



BUREAU OF  
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# LABSTAT

## Updates

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## LABOR MARKET PROFILE OF THE PHILIPPINES

### INTRODUCTION

The major source of labor market statistics in the Philippines is the Labor Force Survey (LFS). Conducted quarterly by the National Statistics Office (NSO) during the months of January, April, July and October, the LFS has been depicting current trends and changes in the labor market and employment situations since 1956. It provides the longest employment trend series and is based from the largest number of observations. Beginning July 1996, the LFS is adopting a new master sampling design which has expanded the number of sample households from 26,000 to 41,000. The adoption of a larger sample size was intended primarily to enhance the level of precision and reliability of the LFS results in order to generate provincial and key city/municipal level data.

### LABOR FORCE

Over the period 1980-1996, the country's labor force expanded by 12.105 million, increasing from 17.268 million to 29.733 million. This means an annual growth rate of 4.5 percent or an average of 779 thousand new entrants and re-entrants to the labor force annually. The rapid increase in the size of the labor force is a result of the cumulative effect of high population growth rates experienced during the decades of the sixties (3.0%) and the seventies (2.8%) coupled by the rising labor force participation rate (LFPR) which went up from 59.6 percent to around 67.0 percent over the period as the participation rates of men and particularly women exhibited increasing trends.



As of 1996, the **total labor force** of the country was estimated at 29.733 million with **labor force participation rate** pegged at 66.7 percent. The age structure of the labor force was dominated by workers in their prime working age, 25-54 years old, as they accounted for the largest share (63.2%); followed by the youth in the 15-24 age bracket (23.7%); and the older age group 55 years old and over (13.1%). The labor force is

comprised largely of the males (62.7%) with females accounting for over a third (36.3%). The majority of the workforce resided in the rural areas (52.2%) while the rest are in the urban areas (47.8%).

In terms of educational attainment, nearly one-fourth (23.3%) were college educated; one-third (33.3%) with secondary education; and about half (40.1%) with elementary education or without formal education (3.2%).

## EMPLOYMENT

Employment in the case of the Philippines where there is a large supply of labor is basically determined by demand for labor. Employment has generally increased over the 1990 - 1996 period, growing at an annual rate of 3.7 percent or an average increment of 833 thousand a year.

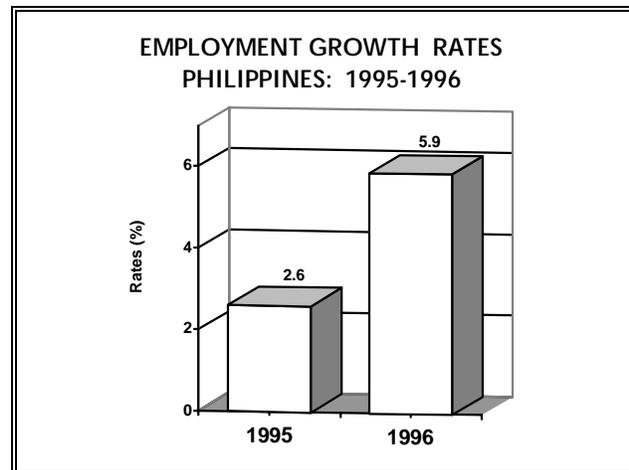
Driven by the strong growth in the economy, **total employment** in 1996 registered a respectable **growth rate of 5.9 percent** or an **increment of 1.5 million employed persons** over the level registered a year ago, the highest registered over the past nine (9) years. This translates to 27.186 million employed persons or **employment rate of 91.4 percent**.

While the increase in the level of employment indicates a positive development, this was not accompanied by a corresponding improvement in the **average weekly hours of work**. Data showed that the average weekly hours worked during the period under review declined slightly, from 42.0 hours in 1995 to 41.2 hours in 1996.

The effects of the decline in working hours can be seen in terms of the decrease in the proportion of **full-time employment** (i.e. employed working 40 hours or more), from 64.8 percent to 62.6 percent, and the corresponding increase in the proportion of **part-time employment** (i.e. employed working less than 40 hours), from 34.0 percent to 36.2 percent. This is also reflected in terms of the incidence of **underemployment** which remained high at 20.9 percent, a slight increase from last year's figure of 20.0 percent.

