



## THE 2005 EMPLOYMENT SITUATION (THE YEAR IN REVIEW)

### Overview

Employment in 2005 recorded a moderate growth following a recovery a year earlier. This occurred despite the unprecedented rise in the world prices for oil products that resulted in higher inflation and economic slowdown. On the average, employment level in 2005 grew by 2.2 percent. The gain in employment was driven by the service sector (2.8%) and supported by the modest expansion in agriculture, fishery and forestry sector (2.2%). On the other hand, industry employment grew by less than one percent (0.05%) due to the slack in manufacturing and construction. The quality of employment was mixed. More people found full-time employment but the decline in wage and salary employment and the consequent rise in the rate of underemployment were also noted.

Unless indicated, the figures cited in this report represent the average of the four (4) rounds of the Labor Force Survey (LFS) conducted by the National Statistics Office (NSO) in the months of January, April, July and October. The average figures for unemployment and labor force cannot be computed for the year 2005. This is due to the break in the data series as a result of the adoption in April 2005 of the new official unemployment definition in the LFS pursuant to NSCB Resolution No. 15 Series of 2004.

### Employment

Employment growth reached its peak in October (1.135 million), which represents a marked improvement of the growth rates registered in the first three (3) rounds of the LFS. Specifically, the modest employment increases generated in January (87,000), April (684,000) and July (889,000) rounds were adversely affected by the oil price surge. On an annual basis, total employment rose by 2.2 percent to reach 32.312 million. This translates to an average employment creation of 700,000 for 2005.

It can be recalled that employment creation was higher in 2004 at 978,000. Such improvement, however, was made possible due to a lower base in 2003 when employment creation fell to 573,000.

- The main source of employment gain was the service sector which grew by 2.8 percent (+423,000) over the period. The strongest growth was recorded in wholesale and retail trade (+275,000) followed with large margin by hotels and restaurants (+55,000); real estate, renting and business activities (+44,000); and education (+40,000).

Gains in employment were noted in private households with employed persons (+29,000); health and social work (+14,000) and financial intermediation (+13,000). On the other hand, employment gains in transport, storage and communication fell to less than a hundred thousand (+24,000) from gains made in 2003 (+148,000) and 2004 (+117,000) as workers in this sector felt the brunt of the oil price hikes.

Likewise, employment level was down in other community, social and personal services (-60,000) and public administration and defense, compulsory social security (-10,000).

- Agriculture, fishery and forestry employment recorded a 2.2 percent growth (+248,000) despite the El Nino weather disturbance. This growth figure represents a modest recovery from the slump in 2004 (1.4%) and 2003 (0.9%).
- Growth in industry employment was recorded at 0.5 percent (+27,000) compared with the growth figures in 2003 (3.1% or +145,000) and 2004 (3.3% or +158,000). Manufacturing employment which comprised the bulk of industry sector workforce was essentially unchanged (0.6% or +17,000). This was a reversal from the notable gains in 2004 (4.1% or +120,000) and 2003 (2.5% or +72,000).

Employment in construction sector registered a decline from 1.0 percent (+17,000) in 2004 to only 0.5 percent (+8,000) this year.

<b>Table 1 - TOTAL EMPLOYED PERSONS PHILIPPINES: 2002-2005</b> (in thousands except rates)			
<b>YEAR/ SURVEY ROUND</b>	<b>Total Employed Persons</b>	<b>Increment</b>	<b>Growth Rate (%)</b>
<b>2002(Ave.)</b>	<b>30,062</b>	<b>906</b>	<b>3.1</b>
January	29,705	1,609	5.7
April	30,186	1,026	3.5
July	30,104	823	2.8
October	30,251	167	0.6
<b>2003(Ave.)</b>	<b>30,635</b>	<b>573</b>	<b>1.9</b>
January	30,119	414	1.4
April	30,418	232	0.8
July	30,451	347	1.1
October	31,553	1,302	4.3
<b>2004 (Ave.)</b>	<b>31,613</b>	<b>978</b>	<b>3.2</b>
January	31,547	1428	4.7
April	31,533	1115	3.7
July	31,632	1181	3.9
October	31,741	188	0.6
<b>2005 (Ave.)</b>	<b>32,313</b>	<b>700</b>	<b>2.2</b>
January	31,634	87	0.3
April	32,221	688	2.2
July	32,521	889	2.8
October <sup>P</sup>	32,876	1,135	3.6

<sup>p</sup> Preliminary.

Source: National Statistics Office, Labor Force Survey.

