186 YHP + 2.3183 HWE
(0.835) (0.807) (0.400)

R^2 = 0.1656
s.e.e. = 758.9334
n = 402

According to these results, value added per enterprise is explained mainly by the value of fixed assets and the magnitude of the marginal effect is small. VFA is the only significant variable.

The variation in value added per worker is explained mainly by the capital-labor ratio and earnings per enterprise head is significantly explained by value added per enterprise. In the three estimated equations, one notices the lack of significance of human capital related variables. For the sample of enterprises that we have, formal schooling and training are not major factors in explaining productivity and earnings. Since there are no significant returns to schooling, it seems reasonable for an educated worker to choose unemployment while waiting for a formal job to open up.

We infer that for this sample of enterprises, employment is basically one of low-wage and unskilled type, and would tend to perpetuate low labor and enterprise productivity. By the nature of the production techniques, this informal manufacturing sector allows no opportunity for investment in human capital to deliver a reasonable pay-off to investments. Low wages and low productivity would seem to interact to produce low-quality employment.

5. Concluding Remarks

On the basis of the sample considered, the informal manufacturing sector does not offer much hope out of low productivity, earnings, and underemployment. It is not at all surprising why new entrants to the labor force would tend to bypass a job in this sector and queue up for a job in the formal sector.

Saddled with inefficiencies, we would expect the informal manufacturing sector to be driven out of the market in the course of economic development. The role of public policy is to hasten its dissolution. This can be achieved by carrying out rural development projects which can achieve a reasonable wage gap between the rural and urban areas. This serves to stem the tide of migration, draining the pool from where the informal sector recruits its unskilled workers. Likewise, government should concentrate on retraining the urban unemployed for more productive jobs rather than simply attempting to reduce the numerical size of the unemployment rate.

TABLE 1

DISTRIBUTION OF ENTERPRISE BY INDUSTRY GROUPS

ISIC 4 Digit	Industry	No. of Enterprises	Proportion
3111	Slaughtering, preparing and preserving meat	1	.0025
3114	Canning, preserving and processing of fish, crustacea and similar food	5	.0125
3117	Manufacture of bakery products	37	.0920
3121	Manufacture of food products not elsewhere classified	11	.0025
3214	Manufacture of carpets and rugs	11	.0025
3220	Manufacture of wearing apparel except footwear	263	.6542
3233	Manufacture of products of leather and leather substitutes, except footwear and wearing apparel	1	.0025
3240	Manufacture of footwear except vulcanized or moulded rubber or plastic footwear	5	.0124
3311	Sawmills, planning and other wood mills	2	.0050
3312	Manufacture of wooden and cane containers and small cane ware	1	.0025
3319	Manufacture of wood and cork products not elsewhere classified	3	.0075
3320	Manufacture of furniture and fixtures, except primarily of metal	17	.0423

Table 1 (Continued)

ISIC 4 Digit	Industry	No. of Enterprises	Proportion
3419	Manufacture of pulp, paper and paperboard articles not elsewhere classified	1	.0025
3420	Printing, publishing and allied industries	11	.0274
3512	Manufacture of fertilizers and pesticides	1	.0025
3529	Manufacture of chemical products not elsewhere classified	1	.0025
3551	Tire and tube industries	1	.0025
3620	Manufacture of glass and glass products	2	.0050
3699	Manufacture of non-metallic products not elsewhere classified	3	.0075
3710	Iron and steel basic industries	3	.0075
3812	Manufacture of furniture and fixtures primarily of metal	3	.0075
3813	Manufacture of structural metal products	4	.0100
3819	Manufacture of fabricated metal products except machinery and equipment not elsewhere classified	12	.0299
3821	Manufacture of engines and turbines	1	.0025
3829	Machinery and equipment except electrical not elsewhere classified	4	.0100
3839	Manufacture of electrical apparatus and supplies not elsewhere classified	1	.0025
3843	Manufacture of motor vehicles	6	.0149

Table 1 (Continued)

	Industry	No. of Enterprises	Proportion
ISIC 4 Digit			
3852	Manufacture of photographic and optical goods	1	.0025
3901	Manufacture of jewelry and related articles of precious metals	3	.0075
3909	Manufacturing industries not elsewhere classified	4	.0100
	TOTAL NO. OF ENTERPRISE	402	
ISIC 2 Digit			
31	Manufacture of food, beverages and tobacco	44	.1095
32	Textile, weaving apparel and leather industries	273	.6791
33	Manufacture of wood and wood products, including furniture	23	.0572
34	Manufacture of paper and paper products, printing and publishing	12	.0299

