

UNDEREMPLOYMENT IN AGRICULTURE (Third of a Seven-Part Series)

"Underemployment indicates the extent of underutilization of the productive capacity of the employed population, specifically those which are byproducts of flawed or inadequate economic system. The main objective of measuring underemployment is to provide empirical evidences that would serve as basis for improving the analysis or assessment of employment problems and to contribute towards the formulation of policies and measures designed to promote full, productive and freely chosen employment ¹."

In the Philippines, the rising incidence of underemployment is considered a more serious problem than unemployment since underemployment rate is usually higher or twice the unemployment rate. While unemployment is usually a problem among youth (with an average rate of 17.0%), underemployment cuts across age groups and affects more the less educated workers and heads of families.

This article is the third of the seven-part series of LABSTAT Updates on underemployment that the Bureau of Labor and Employment Statistics is releasing to provide policy makers, researchers and the general public with concepts and hard statistics that would enable them to gain a better understanding of the underemployment in agriculture. Data presented in this report are comparative statistics of the January rounds of the Labor Force Survey conducted by the National Statistics Office (NSO) for the year 1997, 2001 and 2005. Data for 1997 used the 1977 Philippine Standard Industrial Classification (PSIC) while that for 2001 and 2005 were based on the 1994 PSIC. Further, the said data series were based on the 1995 Census-Based Population Projection.



Agriculture is the backbone of the Philippine economy as it is the major source of resources in which the economy depends. The sector accounted for about 18.0 percent of the country's gross domestic product (at constant prices) in 2005 and more than one-third of the country's employment (35.9%) in January 2005. In absolute terms, the number of employed in agriculture stood at 11.358 million out of the total 31.634 million employed in

January 2005. This includes the employment contribution of the fishing sector which is now categorized as a separate sector category under the 1994 PSIC.

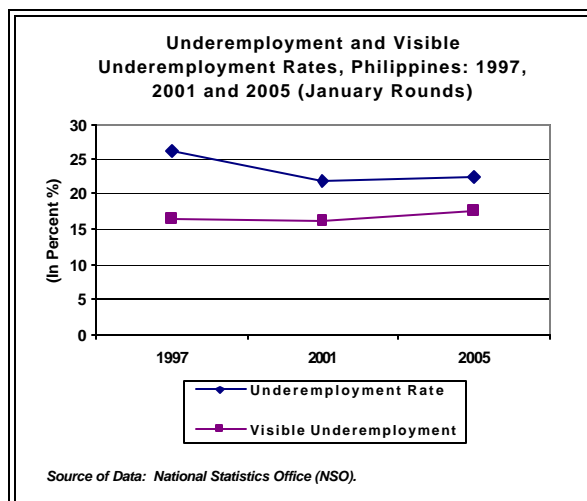
A considerable number of those employed in agriculture expressed the desire to have additional hours of work or were underemployed which comprised almost half (50.1%, 47.4% and 49.7%) of the total underemployed in the country in 1997, 2001 and 2005, respectively. As percent to total agricultural employment however, the underemployment rates for the period in review were 26 percent, 21.9 percent and 22.3 percent in 1997, 2001 and 2005, respectively. (Table 1).

¹ 16th International Conference of Labor Statistics (ICLS), October 1998 Resolution concerning the Measurement of Underemployment and Inadequate Employment Situation.

About 7 out of 9 underemployed in agriculture worked less than 40 hours a week

As work in agriculture is seasonal and tasks can be accomplished in more or less half in a day, a considerable proportion of the underemployed in this sector were visibly underemployed or working less than 40 hours a week. It registered 16.3 percent in 1997, 16.0 percent in 2001 and slightly grew to 17.5 percent in 2005.

As percent to total agricultural underemployed, the visibly underemployed constituted 62.8 percent in 1997, jumped to 72.8 percent in 2001 and further rose to 78.4 percent (7 out of 9) in 2005.



Underemployed persons in agriculture mainly engaged in the growing of crops



Data in Table 2 indicate that the bulk (almost 9 out of 10) of underemployed persons in the agricultural sector were in agriculture, hunting and forestry sub-sector. They comprised 90.0 percent in 1997, 89.9 percent in 2001 and 88.2 percent in 2005. The rest were accounted for by fishing.

Among two-digit agricultural sub-industries, most of the underemployed workers were engaged in the growing of crops (82% in 1997 & 2001, and 75% in 2005).