Employment in electricity, gas and water also fell by 2.5 percent (-3,000) after posting a 7.1 percent (+8,000) last year. (Table 2)

- More persons found full-time employment as the number of persons who worked 40 hours or more a week increased by 4.2 percent (+818,000) over the level recorded a year ago. In comparison, the number of persons who worked less than 40 hours a week (part-time employment) was about unchanged from last year (0.3%).

**Table 2**  
**SUMMARY STATISTICS ON EMPLOYMENT BY MAJOR INDUSTRY GROUP**  
**PHILIPPINES: 2003-2005 (Annual Average)**  
**(in thousands except rates)**

INDUSTRY	Total Employed Persons			Increment			Growth Rate (%)		
	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>
<b>EMPLOYED PERSONS</b>	<b>30,635</b>	<b>31,613</b>	<b>32,313</b>	<b>573</b>	<b>978</b>	<b>700</b>	<b>1.9</b>	<b>3.2</b>	<b>2.2</b>
<b>SECTOR</b>									
<b>Agriculture, Fishery and Forestry</b>	<b>11,219</b>	<b>11,381</b>	<b>11,629</b>	<b>97</b>	<b>162</b>	<b>248</b>	<b>0.9</b>	<b>1.4</b>	<b>2.2</b>
<b>Industry</b>	<b>4,840</b>	<b>4,998</b>	<b>5,025</b>	<b>145</b>	<b>158</b>	<b>27</b>	<b>3.1</b>	<b>3.3</b>	<b>0.5</b>
Mining and Quarrying	104	118	123	(9)	14	5	(8.0)	13.5	4.2
Manufacturing	2,941	3,061	3,078	72	120	17	2.5	4.1	0.6
Electricity, Gas and Water	112	120	117	(5)	8	(3)	(4.3)	7.1	(2.5)
Construction	1,683	1,700	1,708	87	17	8	5.5	1.0	0.5
<b>Services</b>	<b>14,577</b>	<b>15,235</b>	<b>15,658</b>	<b>331</b>	<b>658</b>	<b>423</b>	<b>2.3</b>	<b>4.5</b>	<b>2.8</b>
Wholesale and Retail Trade	5,601	5,872	6,147	(12)	271	275	(0.2)	4.8	4.7
Hotels and Restaurants	750	806	861	57	56	55	8.2	7.5	6.8
Transportation, Storage & Communication	2,310	2,427	2,451	148	117	24	6.8	5.1	1.0
Financial Intermediation	303	328	341	(9)	25	13	(2.9)	8.3	4.0
Real Estate, Renting & Business Activities	639	690	734	95	51	44	17.5	8.0	6.4
Public Administration & Defense, Compulsory Social Security	1,415	1,491	1,481	(27)	76	(10)	(1.9)	5.4	(0.7)
Education	926	938	978	(9)	12	40	(1.0)	1.3	4.3
Health and Social Work	371	361	375	23	(10)	14	6.6	(2.7)	3.9
Other Community, Social & Personal Services	861	835	775	(20)	(26)	(60)	(2.3)	(3.0)	(7.2)
Private Households with Employed Persons	1,399	1,487	1,516	86	88	29	6.5	6.3	2.0
Extra-Territorial Organizations	2	2	*	(1)	0	*	(33.3)	0.0	*

*p Preliminary.*

*Source of basic data: National Statistics Office, Labor Force Survey.*

- By class of worker, wage and salary employment fell by 0.9 percent (-156,000) after posting a robust growth last year (7.3% or +1.118 million).

In contrast, the number of unpaid family workers rose sharply by 10.4 percent (+367,000) from the slump recorded in the past two years (-244,000 in 2003 and -238,000 in 2004).

- The bulk of the increase occurred among own-account workers which grew by almost half a million (+490,000) over the period. (Table 3)
- Employment growth was spread across regions. All regions posted an increase in employment with the exception of Region II. The highest was noted in Region IV-A (+145,000) followed by Regions VII (+113,000), III (+76,000), V (+56,000) and XII (+55,000). (Table 4)

### Underemployment

The increase in the volume of employment was accompanied by the rise in underemployment. This may be attributed to the fact that the gain in employment this year originated largely from the agriculture, fishery and forestry sector and wholesale and retail trade sector. Moreover, much of the employment created occurred among own-account workers and unpaid family workers.

Specifically, the average underemployment rate for 2005 was placed at 21.0 percent. This is 3.4 percentage point higher over the last year's figure of 17.6 percent. The rate rose sharply in April (26.1%) from January (16.1%) and remained high in July (20.5%) and October (21.2%).

