

Table 2.4. Comparison of cost-based valuation approaches for unpaid work

Approach	Formula for estimation	Basic data requirement	Limitations	Implications
Output	Value = contract value in units of output or value of output less non-labour inputs	Market value of contract work based on output, itemized production cost	Applicable only where contract work is practiced, detailed production cost available	Can over-estimate unpaid work
Input				
Opportunity cost	Value = time spent x wage rate for jobs with person's qualification	Time use, educational attainment of worker, wage/ salary rate for position	Is not consistent with market valuation Subject to opportunities in market	Can over-estimate unpaid work
Replacement (specialist) cost	Value = time spent on specific work x wage rate of specialist	Time use, type of work, wage rate of worker in market	Does not measure real productivity of unpaid work due to capital intensity of production	Data on consumer durable and multitask activities needed
Replacement (generalist) cost	Value = time spent for aggregate unpaid work x wage rate of domestic worker	Time use, wage rate of domestic worker	Underestimates tasks needing special skills	Determine activities done by domestic worker Difficult to apply in areas where generalist household workers are not available