Table 1 (Continued)

ISIC 2 Digit	Industry	No. of Enterprises	Proportion
35	Manufacture of chemicals and of chemicals, petroleum, coal rubber and plastic products	3	.0075
36	Manufacturing of the non-metallic mineral products, except products of petroleum and coal	5	.0124
37	Basic metal industries	3	.0075
38	Manufacture of fabricated metal products, machinery and equipment	32	.0796
39	Other manufacturing industries	7	.0174
	TOTAL NO. OF ENTERPRISE	402	

TABLE 2

TYPE OF LOCATION

Response	Frequency (f)	%
Fixed Location	401	99.8
Variable Location	1	0.2
Total	402	100.0

TABLE 3

TYPE OF STRUCTURE

Response	Frequency (f)	%
Permanent Structure	382	95.0
Temporary Structure	20	5.0
Total	402	100.0

TABLE 4

TYPE OF EQUIPMENT

Response	Frequency (f)	%
Water only	2	0.5
Electricity only	31	7.7
Water and electricity	366	91.0
Neither water nor electricity	3	100.0
Total	402	100.0

TABLE 5

IS THE STRUCTURE BUILT WITH GOVERNMENT PERMIT?

Response	Frequency (f)	%
Not applicable	0	0.0
Yes	388	96.5
No	9	2.2
Don't know	5	1.2
Total	402	100.0

TABLE 6

REASONS FOR PRESENT LOCATION OF ENTERPRISE (A)

Response	Frequency (f)	%
Proximity to buyers	254	63.2
Proximity to suppliers of materials	17	4.2
Availability of transportation	35	8.7
Availability of labor type required	10	2.5
No choice	82	20.4
Lower space rental	3	0.7
Not applicable	1	0.2
Total	402	100.2

TABLE 7

REASONS FOR PRESENT LOCATION OF ENTERPRISE (B)

Response	Frequency (f)	%
Not applicable	188	46.8
Proximity to buyers	1	0.2
Proximity to suppliers of materials	60	14.9
Availability of transportation	111	27.6
Availability of labor type required	7	1.7
No choice	31	7.7
Lower space rental		
Total	4	1.0

TABLE 8

REASONS FOR PRESENT LOCATION OF ENTERPRISE (C)

Response	Frequency (f)	%
Not applicable	354	88.1
Proximity to buyers	0	0.0
Availability of transportation	36	9.0
Availability of labor type required	5	1.2
No choice	4	1.0
Lower space rental	3	0.7
Total	402	100.0

TABLE 9

IS THE ENTERPRISE ACCESSIBLE THROUGH A MOTORABLE ROAD?

Response	Frequency (f)	%
Not applicable	1	0.2
Yes, through a paved road	387	96.3
Yes, through an unpaved road	6	1.5
No	8	2.0
Total	402	100.0

TABLE 10

IS PERMISSION FROM THE GOVERNMENT NECESSARY TO OPERATE THE BUSINESS?

Response	Frequency (f)	%
Yes	394	98.0
No	6	1.5
Don't know	2	0.5
Total	402	100.0

TABLE 11

IS THE ENTERPRISE SUBJECT TO REGULATION OR INSPECTION BY THE GOVERNMENT ON A REGULAR OR IRREGULAR BASIS?

Response	Frequency (f)	%
Yes	325	80.8
No	73	18.2
Don't know	4	1.0
Total	402	100.0

TABLE 12

IS THE ENTERPRISE PRODUCING AND SELLING GOODS AND SERVICES WHICH IT HAS NOT DONE IN THE PAST?

Response	Frequency (f)	%
Yes	101	25.1
No	301	74.1
Total	402	100.0

TABLE 13

HAS THERE BEEN AN INCREASE IN THE QUANTITY OF GOODS AND SERVICES PRODUCED?

Response	Frequency (f)	%
Yes - substantial increase	35	8.7
Yes - slight increase	156	38.8
No change	161	40.0
No - some decrease	36	9.0
No - substantial decrease	14	3.5
Total	402	100.0

TABLE 14

WAS THE SALE DURING THE PRECEEDING DAY/WEEK ABOUT THE SAME AS ON OTHER DAYS/WEEKS?