In absolute terms, the number of underemployed (employed persons who expressed the desire for additional hours of work or additional job) went up by 1.213 million to reach 6.788 million.

<b>Table 5 - TOTAL UNDEREMPLOYED AND VISIBLY UNDEREMPLOYED PERSONS PHILIPPINES: 2004-2005</b> (in thousands except rates)				
<b>YEAR/ SURVEY ROUND</b>	<b>Under- employed Person</b>	<b>Under- employ- ment Rate (%)</b>	<b>Visibly Under- employed Person</b>	<b>Visible Under- employ- ment Rate (%)</b>
<b>2005 (Ave.)<sup>p</sup></b>	<b>6,788</b>	<b>21.0</b>	<b>2,703</b>	<b>12.4</b>
January	5,098	16.1	1,811	10.4
April	8,422	26.1	3,853	14.2
July	6,660	20.5	2,433	12.6
October <sup>p</sup>	6,970	21.2	2,714	12.5
<b>2004 (Ave.)</b>	<b>5,575</b>	<b>17.6</b>	<b>2,103</b>	<b>11.0</b>
January	5,522	17.5	2,240	10.4
April	5,839	18.5	1,957	12.3
July	5,573	17.6	2,216	10.6
October	5,364	16.9	1,999	10.6

<sup>p</sup> Preliminary.

Source: National Statistics Office, Labor Force Survey.

About 40.0 percent (2.703 million) of the total underemployed persons were visibly underemployed (worked less than 40 hours a week). This corresponds to visible underemployment rate of 12.4 percent, upped slightly from 11.0 percent last year.

**Table 3**  
**SUMMARY STATISTICS ON EMPLOYMENT BY HOURS OF WORK**  
**AND CLASS OF WORKER**  
**PHILIPPINES: 2003-2005 (Annual Average)**  
**(in thousands except rates)**

INDUSTRY	Total Employed Persons			Increment			Growth Rate (%)		
	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>
<b>ALL EMPLOYED PERSONS</b>	<b>30,635</b>	<b>31,613</b>	<b>32,313</b>	<b>573</b>	<b>978</b>	<b>700</b>	<b>1.9</b>	<b>3.2</b>	<b>2.2</b>
<b>HOURS OF WORK</b>									
Less than 40 hours (Part-time Employment)	11,311	11,612	11,642	27	301	30	4.8	2.7	0.3
40 hours (Full-time Employment)	18,845	19,367	20,185	690	522	818	1.0	2.8	4.2
With a Job, Not at Work	479	634	286	(144)	155	(348)	(6.1)	32.4	(54.9)
<b>Class of Workers</b>									
Wage and salary workers	15,354	16,472	16,316	701	1,118	(156)	0.2	7.3	(0.9)
Own-account workers	11,517	11,614	12,104	118	97	490	3.8	0.8	4.2
Unpaid family workers	3,765	3,527	3,894	(244)	(238)	367	(23.0)	(6.3)	10.4

*p Preliminary.*

*Source of basic data: National Statistics Office, Labor Force Survey.*

**Table 4**  
**SUMMARY STATISTICS ON EMPLOYMENT BY REGION**  
**PHILIPPINES: 2003-2005 (Annual Average)**  
**(in thousands except rates)**

REGION	Total Employed Persons			Increment			Growth Rate (%)		
	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>
<b>ALL EMPLOYED PERSONS</b>	<b>30,635</b>	<b>31,613</b>	<b>32,313</b>	<b>572</b>	<b>978</b>	<b>700</b>	<b>1.9</b>	<b>3.2</b>	<b>2.2</b>
National Capital Region	4,008	4,064	4,095	99	56	31	2.5	1.4	0.8
Cordillera Autonomous Region	583	618	622	28	35	4	5.0	6.0	0.6
Region I	1,587	1,631	1,650	14	44	19	0.9	2.8	1.2
Region II	1,248	1,360	1,312	28	112	(48)	2.3	8.9	(3.5)
Region III	3,055	3,097	3,173	168	42	76	5.8	1.4	2.4
Region IVa	3,551	3,665	3,811	*	114	145	*	3.2	4.0
Region Ivb	925	946	995	*	21	49	*	2.2	5.2
Region V	1,855	1,928	1,984	20	73	56	1.1	3.9	2.9
Region VI	2,596	2,710	2,754	58	114	44	2.3	4.4	1.6
Region VII	2,126	2,218	2,332	(24)	92	113	(1.1)	4.3	5.1
Region VIII	1,570	1,608	1,641	16	38	33	1.0	2.4	2.1
Region IX	1,177	1,202	1,239	(24)	25	37	(2.0)	2.1	3.0
Region X	1,657	1,719	1,757	45	62	38	2.8	3.7	2.2
Region XI	1,539	1,606	1,618	25	67	12	1.7	4.4	0.7
Region XII	1,367	1,413	1,468	33	46	55	2.5	3.4	3.9
Caraga	914	907	912	26	(7)	5	2.9	(0.8)	0.5
ARMM	879	923	952	67	44	29	8.3	4.9	3.1

\* Not available.

