

The Unpaid Activities and Well Being: The Measurement Issues, Challenges and Limitations

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Paper Abstract:

Unpaid work can be understood to comprise all productive activities outside the official labour market done by individuals for their own households or for others. These activities are productive in the sense that they use scarce resources to satisfy human wants. The controversy concerning the incorporation of unpaid work in national accounts and other statistics, however, has obscured the fact that recognizing unpaid work as work is a revolution in itself. A portion of the citizens counted as doing unpaid work, are in fact 'discouraged workers' and should be counted as 'hidden unemployed'. Because they don't receive a social security benefit or welfare, their unemployment seems to cost nothing. On an average, unpaid working time amounts to hours a week which are comparable to hours worked in paid employment. The burden of unpaid work and paid work respectively are distributed unequally between men and women because women do the most of domestic work which is unpaid in nature. As a result, men receive the lion's share of income and recognition for their economic contribution - while most of women's work remains unpaid, unrecognized and undervalued, so household production constitutes an important aspect of economic activity. Ignoring it may lead to incorrect inferences about levels and changes in well-being. Since women traditionally do much of the unpaid work, so neglecting to include it in SNA underestimates women's contribution to the economy.

There are two ways to measure and value unpaid work, the input method and the output method. The 'input method' counts hours worked in unpaid productive activities and assigns a price to it, using a comparable wage rate. Time use surveys are mostly used to tackle the quantitative side of the equation [value quantity x price].

- a) The opportunity cost method values the unpaid working time of an individual at the wage rate he or she is entitled to expect at the labour market.
- b) The market replacement cost method values unpaid services at the price those services could be purchased in the market.

The 'output method' tries to measure the results of unpaid production by assigning a price to the quantities of goods and services produced.

In this perspective, this paper would be an attempt to shed light on the importance of unpaid work as a part of SNA by clearly identifying which activities should fall in production boundary, how they influence the well-being and therefore need to be counted in the SNA. This would also be an attempt to identify the problems/limitations associated with the evaluation of the unpaid activities to be calculated in SNA. For this purpose, the supportive evidences would be taken from a detailed time-use survey of Punjab state in India. This paper would try to highlight the

time devoted to unpaid work and the monetary value would be calculated by using both the input and output method, depending upon the type of activities undertaken under the broad category of unpaid work. Further, the suitability of using these methods in the given state of art under existing SNA would also be discussed along with their bleak sides on basis of the survey experiences. Of course, some of the limitations can be easily tackled and some rather distort the given set up of the SNA and instead of improving the methods of measuring well-being, they rather create delusions and derail the very purpose of creating a new and improved measure of well-being.