The decline in average working hours underscores the fact that the lion's share of the 1.5 million employment increment during the period was accounted for largely by the **agricultural sector** (498 thousand or 33.0%) and **services sector** (729 thousand or 48.3%) where employment is usually characterized by short hours of work, seasonal/unstable in nature, and low productivity/earnings, among others. The **industry sector** which mattered the most made up for barely one-fifth (19.2%) of the total additional employment generated during the period.

The average of the four surveys, likewise, indicated a sharp increase in the number of **unpaid family workers**, from 3.801 million to 4.211 million, as they contributed over



one-fourth (27.1% or 410 thousand) to the total 1.510 million additional employment generated during the year. This, notwithstanding, **wage and salary** employment continued to account for the bulk of employment at 12.649 million or 46.5 percent of total employed persons. **Own-account workers** comprised the rest of the employed persons at 10.326 million or 38.0 percent of total employed labor force.

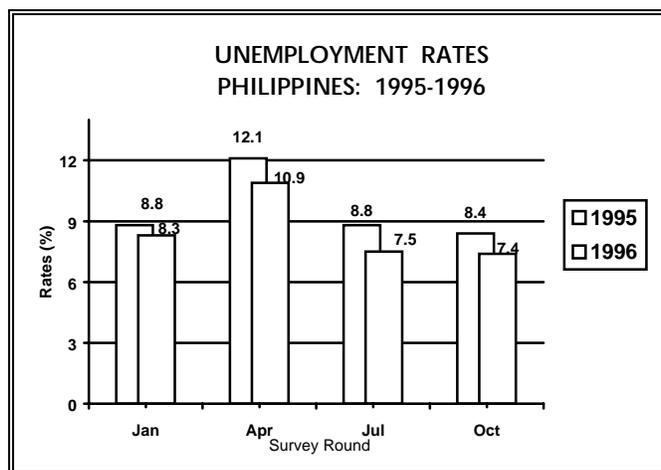
## UNEMPLOYMENT

Unemployment throughout the decade of the eighties had generally increased along with the swelling in the size of the labor force. Jobless rate rose to 7.9 percent in the early eighties to reach double-digit (10.4%-12.6%) during the economic crisis of the mid-eighties after which it declined again to a single-digit rate.

For 1996, the full-year **unemployment rate** edged down to 8.4 percent from a high of 9.5 percent recorded the previous year. This is a result of the substantial growth in employment and the general improvement in the national economy. In absolute terms, **the number of jobless persons** went down to 2.546 million from 2.704 million a year ago.

The unemployed were concentrated among the **youth aged 15-24** years old mostly school leavers, inexperienced and unskilled. The youth accounted for a little more than half (52.0%) of the total unemployed persons.

Majority of them were relatively educated. Nearly half (42.2%) attained secondary education and about one-third (32.0%) with college education.



## UNDEREMPLOYMENT

Underemployment is much a serious problem in the Philippines. While unemployment is largely confined to the young and unskilled/inexperienced segment of the labor force (usually the new entrants), underemployment cuts across all age barriers and is particularly prevalent in the rural agriculture and the informal sector of the economy. Moreover, the magnitude of underemployment is substantially higher than unemployment.

In 1996, the **rate of underemployment** in the Philippines was pegged at 20.9 percent of the employed or 5.7 million underemployed persons. Of this number, 53.4 percent were **visibly underemployed** (worked less than 40 hours and wanting additional hours of worked) and 46.6 were **invisibly underemployed**.

The incidence of underemployment is basically a **rural** phenomenon. In 1996, 61.3 percent of the underemployed were found in the rural areas mostly engaged as low income workers in agriculture, fishery and forestry sector. Majority of the underemployed were **males** (69.8%) and predominantly with very low level of education (51.4% were either elementary graduates or under graduates or did not attend school at all).

### FOR INQUIRIES:

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