Response	Frequency (f)	%
About the same	298	74.1
Higher	48	11.9
Lower	46	11.4
Not applicable	10	6.1
Total	402	100.0

TABLE 15

HAS THE NUMBER OF PERSONS ASSOCIATED WITH THE ENTERPRISE CHANGED?

Response	Frequency (f)	%
Increased substantially	9	2.2
Increased somewhat	53	14.7
Remained the same	273	67.9
Decreased somewhat	48	11.9
Decreased substantially	13	3.2
Total	402	100.0

TABLE 16

HAS THE OWNER ENGAGED IN THE ACTIVITIES OF THE FIRM?

Response	Frequency (f)	%
Yes	351	87
No	47	11
Not applicable	4	20
Total	402	100%

TABLE 17

HOW MANY EMPLOYEES ARE EMPLOYED
ON A REGULAR BASIS?

	Part-time				Full-time			
	Male		Female		Male		Female	
	(f)	%	(f)	%	(f)	%	(f)	%
0	377	93.8	379	94.3	177	44.0	234	58.2
1	8	2.0	14	3.5	58	14.4	81	20.1
2	6	1.5	4	1.0	66	16.4	47	11.7
3	6	1.5	2	0.5	39	9.7	20	5.0
4	1	0.2	2	0.5	29	7.2	11	2.7
5	3	0.7	13	3.2	13	3.2	4	1.0
6					3	0.7	1	0.2
7					4	1.0	1	0.2
8					4	1.0	1	0.2
9					3	0.7		
10					5	1.2	1	0.2
don't know	1	0.2	1	0.2	1	0.2	1	0.2
Total	402	100.0	402	100.0	402	100.0	402	100.0

TABLE 18

TYPE OF LABOR HARD TO RECRUIT

Response	Frequency (f)	%
Not applicable	221	55.0
Skilled labor only	163	40.5
Unskilled labor only	7	1.7
Skilled and unskilled labor	11	2.7
Total	402	100.0

TABLE 19

WHAT WERE THE MAXIMUM AND MINIMUM WAGES (BOTH CASH AND KIND) PAID TO ADULT WORKERS?

Daily Wage	Maximum				Minimum			
	Male		Female		Male		Female	
	(f)	%	(f)	%	(f)	%	(f)	%
Less than ₱5	179	44.5	258	64.2	246	61.2	314	78.1
₱ 5 - ₱ 9.99	61	15.2	56	13.9	96	23.9	60	14.9
10 - 14.99	83	20.6	62	15.4	47	11.7	25	6.2
15 - 19.99	45	11.2	15	3.7	8	2.0	3	0.7
20 - 24.99	21	5.2	10	2.5	3	0.7		
25 - 29.99	9	2.2	1	0.2	0	0.0		
30 - 34.99	3	0.7			0	0.0		
35 - 39.99	0	0.0			0	0.0		
40 and above	1	0.2			2	0.5		
Total	402	100.0	402	100.0	402	100.0	402	100.0

TABLE 20

HAS THERE BEEN A CHANGE IN THE METHOD OF PRODUCTION/OPERATION IN THE ENTERPRISE?

Response	Frequency (f)	%
Yes, change for the better	145	36.1
No change at all	244	60.7
No, change for the worse	13	3.2
Total	402	100.0

TABLE 21

WOULD THE ENTERPRISE BE ABLE TO SHARE THE COST OF TRAINING PROGRAMS?

Response	Frequency (f)	%
Not applicable	40	10.0
Yes, provided its share is small	229	57.0
Yes, even if it costs a substantial amount	11	2.7
No	122	30.3
Total	402	100.0

TABLE 22

WHAT IS THE APPROXIMATE VALUE OF THESE GOODS (CAPITAL EQUIPMENT) IF SOLD IN THE MARKET NOW?