<sup>p</sup> Preliminary.

Source of basic data: National Statistics Office, Labor Force Survey.

## Unemployment

The introduction of the new official unemployment definition in April 2005 (in pursuant to NSCB Resolution No. 15 s. 2004) resulted to a break in the data series on unemployment as well as statistics on labor force and labor force participation rate. For this reason, the 2005 average figures for unemployment and labor force statistics cannot be computed because the January survey round of the LFS was not yet covered by the new definition.

<b>SURVEY ROUND</b>	<b>Total Unemployed Persons</b>	<b>Unemployment Rate (%)</b>
April	2,909	8.3
July	2,715	7.7
October <sup>p</sup>	2,620	7.4

*Note: Based on the New Official Unemployment Definition as per NSCB Resolution No. 15 s. 2004.*

*p Preliminary.*

*Source: National Statistics Office, Labor Force Survey.*

Table 6 shows the unemployment data based on the new definition. The unemployment rate was recorded highest during the month of April at 8.3 percent. This is expected as April coincides with the influx in the labor market of graduates and vacationing students looking for work during summer months. The figure for July was 7.7 percent and 7.4 percent for October. In absolute terms, the total number of unemployed persons ranges from 2.6 million to 2.9 million in the three survey rounds covered by the LFS.

NSCB Resolution No. 15 provides for a parallel run on the old definition of unemployment for a period of one year to provide data users with

<b>SURVEY ROUND</b>	<b>Total Unemployed Persons</b>	<b>Unemployment Rate (%)</b>
<b>2005 (Ave.)</b>	<b>4,145</b>	<b>11.4</b>
January	4,030	11.3
April	4,786	12.9
July	3,996	10.9
October	3,766	10.3
<b>2004 (Ave.)</b>	<b>4,249</b>	<b>11.8</b>
January	3,900	11.0
April	5,002	13.7
July	4,206	11.7
October	3,888	10.9

*Source: National Statistics Office, Labor Force Survey.*

comparative figures for 2004 and 2005.

Based on the old data series, the average unemployment rate for 2005 was slightly lower at 11.4 percent from 11.8 percent in 2004. The number of unemployed persons also declined from 4.249 million to 4.145 million over the period.

## OVERSEAS EMPLOYMENT

The total number of Overseas Filipino Workers (OFW) contracts processed by the POEA as of December 31, 2005 stood at 981,337. This represents an increase of 4.2 percent or 39,615 more than the number recorded in 2004.

For the same period, the volume of workers deployed increased from 933,588 to 938,170. Of this number, about three-fourths (73.5% or 690,115) were land-based workers and the rest or 248,055 were sea-based workers. Over the period the number of sea-based workers deployed increased by 8.3% (19,052). In contrast, deployment of land-based workers fell slightly by 2.1 percent (-14,471).

<b>Table 8 - NUMBER OF CONTRACTS PROCESSED AND DEPLOYED OFWs PHILIPPINES: 2004-2005</b>						
<b>TYPE OF WORKER</b>	<b>Contracts Processed</b>			<b>Deployed OFWs</b>		
	2005 <sup>P</sup>	2004	% Change	2005 <sup>P</sup>	2004	% Change
<b>Total</b>	<b>981,337</b>	<b>941,722</b>	<b>4.2</b>	<b>938,170</b>	<b>933,588</b>	<b>0.5</b>
<b>Land-based</b>	<b>679,009</b>	<b>650,206</b>	<b>4.4</b>	<b>690,115</b>	<b>704,586</b>	<b>(2.1)</b>
New Hires	399,696	390,763	2.3	273,713	284,912	(3.9)
Rehires	279,313	259,444	7.7	416,402	419,674	(0.8)
<b>Sea-based</b>	<b>302,328</b>	<b>291,516</b>	<b>3.7</b>	<b>248,055</b>	<b>229,002</b>	<b>8.3</b>

*p Preliminary.*

*Source: Philippine Overseas Employment Administration.*

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**FOR INQUIRIES:**

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