The farming of animals had about five percent share (5.3% in 1997 and 4.5% in the next two periods). Meanwhile, an increasing number of underemployed were observed in agricultural services reaching 188,000 in 2005 from a measly 35,000 in 1997.

Similarly, the visibly underemployed in this sub-sector increased five folds, i.e., from 31,000 in 1997, it reached 154,000 in 2005.

Another minor group exhibiting an upward trend of visibly underemployed was the fishing sub-sector, which recorded percent shares of 8 percent, 9.4 percent and 11.7 percent for the period under review.

It should be noted that most (40%) of the underemployed laborers and unskilled workers were found in the agricultural services and fishing sub-sectors*. This is an area for policy analysis and possible program interventions to improve the employability of workers in these areas. Furthermore, the seasonal nature of work in agriculture should be given more attention by policies/programs to support the "inadequate" employment situation of these groups of worker. There is a need to provide non-farm employment during slack period.

* See LABSTAT UPDATES Vol. 10 No. 18.

**TABLE 1 – Employed and Underemployed Persons by Selected Indicators, Philippines:
1997, 2001 and 2005 (January Round)**

(In thousands except percent/rate)

Indicator	1997		2001		2005	
	Number	Percent	Number	Percent	Number	Percent
Total Employed	25,998	100.0	28,096	100.0	31,634	100.0
Employed in Agriculture	10,468	-	10,251	-	11,358	-
As Percent to Total Employed	-	40.3	-	36.5	-	35.9
Total Underemployed by Sector	5,424	100.0	4,744	100.0	5,098	100.0
Agriculture	2,719	50.1	2,247	47.4	2,533	49.7
Industry	883	16.3	822	17.3	778	15.3
Services	1,820	33.6	1,673	35.3	1,767	35.1
Underemployed in Agriculture:						
Visibly (<i>worked less than 40 hours a week</i>)	1,707	-	1,636	-	1,987	-
As Percent to Total Underemployed in Agriculture	-	62.8	-	72.8	-	78.4
Underemployment Rate (%) in Agriculture	-	26.0	-	21.9	-	22.3
Visible Underemployment Rate (%)	-	16.3	-	16.0	-	17.5

Notes: 1. Details may not up to total due to rounding.

2. The NSO is not liable to misuse of data.

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

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TABLE 2 – Underemployed and Visibly Underemployed Persons and Their Percent Share in Agriculture Industry by Minor Group, Philippines: 1997, 2001 and 2005 (January Round)

(In thousands except percent)

1977 PSIC CODE	Major/Minor Industry Group	1997				1994 PSIC CODE	Major/Minor Industry Group	2001				2005			
		Under-Employed	Percent Share	Visible Underemployment	Percent Share			Under-Employed	Percent Share	Visible Underemployment	Percent Share	Under-Employed	Percent Share	Visible Underemployment	Percent Share
	Total	2,719	100.0	1,728	100.0		Total	2,247	100.0	1,636	100.0	2,533	100.0	1,987	100.0
1	Agriculture and Forestry Less Fishery	2,446	90.0	1,589	92.0	A	Agriculture, Hunting and Forestry	2,020	89.9	1,482	90.6	2,234	88.2	1,755	88.3
11	Agricultural crops production	2,239	82.3	1,412	81.7	01	Growing of crops	1,838	81.8	1,339	81.8	1,893	74.7	1,462	73.6
12	Production of livestock, poultry and other animals	143	5.3	120	6.9	02	Farming of animals	101	4.5	89	5.4	115	4.5	106	5.3
13	Agricultural services	35	1.3	31	1.8	03	Agricultural and animal husbandry service activities, except veterinary activities	58	2.6	37	2.3	188	7.4	154	7.8
15	Forestry	29	1.1	25	1.4	05	Forestry, logging and related service activities	23	1.0	18	1.1	37	1.5	32	1.6
16	Hunting, trapping and game propagation	-	-	-	-	04	Hunting, trapping and game propagation	-	-	-	-	1	0.0	1	.05
14	Fishery	273	10.0	139	8.0	B	Fishing	227	10.1	154	9.4	299	11.8	232	11.7

Notes: 1. Details may not add up to total due to rounding.

2. The NSO is not liable to misuse of data.

3. The Labor Force Survey (LFS) began adopting the 1994 Philippine Standard Industrial Classification (PSIC) starting January 2001 survey round but previous to this, the 1977 PSIC was used.

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