Value	Frequency (f)	%
0	15	3.7
20	1	0.2
30	1	0.2
100	1	0.2
120	11	0.2
200	2	0.5
250	2	0.5
290	1	0.2
300	1	0.2
350	1	0.2
400	4	1.0
480	1	0.2
500	19	4.7
600	5	1.2
700	14	4.2
800	15	3.7
900	5	1.2
950	1	0.2
1000	45	1.2
1100	1	0.2
1130	1	0.2
1200	3	0.7
1250	1	0.2
1350	1	0.2
1400	4	1.0

Table 22 (Continued)

Value	Frequency (f)	%
1500	19	4.7
1600	3	0.7
1700	1	0.2
1735	1	0.2
1800	1	0.2
2000	23	5.7
2400	3	0.7
2460	1	0.2
2500	9	2.2
2600	3	0.7
2800	1	0.2
3000	24	6.0
3500	4	1.0
3700	1	0.2
4000	13	3.2
4200	1	0.2
5000	21	5.2
5500	2	0.5
6000	8	2.0
7000	9	2.2
7800	1	0.2
8000	8	2.0
10000	31	7.7
10550	1	0.2
11000	1	0.2
12000	3	0.7
13000	1	0.2
14000	2	0.5

Table 22 (Continued)

Value	Frequency (f)	%
14500	1	0.2
15000	6	1.5
16000	1	0.2
18000	3	0.7
20000	11	2.7
20001	1	0.2
22000	1	0.2
25000	3	0.7
26500	1	0.2
30000	5	1.2
36000	1	0.2
40000	5	1.2
50000	7	1.7
56000	1	0.2
60000	1	0.2
70000	2	0.5
90000	1	0.2
100000	5	1.2
150000	1	0.2
Total	402	100.0

TABLE 23

TYPE OF CAPITAL GOODS

Response	Frequency (f)	%
New	249	61.9
Second hand	100	24.9
Self-constructed	3	0.7
Bought second hand but made substantial improvements	4	1.0
Not applicable	11	2.7
Total	402	100.0

TABLE 24

WHAT ARE THE SPECIFIC BARRIERS TO EXPANSION?

Response	Frequency (f)	%
Not applicable	90	22.4
Government regulations with regard to licensing, location, etc.	78	19.4
Lack of credit from banks at modest interest rates	77	19.2
Lack of managerial skills to run a bigger enterprise	18	4.5
Lack of skilled workers	43	10.7
Workers quit the job frequently	3	0.7
Lack of demand for goods and services produced by enterprise	34	8.5
Lack of building premises and other physical facilities	25	6.2
Lack of capital	32	8.0
Stiff competition	1	0.2
High cost of products and high rentals	1	0.2
Total	402	100.0

TABLE 25

IF CREDIT IS MADE AVAILABLE TO THE ENTERPRISE ON EASY AND FAVORABLE TERMS, WOULD THE ENTERPRISE LIKE TO EXPAND THE PRODUCTION OF GOODS AND SERVICES CURRENTLY PRODUCED?

Response	Frequency (f)	%
Yes	302	75.1
No	91	22.6
Not applicable/ No answer	9	2.2
Total	402	100.0

TABLE 26

DOES THE ENTERPRISE BELIEVE THAT IT CAN GET CREDIT FROM THE BANKS AND OTHER FORMAL FINANCIAL AGENCIES?

Response	Frequency (f)	%
Yes	285	70.9
No, because the enterprise is not recognized by the government	11	2.7
No, because the leading procedures are completed	60	14.9
No, because the leading procedures are stringent	40	10.0
No	6	1.5
Total	402	100.0

TABLE 27

HOW DOES THE ENTERPRISE MEET ITS FINANCIAL NEEDS FOR BIG EXPENDITURES?

Response	Frequency (f)	%
Won't say	6	1.5
From own savings	336	91.0
Borrow from friends and relatives	16	4.0
Borrow from money-lenders	4	1.0
Borrow from banks and other financial agencies	10	2.5
Total	402	100.0

TABLE 28

HOW DOES THE ENTERPRISE MEET ITS FINANCIAL NEEDS FOR DAY-TO-DAY EXPENDITURES?

Response	Frenquency (f)	%
Won't say	7	1.7
From own savings	389	96.8
Borrow from friends and relatives	4	1.0
Borrow from money-lenders	-	-
Borrow from banks and other financial institution	2	0.5
Total	402	100.0

TABLE 29

ENTERPRISE BY WEEKLY
GROSS VALUE ADDED (IN PESOS)

Gross Value Added	Relative Frequency
< 50	17.9
51 - 99	10.0
100 - 149	9.0
150 - 199	9.0
200 - 299	10.1
300 - 399	8.0
400 - 599	11.9
600 - 799	6.2
800 - 999	3.0
1000 - 1499	5.7
1500 and above	9.2
Total number of enterprises	402

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